

DRAFT RED HERRING PROSPECTUS

Dated December 28, 2015

Please read Section 32 of the Companies Act, 2013

(This Draft Red Herring Prospectus will be

updated upon filing with the RoC)

Book Built Offer**S.P. APPARELS LIMITED**

Our Company was incorporated in Avinashi, Tamil Nadu as S.P. Apparels Limited, a public limited company under Part IX of the Companies Act, 1956, pursuant to a certificate of incorporation dated November 18, 2005 issued by the Registrar of Companies, Tamil Nadu located at Coimbatore. For further details, see the section “History and Certain Corporate Matters” on page 135.

Registered Office and Corporate Office: 39-A, Extension Street, Kaikattipudur Avinashi 641 654, Tirupur District, Tamil Nadu, India

For information in relation to changes in our registered office, see the section “History and Certain Corporate Matters” on page 135. **Tel:** +91 4296 304000; **Fax:** +91 4296 304280

Contact Person: Ms. K. Vinodhini, Company Secretary and Compliance Officer

E-mail: csoffice@s-p-apparels.com; **Website:** http://www.spapparels.com

Corporate Identity Number: U18101TZ2005PLC012295

OUR PROMOTERS: MR. PSUNDARARAJAN AND MRS. S. LATHA

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH (THE “EQUITY SHARES”) OF S.P. APPARELS LIMITED (“COMPANY”) FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) (THE “OFFER PRICE”) AGGREGATING UP TO ₹[●] MILLION CONSISTING OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹2,150 MILLION (THE “FRESH ISSUE”) AND AN OFFER FOR SALE OF UP TO 900,000 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION (“OFFERED SHARES”) BY NEW YORK LIFE INVESTMENT MANAGEMENT INDIA FUND (FVCI) II LLC (THE “SELLING SHAREHOLDER” AND SUCH OFFER OF EQUITY SHARES BY THE SELLING SHAREHOLDER, THE “OFFER FOR SALE”), THE FRESH ISSUE AND THE OFFER FOR SALE ARE TOGETHER REFERRED TO AS THE “OFFER”. THE OFFER WILL CONSTITUTE [●]% OF THE FULLY-DILUTED POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH. THE PRICE BAND, ANY RETAIL DISCOUNT AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS (THE “BRLMs”), AND WILL BE ADVERTISED IN [●] EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER [●], [●] EDITIONS OF THE HINDI NATIONAL NEWSPAPER [●], AND [●] EDITIONS OF THE TAMIL NEWSPAPER [●] (TAMIL BEING THE REGIONAL LANGUAGE OF TAMIL NADU, WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SUCH ADVERTISEMENT WILL BE MADE AVAILABLE TO THE BSE LIMITED (THE “BSE”) AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (THE “NSE”) FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.*

*Discount of ₹[●] to the Offer Price may be offered to Retail Individual Investors (the “Retail Discount”).

In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/Offer 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 website of the BRLMs and the terminals of the other members of the Syndicate and by intimation to the Self Certified Syndicate Banks (“SCSBs”) and the Registered Brokers.

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (the “SCRR”), this is an Offer for at least 25% of the post-Offer capital. The Offer is being made through the 100% Book Building Process in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “SEBI ICDR Regulations”), wherein not more than 50% of the Offer will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (the “QIB Category”), provided that our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (the “Anchor Investor Portion”), of which one-third will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Category will be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Retail Individual Investors may participate in the Offer through an Application Supported by Blocked Amount (“ASBA”) process providing details of their respective ASBA accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. QIBs (except Anchor Investors) and Non-Institutional Investors are mandatorily required to utilize the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see the section “Offer Procedure” on page 330.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times of the face value. The Floor Price is [●] times of the face value and the Cap Price is [●] times the face value of the Equity Shares. The Offer Price (determined and justified by our Company and the Selling Shareholder, in consultation with the BRLMs, as stated in the section “Basis for Offer Price” on page 84) 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 or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India (the “SEBI”), nor does the SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section “Risk Factors” on page 13.

COMPANY’S AND SELLING SHAREHOLDER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholder assumes responsibility only for statements expressly made by such Selling Shareholder in relation to itself in this Draft Red Herring Prospectus and the Equity Shares being offered by it in the Offer for Sale.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an ‘in-principle’ approval from each of the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange will be the [●].

BOOK RUNNING LEAD MANAGERS**REGISTRAR TO THE OFFER**

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  |  |
| Motilal Oswal Investment Advisors Private Limited Motilal Oswal Tower Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi Mumbai- 400 025 Maharashtra, India Tel: +91 22 3980 4200; Fax: +91 22 3980 4315 E-mail: spapparels.ipo@motilaloswal.com Investor Grievance E-mail: moiapredressal@motilaloswal.com Website: http://www.motilaloswalgroup.com Contact person: Subodh Maliya SEBI Registration No.: INM000011005 CIN: U67190MH2006PTC160583 | Centrum Capital Limited Centrum House, CST Road, Vidyannagari Marg Kalina, Santacruz (East) Mumbai 400 098 Maharashtra, India Tel: +91 22 4215 9000; Fax: +91 22 4215 9736 E-mail: spapparels.ipo@centrum.co.in Investor Grievance E-mail: igmbd@centrum.co.in Website: http://www.centrum.co.in Contact person: Aanchal Wagle / Hitesh Malhotra SEBI Registration No.: INM000010445 CIN: L65990MH1977PLC019986 | Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup West Mumbai 400 078 Maharashtra, India Tel: +91 22 6171 5400; Fax: + 91 22 2596 0329 E-mail: spal.ipo@linkintime.co.in Investor Grievance E-mail: spal.ipo@linkintime.co.in Website: www.linkintime.co.in Contact person: Shanti Gopalkrishnan SEBI Registration No.: INR000004058 |

BID/OFFER PROGRAMME**BID/OFFER OPENS ON:** [●]⁽¹⁾**BID/OFFER CLOSES ON:** [●]⁽²⁾

⁽¹⁾ Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period will be one Working Day prior to the Bid/Offer Opening Date.

⁽²⁾ Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act or regulation will be deemed to include all amendments and modifications notified as of the date of this Draft Red Herring Prospectus.

General Terms

| Term | Description |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “our Company” or “the Company” or “SPAL” | S.P. Apparels Limited, a public company incorporated under Part IX of the Companies Act, 1956, whose registered office is situated at 39-A, Extension Street, Kaikattipudur, Avinashi 641 654, Tirupur District, Tamil Nadu, India |
| “we” or “us” or “our” | Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries |

Company Related Terms

| Term | Description |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Articles or Articles of Association | The articles of association of our Company, as amended |
| Audit Committee | The committee of the Board of Directors constituted as our Company’s audit committee in accordance with the Listing Regulations and the Companies Act, 2013. For details see the section “ <i>Our Management – Corporate Governance – Committees of the Board</i> ” on page 151 |
| Auditors or Statutory Auditors | The statutory auditors of our Company, namely, Deloitte Haskins & Sells, Chartered Accountants |
| Board or Board of Directors | The board of directors of our Company or a duly constituted committee thereof |
| CIPL | Crocodile International Pte. Ltd. |
| Compulsorily Convertible Preference Shares or CCPS | Compulsorily convertible preference shares of our Company of face value of ₹10 each |
| Corporate Social Responsibility Committee or CSR Committee | The committee of the Board of Directors constituted as our Company’s corporate social responsibility committee in accordance with the Companies Act, 2013. For details see the section “ <i>Our Management – Corporate Governance – Committees of the Board</i> ” on page 151 |
| CPPL | Crocodile Products Private Limited |
| Director(s) | The director(s) of our Company |
| Equity Shares | Equity shares of our Company of face value of ₹10 each |
| Euro Asia | Euro Asia Agencies Limited |
| Group Entities | The companies that are covered under the applicable accounting standards (Accounting Standard 18) in the Restated Consolidated Financial Statements of our Company and any other company considered material by our Board, which are disclosed in the section “ <i>Our Promoters, Promoter Group and Group Entities – Group Entities</i> ” on page 160 |
| Investment Agreement | The investment agreement dated March 18, 2013 between Euro Asia Agencies Limited and our Company |
| IPO Committee | The IPO Committee of the Board of Directors as described in the section “ <i>Our Management – Corporate Governance – Committees of the Board</i> ” on page 151 |
| Memorandum or Memorandum of Association | The memorandum of association of our Company, as amended |
| Nomination and Remuneration Committee | The committee of the Board of Directors constituted as our Company’s nomination and remuneration committee in accordance with the Listing Regulations and the Companies Act, 2013. For details see the section “ <i>Our Management – Corporate Governance – Committees of the Board</i> ” on page 151 |
| NYLIM India Fund II or the Selling Shareholder | New York Life Investment Management India Fund (FVCI) II LLC, an FVCI incorporated under the laws of the Republic of Mauritius and having its registered office at 4th Floor, Ebene Heights, 34 Cyber City, Ebene, Republic of Mauritius |
| Poornam | Poornam Enterprises Private Limited (previously, Poornam Beverages Private Limited) |
| Promoters | Mr. P. Sundararajan and Mrs. S. Latha |
| Promoter Group | The entities and persons constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations and which are disclosed in the section “ <i>Our Promoters, Promoter Group and Group Entities – Promoter Group</i> ” on page 161 |
| Registered Office and Corporate Office | The registered office and corporate office of our Company, located at 39-A, Extension Street, Kaikattipudur, Avinashi 641 654, Tirupur District, Tamil Nadu, India |
| Registrar of Companies or RoC | The Registrar of Companies, Tamil Nadu situated at Coimbatore |
| Restated Consolidated Financial Statements | Restated consolidated financial statement of assets and liabilities as at June 30, 2015 and for the years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 and statement of profit and loss and statement of cash flows for the quarter ended June 30, 2015 and for the years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 for our Company and its Subsidiaries read along with all the notes thereto and included in the section “ <i>Financial Statements</i> ” on page 166 |

| Term | Description |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Restated Financial Statements | Collectively, the Restated Consolidated Financial Statements and Restated Standalone Financial Statements |
| Restated Standalone Financial Statements | Restated standalone financial statement of assets and liabilities as at June 30, 2015 and for the years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 and statement of profit and loss and statement of cash flows for the quarter ended June 30, 2015 and for the years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 for our Company read along with all the notes thereto and included in the section “ <i>Financial Statements</i> ” on page 166 |
| Risk Management Committee | The committee of the Board of Directors constituted as our Company’s risk management committee in accordance with the Listing Regulations and the Companies Act, 2013. For details see the section “ <i>Our Management – Corporate Governance – Committees of the Board</i> ” on page 151 |
| Redeemable Preference Shares or RPS | Redeemable preference shares of our Company of face value of ₹10 each |
| Shareholders | The holders of the Equity Shares |
| Slump Sale Agreement | Slump Sale Agreement dated July 31, 2015 between our Company and Poornam |
| SPUK | S.P. Apparels (UK) (P) Limited |
| SSSA | Share Subscription and Shareholders’ Agreement dated October 26, 2006 among our Company, our Promoters and NYLIM India Fund II, as amended pursuant to an agreement dated December 23, 2015 |
| Stakeholders’ Relationship Committee | The stakeholders relationship committee of the Board of Directors as described in the section “ <i>Our Management – Corporate Governance – Committees of the Board</i> ” on page 151 |
| Subsidiaries | The subsidiaries of our Company, namely: <ol style="list-style-type: none"> 1. Crocodile Products Private Limited; and 2. S.P. Apparels (UK) (P) Limited For details, see the section “ <i>History and Certain Corporate Matters – Our Subsidiaries</i> ” on page 140 |

Offer Related Terms

| Term | Description |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Allotment/Allot/Allotted | Allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholder pursuant to the Offer for Sale to the successful Bidders |
| Allotment Advice | Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange |
| Allottee | A successful Bidder to whom the Equity Shares are Allotted |
| Anchor Investor | A Qualified Institutional Buyer applying under the Anchor Investor Portion, in accordance with the SEBI ICDR Regulations |
| Anchor Investor Allocation Price | The price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus which will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs |
| Anchor Investor Bid/Offer Period | The day, one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors will be submitted and allocation to Anchor Investors will be completed |
| Anchor Investor Offer Price | The final price at which Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price, but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs |
| Anchor Investor Portion | Up to 60% of the QIB Category or up to [●] Equity Shares, which may be allocated by our Company and the Selling Shareholder, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price |
| Application Supported by Blocked Amount or ASBA | An application, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid authorizing an SCSB to block the Bid Amount in the ASBA Account. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Investors participating in the Offer |
| ASBA Account | An account maintained with an SCSB and specified in the Bid cum Application Form submitted by ASBA Bidders, which may be blocked by such SCSB to the extent of the Bid Amount |
| ASBA Bidder | Bidders (except Anchor Investors) in the Offer who Bid through ASBA |
| Banker(s) to the Offer or Escrow Collection Bank(s) | The banks which are clearing members and registered with the SEBI as bankers to an issue and with which the Escrow Account will be opened, being [●] |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in the section “ <i>Offer Procedure</i> ” on page 330 |
| Bid | An indication to make an offer during the Bid/Offer Period by a Bidder pursuant to submission of the Bid cum Application Form, or during the Anchor Investor Bid/Offer Period by the Anchor Investors, to purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto, in accordance with the SEBI ICDR Regulations |
| Bid Amount | In relation to each Bid, the highest value of the optional Bids indicated in the Bid cum |

| Term | Description |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Application Form and payable by the Bidder/blocked in the ASBA Account upon submission of such Bid cum Application Form. For Retail Individual Investors, the Bid Amount shall be net of any Retail Discount |
| Bid cum Application Form | The form in terms of which a Bidder will make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus, whether applying through ASBA or otherwise |
| Bid Lot | [●] |
| Bid/Offer Closing Date | Except in relation to any Bids received from the Anchor Investors, the date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids for the Offer, which will be notified in [●] editions of the English national newspaper [●], [●] editions of the Hindi national newspaper [●], and [●] editions of the Tamil newspaper [●], each with wide circulation. Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations |
| Bid/Offer Opening Date | Except in relation to any Bids received from the Anchor Investors, the date on which the Syndicate, the Designated Branches and the Registered Brokers will start accepting Bids for the Offer, which will be notified in [●] editions of the English national newspaper [●], [●] editions of the Hindi national newspaper [●], and [●] editions of the Tamil newspaper [●], each with wide circulation |
| Bid/Offer Period | Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof |
| Bidder | Any prospective investor (including an ASBA Bidder and an Anchor Investor) who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form |
| Book Building Process or Book Building Method | The book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made |
| Book Running Lead Managers or BRLMs | The book running lead managers to the Offer, in this case being Centrum Capital and Motilal Oswal |
| Broker Centres | Broker centres notified by the Stock Exchanges where Bidders can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges |
| CAN or Confirmation of Allocation Note | Notice or intimation of allocation of the Equity Shares to be sent to the Anchor Investors, who will be allocated the Equity Shares, after the Anchor Investor Bid/Offer Period |
| Cap Price | The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted |
| Centrum Capital | Centrum Capital Limited |
| Cut-off Price | The Offer Price finalized by our Company and the Selling Shareholder in consultation with the BRLMs, which may be any price within the Price Band. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. No other category of Bidders is entitled to Bid at the Cut-off Price |
| Designated Branches | Such branches of the SCSBs which will collect the Bid cum Application Forms used by the ASBA Bidders and a list of which is available on the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time |
| Designated Date | The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account, or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, as the case may be |
| Designated Stock Exchange | [●] |
| Draft Red Herring Prospectus or DRHP | This draft red herring prospectus dated December 28, 2015 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer |
| Eligible FPIs | FPIs from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares offered thereby |
| Eligible NRI(s) | NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares offered thereby |
| Escrow Account | Account opened with the Escrow Collection Bank(s) and in whose favor the Bidders (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid |
| Escrow Agreement | The agreement to be entered into among our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof |
| First Bidder | Bidder whose name appears first in the Bid cum Application Form or the Revision Form |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalized and below which no Bids will be accepted |
| Fresh Issue | The fresh issue of up to [●] Equity Shares aggregating up to ₹2,150 million by our Company |
| Motilal Oswal | Motilal Oswal Investment Advisors Private Limited |

| Term | Description |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mutual Fund Portion | 5% of the QIB Category (excluding the Anchor Investor Portion) or [●] Equity Shares, which will be available for allocation only to Mutual Funds on a proportionate basis |
| Net Proceeds | The gross proceeds of the Fresh Issue less our Company's share of the Offer related expenses. For further information about use of the Net Proceeds and the Offer related expenses, see the section "Objects of the Offer" on page 74 |
| Non-Institutional Category | The portion of the Offer being not less than 15% of the Offer or [●] Equity Shares, which will be available for allocation on a proportionate basis to Non-Institutional Investors, subject to valid Bids being received at or above the Offer Price |
| Non-Institutional Investors/ NIIs | All Bidders, including Category III FPIs, that are not QIBs or Retail Individual Investors and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs) |
| Offer | The initial public offering of up to [●] Equity Shares for cash at a price of ₹[●] each, aggregating up to ₹[●] million comprising the Fresh Issue and an Offer for Sale by the Selling Shareholder |
| Offer Agreement | The agreement dated December 28, 2015 among our Company, the Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of up to 900,000 Equity Shares aggregating up to ₹[●] million by the Selling Shareholder |
| Offer Price | The final price (less Retail Discount, if any) at which Equity Shares will be Allotted to successful Bidders (except Anchor Investors) in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company and the Selling Shareholder in consultation with the BRLMs on the Pricing Date. The amount of the Retail Discount, if any, will be decided by our Company and the Selling Shareholder in consultation with the BRLMs and advertised in [●] editions of English national newspaper [●], [●] editions of Hindi national newspaper [●] and [●] editions of Tamil newspaper [●], each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date, and shall be made available to the Stock Exchanges for the purpose of uploading on their website |
| Price Band | Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price), including any revisions thereof. The Price Band, any Retail Discount and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholder in consultation with the BRLMs and will be advertised in [●] editions of the English national newspaper [●], [●] editions of the Hindi national newspaper [●], and [●] editions of the Tamil newspaper [●], each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and such advertisement will be made available to the Stock Exchanges for the purpose of uploading on their websites |
| Pricing Date | The date on which our Company and the Selling Shareholder, in consultation with the BRLMs finalize the Offer Price |
| Prospectus | The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013, containing, <i>inter-alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto |
| Public Offer Account | The bank account(s) opened with the Bankers to the Offer under Section 40 of the Companies Act, 2013 to receive money from the Escrow Accounts on the Designated Date, and into which the funds will be transferred by the SCSBs from the ASBA Accounts |
| QIB Category | The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer consisting of [●] Equity Shares, which will be allocated on a proportionate basis to QIBs, including the Anchor Investor Portion (in which allocation will be on a discretionary basis, as determined by our Company and the Selling Shareholder, in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price |
| Qualified Institutional Buyers, QIBs or QIB Bidders | Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations |
| Red Herring Prospectus or RHP | The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Offer Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date |
| Refund Account | The account(s) opened with the Refund Bank(s), from which refunds (excluding to the ASBA Bidders), if any, of the whole or part of the Bid Amount will be made |
| Refund Bank(s) | [●] |
| Registered Brokers | Stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate |
| Registrar to the Offer/Registrar | Registrar to the Offer, being Link Intime India Private Limited |
| Retail Category | The portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares, which will be available for allocation to Retail Individual Investor(s), in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price |
| Retail Discount | A discount of ₹[●] that may be offered by our Company and the Selling Shareholder, in consultation with the BRLMs, to Retail Individual Investors at the time of making a Bid |
| Retail Individual Investor(s)/ RIIs | Individual Bidders who have Bid for Equity Shares for an amount of not more than ₹200,000 (including HUFs applying through the karta and Eligible NRIs) |
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in their Bid cum Application Forms or any previous Revision Form(s) |

| Term | Description |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | QIBs and Non-Institutional Investors are not allowed to lower their Bids (in terms of the quantity of Equity Shares or the Bid Amount) at any stage |
| Self Certified Syndicate Bank(s) or SCSB(s) | The banks registered with the SEBI, offering services in relation to ASBA, and a list of which is available on the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time |
| Share Escrow Agent | The share escrow agent appointed pursuant to the Share Escrow Agreement, being [●] |
| Share Escrow Agreement | The agreement to be entered into among the Selling Shareholder, our Company and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholder and the credit of such Equity Shares to the demat account of the Allottees |
| Specified Locations | Bidding centres where the Syndicate will accept Bid cum Application Forms from ASBA Bidders, a list of which is available at the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time |
| Syndicate Agreement | The agreement to be entered into among the BRLMs, the Syndicate Members, our Company and the Selling Shareholder in relation to the collection of Bids in the Offer (other than Bids directly submitted to the SCSBs under the ASBA process and Bids submitted to Registered Brokers at the Broker Centres) |
| Syndicate Members | Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, being [●] |
| Syndicate or Members of the Syndicate | The BRLMs and the Syndicate Members |
| Underwriters | [●] |
| Underwriting Agreement | The agreement among the Underwriters, our Company and the Selling Shareholder to be entered into on or after the Pricing Date |
| Working Day(s) | All days other than a Sunday or a public holiday on which commercial banks in India are open for business, except with reference to announcement of the Price Band and the Bid/Offer Period, where “Working Day(s)” will mean all days, excluding Saturdays, Sundays and public holidays, that are working days for commercial banks in India |

Technical/Industry Related Terms/Abbreviations

| Term | Description |
|-------------|------------------------------------------------------------|
| EBO | Exclusive Brand Outlet |
| EU-28 | The European Union (EU) that comprises of 28 member states |
| FTP | Foreign Trade Policy of the Government of India |
| GST | Goods and Services Tax |
| ITC | International Trade Centre |
| LFS | Large Format Store |
| MBO | Multi Brand Outlet |
| Technopak | Technopak Advisors Private Limited |
| UAE | United Arab Emirates |
| UN Comtrade | United Nations Commodity Trade Statistics Database |

Conventional Terms/Abbreviations and Reference to Other Business Entities

| Term | Description |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AGM | Annual General Meeting |
| Alternative Investment Funds or AIFs | Alternative Investment Funds as defined and registered under the SEBI AIF Regulations |
| AS or Accounting Standards | Accounting Standards issued by the Institute of Chartered Accountants of India |
| BSE | BSE Limited |
| CAGR | Compounded Annual Growth Rate |
| Category III FPIs | FPIs registered as “Category III foreign portfolio investors” under the SEBI FPI Regulations |
| CDSL | Central Depository Services (India) Limited |
| CFO | Chief Financial Officer |
| CIN | Corporate Identity Number |
| Client ID | Client identification number of the Bidder’s beneficiary account |
| Companies Act | The Companies Act, 1956, as amended and to the extent effective and the Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder |
| Companies Act, 1956 | The Companies Act, 1956, as amended |
| Companies Act, 2013 | The Companies Act, 2013, as amended and to the extent effective pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder |
| Depositories | NSDL and CDSL |
| Depositories Act | The Depositories Act, 1996, as amended |
| DIN | Director Identification Number |

| Term | Description |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DIPP | Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India |
| DP or Depository Participant | A depository participant as defined under the Depositories Act |
| DP ID | Depository Participant's identification number |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortization |
| ECS | Electronic Clearing Service |
| EPS | Earnings per share |
| FCNR Account | Foreign Currency Non-Resident Account, and has the meaning ascribed to the term "FCNR(B) account" under the Foreign Exchange Management (Deposit) Regulations, 2000 |
| FDI | Foreign Direct Investment |
| FEMA | The Foreign Exchange Management Act, 1999, as amended, read with the rules and regulations thereunder |
| FEMA Regulations | The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended |
| FII | Foreign Institutional Investors as defined under the SEBI FPI Regulations |
| Financial Year or Fiscal or Fiscal Year or FY | The period of 12 months ending March 31 of that particular year |
| FIPB | Foreign Investment Promotion Board |
| FPIs | Foreign Portfolio Investors as defined under the SEBI FPI Regulations |
| FVCI | Foreign venture capital investors as defined in and registered with the SEBI, under the SEBI FVCI Regulations |
| GDP | Gross Domestic Product |
| GoI or Government or Central Government | Government of India |
| HUF | Hindu Undivided Family |
| ICAI | The Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| Income-tax Act | The Income-tax Act, 1961, as amended |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPO | Initial Public Offering |
| IRDA | Insurance Regulatory and Development Authority of India |
| IT Act | Information Technology Act, 2000, as amended |
| KYC | Know Your Customer |
| LIBOR | London Interbank Offered Rate |
| Listing Regulations | The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our company and each of the stock exchanges in relation to listing of the equity shares on such stock exchanges |
| MCA | Ministry of Corporate Affairs, Government of India |
| MICR | Magnetic Ink Character Recognition (nine digit code appearing on a cheque leaf) |
| Mutual Fund(s) | Mutual fund(s) registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended |
| NACH | National Automated Clearing House |
| NBFC | Non-Banking Financial Company |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Fund Transfer |
| Notified Sections | The sections of the Companies Act, 2013 that have been notified by the MCA and are currently effective |
| NR or Non-Resident | A person resident outside India, as defined under the FEMA, including NRIs, FIIs, FPIs, QFIs and FVCIs registered with the SEBI |
| NRE Account | Non-Resident External Account, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended |
| NRI | A person resident outside India, who is a citizen of India or a person of Indian origin, and will have the meaning ascribed to such term in as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended |
| NRO Account | Non-Resident Ordinary Account, and has the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000 |
| NSDL | National Securities Depository Limited |
| NSE | The National Stock Exchange of India Limited |
| OCB or Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately prior to such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer |
| p.a. | Per annum |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number allotted under the Income-tax Act |
| PAT | Profit After Tax |
| PIO | Persons of Indian Origin |
| PSAR Act | Private Security Agencies (Regulation) Act, 2005, as amended |
| PSS Act | Payment and Settlement Systems Act, 2007, as amended |

| Term | Description |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| QFIs | Qualified Foreign Investors as defined under the SEBI FPI Regulations |
| RBI | Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934, as amended |
| RoNW | Return on Net Worth |
| RTGS | Real Time Gross Settlement |
| SCRA | The Securities Contracts (Regulation) Act, 1956, as amended |
| SCRR | The Securities Contracts (Regulation) Rules, 1957, as amended |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | The Securities and Exchange Board of India Act, 1992, as amended |
| SEBI AIF Regulations | The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended |
| SEBI FII Regulations | The Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended |
| SEBI FPI Regulations | The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended |
| SEBI FVCI Regulations | The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended |
| SEBI ICDR Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended |
| SEBI Takeover Regulations | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended |
| SEBI VCF Regulations | The Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended |
| Securities Act | U.S. Securities Act, 1933, as amended |
| SEZ | Special Economic Zone |
| SICA | The Sick Industrial Companies (Special Provisions) Act, 1985, as amended |
| SIPCOT | State Industries Promotion Corporation of Tamil Nadu |
| Sq. Ft. or sq. ft. | Square feet |
| Stock Exchanges | The BSE and the NSE |
| Supreme Court | The Supreme Court of India |
| TAN | Tax Deduction Account Number |
| TDS | Tax Deducted at Source |
| U.S. GAAP | Generally Accepted Accounting Principles in the United States of America |
| VAT | Value added tax |
| VCFs | Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be |

The words and expressions used but not defined herein will have the meanings assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in the sections “*Statement of Tax Benefits*”, “*Regulations and Policies*”, “*History and Certain Corporate Matters*”, “*Financial Statements*”, “*Outstanding Litigation and Material Developments*” and “*Main Provisions of Articles of Association*” on pages 88, 131, 135, 166, 293 and 381, respectively, will have the meanings given to such terms in these respective sections.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India, all references to “U.K.” are to the United Kingdom and all references to the “U.S.” or the “United States” are to the United States of America.

Financial Data

Unless stated or the context requires otherwise, our financial data included in this Draft Red Herring Prospectus is derived from our Company’s Restated Financial Statements, prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations. 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. All figures in decimals (including percentages) have been rounded off to one or two decimals.

Our Company’s fiscal year commences on April 1 and ends on March 31 of the following year, so all references to a particular fiscal year, unless stated otherwise, are to the 12-month period ended on March 31 of that year.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. The reconciliation of the financial information to IFRS or U.S. GAAP financial statements has not been provided. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus, and it is urged that you consult your own advisors regarding such differences and their impact on our Company’s financial data. Accordingly, the degree to which the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices and standards, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices and standards on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless stated or the context requires otherwise, any percentage amounts, as set forth in the sections “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 13, 116 and 256, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements prepared in accordance with the Companies Act, Indian GAAP and the SEBI ICDR Regulations.

Currency and Units of Presentation

All references to “₹” or “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India.

All references to “£” or “GBP” are to the British Pound Sterling, the official currency of the United Kingdom.

All references to “US\$” or “USD” are to United States Dollars, the official currency of the United States of America.

All references to “€” or “Euro” are to the Euro, the official currency of the Eurozone.

Certain numerical information has been presented in this Draft Red Herring Prospectus in “million” units. 1,000,000 represents one million and 1,000,000,000 represents one billion.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the dates indicated, information with respect to the exchange rate between the Rupee and the respective foreign currencies:

| Currency | June 30, 2015 (₹) | March 31, 2015* (₹) | March 31, 2014* (₹) | March 31, 2013* (₹) | March 31, 2012* (₹) | March 31, 2011* (₹) |
|----------|----------------------|---------------------------|---------------------------|------------------------|------------------------|------------------------|
| 1 GBP | 100.1207 | 92.4591 | 99.8498 | 82.3209 | 81.7992 | 71.9289 |
| 1 USD | 63.7549 | 62.5908 | 60.0998 | 54.3893 | 51.1565 | 44.6500 |
| 1 EUR | 71.2015 | 67.5104 | 82.5765 | 69.5438 | 68.3403 | 63.2400 |

Source: www.rbi.org.in

* In case March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus have been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by our Company, the Selling Shareholder, the BRLMs or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

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

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section "Risk Factors" on page 13. Accordingly, investment decisions should not be based on such information.

This Draft Red Herring Prospectus includes industry related information from a report published by Technopak, which has consented to the use of such information in this Draft Red Herring Prospectus subject to the following:

"This report is prepared by Technopak Advisors Private Limited (hereinafter "Technopak") on a strictly private and confidential basis exclusively for S.P. Apparels Limited. All information contained in the Report has been obtained by Technopak from sources believed by it to be true and reliable and after exercise of due care and diligence by us. However, such information is provided 'as is' without any warranty of any kind, and Technopak in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Any use which a third party makes of the work, or any reliance on or decisions to be made based on it, are the responsibility of such third parties. Investment decisions made or actions taken in connection with any proposed investment by a potential investor as a result of our work shall be the responsibility of such investor."

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “seek to”, “likely”, “will”, “will continue”, “will pursue”, “seek to” or other words or phrases of similar import. Similarly, statements that describe our Company’s expected financial condition and results of operations, strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”.

Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- export of knitted garments for infants and children constitutes a significant portion of our business for which we do not have long-term sales contracts;
- our dependency on a limited number of customers for significant portions of our export revenues;
- exposure to the risks associated with fluctuations in foreign exchange rates;
- our inability to effectively manage our growth or to successfully implement our business plan and growth strategy;
- stringent labor laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees;
- our inability to adapt to changing market trends and customer requirements in a timely manner, or at all;
- our inability to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business;
- changing laws, rules and regulations and legal uncertainties in India, including adverse application of corporate and tax laws; and
- our inability to meet our obligations, including financial and other covenants under our credit facilities.

For further discussion of factors that could cause the actual results to differ from the expectations, see the sections “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 13, 116 and 256, 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 gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, our Directors, the Selling Shareholder, the Syndicate or any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company and the BRLMs will ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus until the date of Allotment. The Selling Shareholder severally and not jointly will ensure with respect to the statements and undertakings specifically confirmed by each of them in this Draft Red Herring Prospectus that investors in India are informed of material developments from the date of this Draft Red Herring Prospectus until the date of Allotment.

SECTION II: RISK FACTORS

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 the Equity Shares. The risks described below are not the only ones relevant to us or the Equity Shares, the industry in which we operate or India and other regions we operate in. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could suffer, the price of the Equity Shares could decline, and you may lose all or part of your investment. To obtain a more detailed understanding of our business and operations, prospective investors should read this section in conjunction with the sections “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 116 and 256, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our operations and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in the Offer.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See the section “Forward-Looking Statements” on page 12. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless otherwise stated, the financial information of our Company used in this section has been derived from our Restated Consolidated Financial Statements.

Internal Risks

Risks Related to our Business

1. ***Export of knitted garments for infants and children constitutes a significant portion of our business for which we do not have long-term sales contracts***

Our export business for knitted garments for infants and children constitutes a significant portion of our business. 88.09%, 84.62%, 79.84% and 83.20% of our total revenues for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively, were generated by our business of export of knitted garments products for infants and children (including duty drawback and other export incentives).

Typically, we do not enter into long-term sales contracts with any of our export customers for knitted garments for infants and children. We execute sales orders based on the purchase orders received from customers and manufacture our products to meet the requirements of our customers, as specified by them, in the purchase orders. Our customers generally place their orders at the start of each season, however since we do not enter into long-term sales contracts with them, there is no binding requirement for them to provide any orders.

Sales to each of our customers for knitted garments for infants and children are dependent on our ability to manufacture garments of acceptable quality that meet the customer’s specifications and stringent quality requirements and to deliver such products on a timely basis. Customers can terminate their relationship with us due to a change in their policies, vendor preference or any other reason upon relatively short notice, which could materially and adversely impact our business. The loss of, or significant reduction in business from, our customers for knitted garments for infants and children could have a material adverse effect on our business, results of operations and financial condition.

2. ***We depend on a limited number of customers for significant portion of our export revenues. The loss of one or more of our significant customers or significant reduction in production and sales of, or demand for our production from our significant customers may adversely affect our business, financial condition, result of operations and cash flows***

A significant proportion of our revenues have historically been derived from a limited number of customers. Over the last five Financial Years, more than 80% of our revenue from exports was contributed by our top five customers. For details in relation to our customers, see the section “*Our Business – Our Operations – Garments Division – Customers*” on page 122. The loss of orders from any of these significant customers will result in a considerable reduction in our revenue.

Our customers are predominantly based in the United Kingdom and our business depends significantly upon, and increases our exposure to adverse developments relating to, the general economic and other conditions in this geographical region. Any external risks including regional economic downturn or changes in the regulatory or trading environment in the United Kingdom may materially and adversely affect our business and financial results.

Many of our customers operate across countries and we supply our products in various geographical regions in which they operate. As a result, loss of one or more of our significant customers operating in a particular region may result in a loss or non-renewal of orders from that customer across other geographical region(s) in which it operates and consequently affect our business, financial condition, result of operations and cash flows.

3. ***Some of our financing agreements require prior consent of our lenders for undertaking a number of corporate actions (including to undertake the Offer) and one such consent has not been obtained as on the date of this Draft Red Herring Prospectus***

Under our financing agreements with Allahabad Bank, we are required to obtain prior written consent from Allahabad Bank to undertake certain actions, including in relation to any change in the capital structure of our Company, undertake further expansion, any major change in the management of our Company which involves a transfer of ownership, invest by way of share capital, enter into any borrowing arrangements, either secured or unsecured with any bank, financial institution and company or otherwise accept deposits, undertake any guarantee obligation on behalf of our Company and declare dividend for any year except out of the profits for that year.

As on the date of this Draft Red Herring Prospectus, we have applied to Allahabad Bank for its consent to undertake the Offer and have not yet received such consent. While our Company intends to obtain the necessary consent in relation to the Offer from such lender prior to the filing of the Red Herring Prospectus with the RoC, undertaking the Offer without obtaining such lender consent, in contravention of the conditions contained in the financing documents, may constitute a default under such documents. A default could lead to an acceleration of all amounts outstanding under our financing agreements with Allahabad Bank thereby making such amounts immediately due and payable. In addition, if we fail to comply with our payment obligations under the financing agreements with Allahabad Bank, the relevant lenders may classify us as a wilful defaulter and provide our details to the relevant regulatory authorities as a wilful defaulter. Further, the acceleration of amounts outstanding may also curtail our ability to utilize the Net Proceeds in accordance with the proposed objects of the Offer. For details, see the section “*Objects of the Offer*” on page 74.

Additionally, a default by us under the terms of any financing documents may constitute a cross-default under our other financing agreements, which could result in the acceleration of repayment under those facilities as well, which may individually or in the aggregate, have a material adverse effect on our financial condition and results of operations. Any default and the consequences thereof may also result in a decline in the trading price of our Equity Shares and you may lose all or part of your investment. Further, any action initiated by a lender may result in the price of the Equity Shares being adversely affected along with our ability to obtain further financing from banks and financial institutions.

4. ***We derive a significant portion of our revenue in British Pound Sterling and U.S. Dollar and hence are exposed to the risks associated with fluctuations in foreign exchange rates which could negatively impact our profitability and financial condition***

77.58% of our total revenue in Fiscal 2015 was earned from customers outside India and denominated in foreign currency in our business of knitted garments for infants and children. While a large portion of our expenses are paid in Indian Rupees, our revenues are mostly in foreign currencies, predominantly in British Pound Sterling and U.S. Dollar. Our Company has a defined foreign exchange policy and we might, sometimes, take forward positions in anticipation of orders. However, these orders may not materialize and we might be required to account for any loss caused by these contracts.

Furthermore, we are also exposed to the risk of the strengthening of the Rupee. Once we receive an order from a customer and the price has been fixed, any appreciation of the Rupee during the manufacturing process may have an adverse impact on our competitiveness to complete the customer order at the agreed price. Adverse moves in exchange rates that we have not adequately hedged will have a material adverse effect on our operations, profitability and financial condition. We manage in part our foreign exchange risk by entering into forward contracts. However, currency hedging arrangements that we have entered into may not mitigate all, or substantially all, of the losses we may suffer as a consequence of any such fluctuations. For the three-month period ended June 30, 2015 and Fiscal Year 2015, Fiscal Year 2014 and Fiscal Year 2013, we experienced mark to market foreign exchange gain/(loss) (net) of ₹(54.28) million, ₹22.74 million, ₹(16.18) million and ₹44.20 million, respectively.

5. ***Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our business, results of operations and financial condition***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy requires us to develop and strengthen relationships with existing customers for our business of knitted garments for infants and children who may drive high volume orders on an ongoing basis. To remain competitive, we seek to increase our business from existing customers and by adding new customers, as well as expanding into new geographical markets. Our success in implementing our growth strategies may be affected by:

- our ability to maintain the quality of our products;
- our ability to increase our customer base;
- the general condition of the global economy (particularly of India and the other markets that we currently or may operate in);
- our ability to compete effectively with existing and future competitors, including in the knitted garments for infants and children category based in India and other markets that we currently or may operate in; and
- changes in the Indian or international regulatory environment applicable to us.

Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. Separately, our growth strategy also involves expanding into new geographic markets which will involve additional risk. We intend to pursue new customers globally for our business of knitted garments for infants and children.

Further, our plan is to enhance and develop our existing ‘Crocodile’ brand in India. By focusing further resources, including management time and effort, distribution and sales network, opening new company owned and operated stores and other retail outlets and brand management on developing the ‘Crocodile’ brand, we will be diverting our resources from our established business of manufacturing knitted garments for infants and children. Our inability to develop and grow our retail business segment despite diverting the required resources towards it could have a material adverse effect on our business, financial condition and profitability.

We are considering the launch of products in the women’s essential garments category under the ‘Natalia’ brand owned by our Company, subject to compliance with applicable law. Neither we nor our Promoters have any operational experience in this segment/category and we have not generated any revenue from such operations/business in the past. Any failure on our part to be aware and keep up with the latest trends in such segment/category may adversely affect our competitiveness and ability to grow such business segment.

While we have successfully executed our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within our estimated budget, or that our expansion and development plans will increase our profitability. Any of these factors could adversely impact our results of operations. We expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and growth strategy could have a material adverse effect on our business, financial condition and profitability.

6. ***We are subject to stringent labor laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition and results of operations***

Our manufacturing activities are labor-intensive. As of September 30, 2015, we had 8,499 full-time employees at our garments division and 36 full-time employees at our retail division. We are subject to a number of stringent labor laws that protect the interests of workers, including legislation that stipulates rigorous procedures for dispute resolution and retrenchment of workers that imposes financial obligations on employers. Strikes, lock-outs and other labor action, may have an adverse impact on our operations, and we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Also, our third-party suppliers may experience strikes or other labor disruptions and shortages that could affect our operations, possibly for a significant period of time, result in increased wages, shortage in manpower and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. Additionally, our inability to recruit employees, in particular skilled employees and retain our current workforce could have a material adverse effect on our business, financial condition and profitability.

We also enter into contracts with contract manufacturers who, in turn, employ on-site contract labor to perform certain operations. Although we generally do not engage such labor frequently, it is possible under Indian law that we may be held responsible for wage payments to the labor engaged by such contract manufacturers should they default on wage payments. Any requirement to fund such payments will adversely affect us, our business, financial condition, results of operations and cash flows. Any order from a regulatory body or court requiring us to make payments to such contract labor may have an adverse effect on our business, financial condition, results of operations and cash flows.

7. ***We may not be able to adapt to changing market trends and customer requirements in the menswear market in a timely manner, or at all***

The market for menswear in the country is highly competitive with several players present in various segments in brick and mortar stores and through third party e-commerce platforms. If we are unable to anticipate consumer preferences or industry changes, or if we are unable to modify our products and their prices on a timely basis, we may lose customers to our competitors (located in brick and mortar stores and on third party e-commerce platforms), or may be forced to reduce our sales realization on products by having to offer them at a discount, thereby reducing our margins. For instance, manufacturing for a season begins well in advance of the season and we may not be able to incorporate the prevalent trends, or accommodate any sudden emergence of a new trend that may be germane to that season in the collection being released. If our competitors are able to cater to these markets, or if we are not able to anticipate the demand, or misjudge the quantity, *inter alia*, this could lead to lower sales, higher inventories and higher discounts, each of which could have a material adverse effect on our brand, reputation, results of operations and financial condition.

8. ***We may be unable to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business***

We require certain statutory and regulatory permits, licenses and approvals to operate our business such as consents to establish and operate from the state pollution control board, importer-exporter code, registration and licenses issued under the Factories Act, 1948, as amended for our various manufacturing facilities, commissioning certificates and safety certificates from the state electricity board, registration certificates issued under various labor laws, including contract labor registration certificates and licenses. Our licenses, permits and approvals impose certain terms and conditions that require us to incur a significant cost and *inter alia*, restrict certain activities. There can be no assurance

that the approvals, licenses, permits and registrations may not be revoked in the event of any non-compliance with any terms or conditions imposed thereof.

We have not obtained the certificate of commencement of our business as was required under the Companies Act, 1956. Further, our facility at Mylapadi has recently commenced operations and we are in the process of applying for relevant approvals. We are also in the process of establishing an additional manufacturing facility at Kavindapadi for which we will apply for the necessary approvals as and when required. Additionally, certain of our manufacturing facilities have applied for but not yet obtained the required approvals in relation to their operations from relevant authorities. For instance, we have applied for but have not yet obtained licenses for our sewing factory at Koduvai and our factory at Puliampatti to operate from the Tamil Nadu Pollution Control Board. For further details, see the section *“Government and Other Approvals – Material licenses and approvals for which applications have been made by our Company”* on page 305.

In the future, we will be required to regularly renew permits, licenses and approvals for our business, and to obtain new permits, licenses and approvals for any proposed expansion. While we will endeavor to renew or obtain such approvals as required, there can be no assurance that the relevant authorities will issue any such approvals within our anticipated timeframe or at all. An inability to renew, maintain or obtain any required permits, licenses or approvals may result in the interruption of our operations and have a material adverse effect on our business, financial condition and results of operations. For further information regarding licenses and approvals, see the section *“Government and Other Approvals”* on page 297.

9. ***Our inability to meet our obligations, including financial and other covenants under our credit facilities could adversely affect our business and financial results***

As of November 30, 2015, our aggregate outstanding indebtedness was ₹2,518.98 million comprising of long-term borrowings, short-term borrowings and current maturities of long-term borrowings. Our credit facilities contain certain restrictive covenants that may require the prior written approval of lenders and limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial results. For a description of the terms of our indebtedness, see the section *“Financial Indebtedness”* on page 278. Upon the occurrence of certain events or otherwise, certain lenders to our Company have the right to:

- appoint nominee Directors;
- review/revoke the sanction of the loan and in case the loan has already been disbursed, to withhold disbursement of the balance loan amount and to recall the loan already advanced in certain circumstances;
- impose penal/default interest;
- accelerate the facility and declare all amounts payable by our Company in respect of the facility to be due and payable immediately or otherwise payable on demand;
- enforce the security;
- upon the occurrence of an event of default, convert the whole or part of the outstanding amount of the facility into fully paid-up Equity Shares of our Company at a conversion price to be determined in accordance with applicable laws;
- review the management set-up or organization of our Company; and
- apply any restrictive conditions as imposed on our Company by another institution as are considered appropriate by such lender in relation to the assistance availed from it by our Company.

The financing arrangements entered into by our Company also have cross-default provisions with respect to other facilities availed of by our Company and provisions prescribing debt to equity and other financial ratios. Further, certain financing arrangements of our Company also entitle the lenders to cancel the undrawn amount of the facility in certain circumstances, including downgrading of the credit rating of our Company by a credit rating agency or adverse remark, qualified opinion or its equivalent by the auditors of our Company. We may be forced to sell some or all of our assets if we do not have sufficient cash or credit facilities to make repayments. Additionally, some of our borrowings may be secured against all or a portion of our assets, and lenders may be able to sell such assets to enforce their claims for repayment. Our failure to meet our obligations under credit facilities could have an adverse effect on our business and financial results.

We are also unable to locate certain documents in relation to our credit facilities which include copies of the loan agreements in relation to the term loan obtained by our Company from Tamil Nadu Industrial Investment Corporation Limited and four vehicle loans availed by our Company from Kotak Mahindra Bank Limited. While we believe that these loan agreements were duly executed by our Company with the relevant lenders, we have been unable to obtain copies of these documents, including from the respective lenders. The loan agreements in respect of such credit facilities might contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and results of operations.

Further, we cannot provide any assurance that our business will generate sufficient revenue that enables us to repay our debt (including any interest) as and when it becomes due and payable. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot provide any assurance that we will be able to refinance any of our debt at commercially reasonable terms or at all. Our future borrowings may also contain similar restrictive provisions. If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare us to be in default under the terms of our agreements or accelerate the maturity of our obligations and may also declare us as a 'wilful defaulter'. If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financing on terms acceptable to us, our business, financial condition and results of operations may be adversely affected.

10. ***Some of the Equity Shares held by our Promoter, Mr. P. Sundararajan have been pledged with the State Bank of Mysore and such pledge may be enforced in the event of any default by our Company***

Pursuant to the terms of the agreement of loan dated December 17, 2015 and related financing agreements, our Company has availed a corporate loan of ₹350.00 million from the State Bank of Mysore and as security for such loan, 4,375,000 Equity Shares held by our Promoter, Mr. P. Sundararajan have been pledged in favor of the State Bank of Mysore, a scheduled commercial bank. Any default or breach under the above financing agreements pursuant to which such Equity Shares are pledged will entitle the State Bank of Mysore, *inter-alia*, to enforce the pledge over such collateral and take ownership of the collateral and to sell the pledged Equity Shares to third parties. If this pledge is enforced, the shareholding of our Promoters in our Company may be reduced and we may face impediments in taking decisions on certain key, strategic matters and the lenders will be entitled to attend general meetings of our Company and exercise voting rights in respect of the collateral.

11. ***Our Company has borrowed certain unsecured loans that may be payable on demand***

As of November 30, 2015, our Company (on a standalone basis) had unsecured borrowings of ₹273.41 million. For information on our unsecured lenders, see the section "*Financial Indebtedness – Details of unsecured borrowings of our Company*" on page 289. Unsecured loans aggregating to ₹76.70 million that we have borrowed from our Promoters and Promoter Group and the unsecured loan of ₹4.20 million from Unitech Agro Industries Private Limited are repayable by our Company as and when demanded. Additionally, following Fiscal Year 2017, the remaining unsecured loans borrowed from our Promoters and Promoter Group will also be repayable by our Company in accordance with the repayment terms of such loans. It may be difficult for us to manage our cash flow and ensure that sufficient funds are available at all times to repay our unsecured lenders. In the event of any default on the repayment of unsecured loan, the unsecured lender could initiate legal proceedings against us to recover the amount due to such unsecured lender together with interest and penalty. Any such legal proceedings will have a material adverse effect on our reputation, creditworthiness and financial condition.

12. ***We may be unable to manage our working capital requirements, which could materially impact our performance and results of operations***

There can be no assurance that our budgeting of working capital requirements for a particular year will be accurate. Our working capital requirements will increase as we intend to enhance our existing capacities and increase the level of backward integration at our manufacturing facilities. Further, if the purchase of raw materials by us does not accurately predict sourcing levels, customer trends or our expectations about customer needs, we may have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely affect our results of operations. There may be situations where we may under-budget for our working capital requirements,

in which case there may be delays in arranging the additional working capital requirements which may have an adverse effect on our operations and lead to loss of reputation, levy of liquidated damages and adverse impact on our cash flows. This could also have a material adverse effect on our business and financial condition.

13. ***Our Promoters have given personal guarantees in relation to certain financing arrangements provided to us by our lenders which may not continue after the completion of the Offer***

Under certain financial arrangements with our lenders, our Promoters have given personal guarantees for repayment of the credit facilities availed by us. We have historically depended on guarantees provided to our lenders by our Promoters in order to help fund our operations and business expansion. Our Promoters may not provide any financial or other support after the completion of the Offer. Additionally, if the financial condition of our Promoters deteriorates, our existing financing arrangements with our lenders may be adversely affected. We cannot assure you that such contributions to us by our Promoters will be on terms comparable with such past transactions or continue in future at all. This could have a material adverse effect on our business and financial condition.

14. ***There are certain legal proceedings pending against our Company, our Subsidiary, CPPL and the Promoters, which if determined against us, may have a material adverse effect on our business, financial results and reputation***

There are certain outstanding legal proceedings and claims, including criminal, tax and civil litigation, involving our Company, our Subsidiary, CPPL and the Promoters, which are pending at different levels of adjudication before various courts, tribunals and other authorities. Certain criminal cases have been filed against our Company before the Motor Accidents Claims Tribunal and in the Court of the Principal District and Sessions Judge, Tirupur. The amounts claimed in these proceedings have been disclosed in the section “*Outstanding Litigation and Material Developments – Litigation involving our Company*” on page 293 to the extent ascertainable and quantifiable and include amounts claimed jointly and severally by or from our Company and other parties. Any unfavorable decision in connection with such proceedings, individually or in the aggregate, could increase our expenses. We have not made any provision for such expense on contingent liability and such expense on contingent liability could materially and adversely affect our reputation, business and financial results.

There is one pending direct tax proceeding involving our Company and nine indirect tax proceedings involving our Company that are pending before different fora. In addition, certain notices have been issued by statutory and regulatory authorities and other entities against our Company. Pursuant to such notices, no penalty has been levied against our Company, however there can be no assurance that such penalty will not be imposed on us in the future. This could materially and adversely affect our financial results and our reputation.

For details regarding litigation, notices and other proceedings against us, see the section “*Outstanding Litigation and Material Developments*” on page 293. We cannot assure you that any of these matters will be resolved in our favor or in favor of our Company or our Subsidiaries or our Promoters, or that no additional liability will arise out of these proceedings. Further, there is no assurance that similar proceedings will not be initiated against the above-mentioned entities in the future.

15. ***Our Company may not be able to obtain sufficient quantities or required quality of raw materials in a timely manner for our manufacturing operations which could have an impact on the timelines for supplying products to our customers***

Our business and operations are dependent on the timely availability of the desired quality of raw materials like cotton, specialized yarn, yarn and fabric at a reasonable cost.

Our primary raw material is cotton. The supply and quality of cotton is subject to adequate rainfall and other weather conditions. Any material shortage or interruption in the domestic supply or decrease in the quality of cotton due to shortage of rainfall or other factors like the widespread floods in the state of Tamil Nadu in November-December 2015, could affect our ability to timely deliver manufactured garments to our customers and adversely affect our operations.

Domestic cotton prices in India fluctuate based on the demand and supply in the market and there can be no assurance that the price levels of cotton will remain where they currently are or not significantly increase. Any fluctuation in cotton prices that results in an increase in raw material and production costs which we are unable to pass on to our customers would have a material adverse effect on our business.

16. ***Compliance with, and changes in, safety, health and environmental laws and related laws and regulations impose additional costs and may adversely affect our results of operations and our financial condition***

We are subject to a broad range of safety, health and environmental laws and related laws and regulations in the jurisdictions in which we operate, and may also be required by our clients to meet certain additional criteria with respect to safety, environment, health and labor. Such safety, health and environmental laws and regulations impose controls *inter alia* on the disposal and storage of raw materials, noise emissions, air and water discharges, on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations and products. While we believe we are currently in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the discharge of our or such third parties' raw materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless cause us to be liable to the Government of India or other governments where we operate or to third parties. The scope and extent of any new environmental, health and safety regulations, including their effect on our operations and cash flows, cannot be predicted with certainty. The cost and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by Government authorities and our compliance cost may significantly exceed our estimates. Penalties imposed by regulatory authorities on us or on third parties upon whom we depend on may also disrupt our business and operations. In addition, we may be required to incur costs to remedy the damage caused by such discharges, pay fines or other penalties or close down the production facilities for non-compliance. We cannot assure you that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future. For further details on environmental, health and safety regulations applicable to us, see the section "*Regulations and Policies – Other Regulation – Safety and Environmental Laws*" on page 133.

Further, we are subject to various regulations and textile policies, primarily in India. Our business, operations and growth 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 would have a material adverse effect on our business, financial condition and results of operations.

17. ***Any changes in regulations or applicable Government incentives would materially and adversely affect our operations and growth prospects***

The Government of India has provided several production and exports related incentives to the textile sector, from which we currently benefit including, the Revised Restructured Technology Upgradation Fund Scheme, the EPCG Scheme, the Duty Drawback Scheme and the Merchandise Exporter from India Scheme. As a result of these incentives, our operations in India have been subject to relatively lower tax liabilities.

In the three-month period ended June 30, 2015 and Fiscal Years 2015, 2014 and 2013, our operating revenues earned from the Duty Drawback Scheme and other export incentives were ₹90.53 million, ₹337.22 million, ₹306.12 million and ₹281.16 million.

These incentives could be modified or removed at any time, which could adversely affect our business and profitability. For instance, the Government of India had proposed a new National Textile Policy to come into effect from July 2015, which *inter alia*, would provide higher investment allowances for the textile and garments manufacturing industry. However, this policy has not yet been announced and notified. Furthermore, any failure on the part of our Company to adhere to the requirements of these

incentives may result in our Company losing the benefit of some or all of these incentives and/or payment of penalties. Relevant authorities in India may also introduce additional or new regulations applicable to our business which could adversely affect our business and profitability.

18. ***We have filed an application for the trademark registration of our Company logo and cannot ensure that our intellectual property is protected from copying or use by others, including current or potential competitors. In the event that we are unable to adequately protect our intellectual property or use our name and corporate logo for any reason, our business, operations and reputation may be affected.***

We have filed trademark applications, *inter alia*, in relation to the “S.P. Apparels” logo. For details, see the section “Government and Other Approvals – Approvals in Relation to our Business – Intellectual Property” on page 307. These trademark registrations have not been granted as of the date of this Draft Red Herring Prospectus. There can be no assurance that we will be able to obtain registration of the trademarks including for our Company logo in a timely manner, or at all, or that third parties will not infringe our rights in our trademarks, logo or brand name. If we are unable to obtain or maintain the registration of our trademarks or our Company logo, or are unable to prevent our competitors or other third parties from using our trademarks or our Company logo, we may not be able to carry on our business operations under such trademarks or logo, our competitive position may be adversely affected or we may not have protectable interests in our intellectual property. This may affect our brand value and consequently our business and operations.

We may, in the future, face claims and legal actions by third parties that are using, or disputing our right to use, our trademarks or our Company logo and we may be required to resort to legal action to protect our brand and reputation if the need arises. If the outcome of any such legal proceedings is adverse to us, we may not be able to adequately protect our brand and reputation, which could have a material adverse effect on our business.

19. ***We do not hold any patents or other form of intellectual property protection in relation to our manufacturing processes***

The composition of cotton, yarn and fabric and the general manner in which they are produced are well-known and well-established. As a result, our research and development efforts are primarily directed towards developing new and more efficient production processes that are typically applicable to the current range of products we manufacture. Like many of our competitors, we possess extensive technical knowledge about our products. Our know-how is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. We employ a high level of automation in our production processes, which result in high productivity and quality.

We also rely in part on mutual trust for protection of our trade secrets and confidential information relating to our manufacturing processes. It is our policy to take precautions to protect our trade secrets and confidential information against breach of trust by our employees, consultants, customers and suppliers and we have written confidentiality agreements with our employees. However, it is possible that unauthorized disclosure of our trade secrets or confidential information may occur. We cannot assure you that we will be successful in the protection of our trade secrets and confidential information.

Our manufacturing processes may not be eligible for intellectual property protection and others may be able to use the same or similar automation in production processes, thereby undermining any competitive advantage we may have derived from such processes and adversely affecting our financial condition and results of operations.

20. ***We do not hold any copyright or other forms of intellectual property protection in relation to the designs of our products and the ‘Crocodile’ brand***

The designs for our knitted garments for infants and children are primarily provided to us by our customers and some of our large customers for our business of knitted garments for infants and children may obtain intellectual property protection for the designs we manufacture for them. Further, we do not have any intellectual property protection in relation to the ‘Crocodile’ brand and are dependent upon the terms of a sub-license agreement dated March 31, 2015 between our Company and one of our Subsidiaries, CPPL and a technology license agreement entered into by CPPL with

Crocodile International Pte Limited, Singapore (“**CIPL**”) pursuant to which we have rights in relation to the manufacture, distribution and marketing of menswear products under the ‘Crocodile’ brand in India until July 31, 2021. There can be no assurance that such license agreement will be renewed on similar or favorable terms or at all. Additionally, any impact on CIPL’s rights in relation to the ‘Crocodile’ brand could also affect the use of the ‘Crocodile’ brand by our Company. This could materially and adversely affect our business, financial condition and the results of our operations.

It is our policy to take precautions to protect our designs, trade secrets and confidential information against breach of trust by our employees, consultants, customers and suppliers and we have written confidentiality agreements with our employees. However, it is possible that unauthorized disclosure of our trade secrets, designs or confidential information may occur. We cannot assure you that we will be successful in the protection of our trade secrets, designs and confidential information.

21. ***The products manufactured by our Company in relation to the ‘Crocodile’ brand are vulnerable to counterfeiting or imitation by third parties that may affect the reputation of our Company***

The products manufactured and sold by us under the ‘Crocodile’ brand are developed by our retail division for the relevant season based on prevailing trends. Our Company ensures that these products are exclusively manufactured by contract manufacturers for our Company and they are not permitted to sell these products. We maintain a close check and control over each stage of the production process and conduct quality checks at every stage. However, our ‘Crocodile’ brand of products are vulnerable to counterfeiting and imitation by third party vendors who may manufacture and sell products in the mass market at relatively cheaper prices. While we make constant checks in mass markets in an effort to prevent the sale of any counterfeit products of our ‘Crocodile’ brand, there can be no assurance that we will be able to prevent sale of counterfeit products at all time. Any sale of counterfeit or imitation products which does not match the quality standards of our products will adversely impact our reputation and may also affect our relationship with CIPL. It will also materially affect our business, prospects, results of operations and financial conditions.

22. ***Our operations are dependent upon third party transportation facilities and logistics, which are subject to uncertainties and risks***

We primarily depend on sea borne freight to deliver our products from our manufacturing facilities to our export customers. Such logistics providers are arranged on spot basis and in certain cases may not be insured for the full value of the load that they are carrying. We also rely on third parties to provide air, rail, trucking and other transportation facilities for the transfer of raw materials to our manufacturing facilities and the supply of finished products to our domestic customers. These transportation facilities may not be adequate to support our existing and future operations. Further, disruptions of transportation and logistics services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and airport and seaport facilities, or other events could impair our ability to supply our products to our customers in a timely manner. Any such disruptions could materially and adversely affect our business, reputation, financial condition and results of operations. In addition, any increase in the charges imposed by the operators of transportation and logistics facilities would significantly impact our costs and results of our operations.

23. ***We are dependent on a number of key management personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, financial results and prospects***

Our future success is highly dependent on our senior management to maintain our strategic direction and manage our current operations and to deploy the Net Proceeds and meet future business challenges that may also arise in relation to any of the Objects of the Offer. The loss of, or inability to attract or retain, such persons could materially and adversely affect our business and financial results. In particular, the expertise, experience and services of Mr. P. Sundararajan, our Chairman and Managing Director and other members of our senior management team (including Mrs. P.V. Jeeva, the Chief Executive Officer of the garments division of our Company, Mr. V. Shankar Raam, the Chief Operating Officer of the retail division (EBO) of our Company and Mr. V. Harihara Subramaniam, who is Business Head (Wholesale) of the retail division of our Company) that are executing our growth strategy, have been integral to our business. For further details in relation to the experience of Mr. P. Sundararajan and our senior management team, see the sections “*Our Management – Board of*

Directors” and “*Our Management – Key Management Personnel*” on pages 144 and 157, respectively. If one or more of these key management personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly or at all, which could have a material adverse effect on our business, financial results and prospects. We may take a long period of time to hire and train replacement personnel when skilled personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. If we are unable to hire and train replacement personnel in a timely manner or increase our levels of employee compensation to remain competitive, our business, financial results and prospects may be materially and adversely affected.

24. ***Certain assets of one of the members of our Promoter Group, Poornam, have been transferred to our Company on a slump sale basis and there can be no guarantee that the transferred operations of Poornam will be effectively integrated with our Company***

Pursuant to the transfer of certain assets of one of the members of our Promoter Group, Poornam Enterprises Private Limited as of August 1, 2015, the integration process is ongoing and could materially and adversely affect our retail business operations. The assets which have been transferred to our Company include lease agreements for company owned and operated stores in relation to the ‘Crocodile’ brand. The lessors in relation to such stores have been informed about the transfer of assets and fresh agreements are being executed. In addition, with effect from August 1, 2015, we have taken over certain liabilities including the term loan availed by Poornam from Muthoot Fincorp Limited to the extent of ₹30 million. We will also have to divert certain of our resources in managing these company owned and operated stores and integrating them with our current retail business operations which may impact our cash flows and financial condition.

25. ***Certain qualifications have been noted by our Auditors in their report on the Restated Consolidated Financial Statements***

Our Auditors have not made any qualifications in their report on the Restated Consolidated Financial Statements in relation to the Fiscal Years 2015, 2014, 2013 and 2012. For the Fiscal Year 2011 the qualifications in our Restated Consolidated Financial Statements are as follows:

- There was non-recognition of mark to market loss by the Company on outstanding foreign exchange forward contract amounting to ₹30.24 million.
- Recognition of deferred tax expenses was done by using current minimum alternate tax rate instead of the regular tax rate. If our Company had recognized the deferred tax expenses by using regular tax rates, the deferred tax expenses for the Fiscal Year 2011 would have been higher by ₹61.25 million.

If the adjustments mentioned above had been made in the financial statements of our Company for the Fiscal Year 2011, the profit after tax and reserves and surplus of our Company for Fiscal Year 2011 would have been lower by ₹90.88 million. The basic and diluted earnings per share would be lower by ₹5.41. This has been appropriately dealt with by our Auditors in the Restated Consolidated Financial Statements.

If we are unable to maintain proper and effective internal and financial controls, and otherwise implement relevant risk management and related practices, we could be required to incur additional costs and expenses that could materially affect our business and financial condition and results.

26. ***We have experienced negative cash flow from investing and financing activities in prior periods and cannot assure you that we will not experience negative cash flows in future periods. Any negative cash flows in operating activities in the future could have a material adverse effect on our financial condition, cash flows and results of operations***

We have in the past experienced negative cash flows from investing and financing activities. The details of our cash flows from operating activities, investing activities and financing activities for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013 is set forth below.

(₹ in million)

| S. No. | Particulars | For the period ended | | | |
|--------|--------------------------------------------------------------|----------------------|----------------|----------------|----------------|
| | | June 30, 2015 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
| 1. | Net Cash generated from operating activities | 270.35 | 835.91 | 580.97 | 787.40 |
| 2. | Net cash flow from /(used in) investing activities | (30.50) | (58.16) | (139.62) | (82.17) |
| 3. | Net cash flow from /(used in) financing activities | (180.80) | (772.44) | (437.08) | (685.27) |
| | Net increase /(decrease) in cash and cash equivalents | 59.05 | 5.31 | 4.27 | 19.96 |

We may in the future, also incur negative cash flow in operating activities or significant negative cash flows in investing and financing activities which could materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition and results of operations could be adversely affected.

27. ***In certain cases we engage contract manufacturers for fulfillment of orders placed by our customers. If our contract manufacturers' operations are interrupted for any significant period of time, our business and results of operations would be materially and adversely affected***

Our products are predominantly produced in our 20 operating manufacturing facilities located in or near the region of Avinashi, Tamil Nadu, India. In addition, we also engage contract manufacturers located in Tirupur and surrounding areas for fulfilment of orders placed by our customers. Such contract manufacturing facilities may also meet the requirements of other garments manufacturers that compete with us and offer better terms than us. Our contract manufacturers' production facilities are susceptible to operating risks, such as damage or interruption from human error, fire, flood, power loss, work stoppages, terrorist attacks, acts of war, theft, earthquake and other force majeure events. Any interruption in our contract manufacturing operations for any significant period of time could adversely affect the timely delivery of our products and our business and results of operations. In addition, refurbishments, installation of new plants and machinery, accidents or sustained bad weather at our contract manufacturers' facilities could result in production losses and delays in delivery of our products, which may adversely affect our operations and profitability. Production may also fall below historic or estimated levels as a result of unplanned disruptions.

There can be no assurance that in the event of any disruption in work on account of our contract manufacturers, we will be able to find alternate manufacturers on reasonable terms or at all which could adversely affect our operations and reputation.

28. ***We are dependent on our Promoters and will be controlled by our Promoters so long as they control a majority of the Equity Shares***

After the completion of the Offer, our Promoters will control, directly or indirectly, approximately [●]% of our Company's outstanding Equity Shares. As a result, our Promoters will continue to exercise significant control over us. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which discourage or encourage a potential acquirer from making an offer or otherwise attempting to obtain control of us. As a result, the value of our Equity Shares may be adversely affected or you might be deprived of a potential opportunity to sell the Equity Shares at a premium.

29. ***Our Promoters, Directors and key management personnel may have interests in our Company other than reimbursement of expenses incurred or normal remuneration or benefits and there may be possible conflicts of interest between us and the entities that are part of the Promoter Group or entities in which our directors are interested***

Our Promoters, Directors and key management personnel may be deemed to be interested in our Company, in addition to regular remuneration or benefits and reimbursements of expenses, to the extent of Equity Shares or other securities held by them and their relatives (if any) and their dividend or bonus entitlement, and benefits arising from their directorship in our Company and are also interested

to the extent of sitting fee payable to them for attending each of our Board and committee meetings (to the extent relevant). Our Promoters are also interested to the extent of the property leased to our Company or interest payable on unsecured loan borrowed by our Company from the Promoters. Further, our key management personnel may be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners. For more information, see the sections “*Our Management – Board of Directors*” on page 144 and “*Our Promoters, Promoter Group and Group Entities – Interest of Promoters and Common Pursuits*” on page 160. Our Promoters, Directors and our key management personnel may take or block actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders.

The principal activities of certain entities that are part of our Promoter Group include, among others, carrying on the business of spinning. As a result, there may be conflicts of interest between us and the members of our Promoter Group in addressing business opportunities and strategies. In addition, some of our Directors are also directors on the boards of our Promoter Group companies or other companies or entities engaged in, or whose memorandum of association enable them to engage in, the same business as us. These overlapping directorships could create conflicts of interest between us and our Promoter Group companies or other entities. There can be no assurance that these or other conflicts of interest will be resolved in an impartial manner. For more information on the corporate entities that are part of our Promoter Group, see the section “*Our Promoters, Promoter Group and Group Entities*” on page 160.

30. ***There is significant competition in the retail sector which may have an impact on our retail division in relation to our ‘Crocodile’ menswear brand***

The retail sector in the garments industry is highly and increasingly competitive and our results of operations, in particular the retail division, which manufactures, distributes and markets the ‘Crocodile’ menswear garments and accessories brand are sensitive to, and may be materially and adversely affected by, competitive pricing and other factors. Competition may result in pricing pressure, reduced profit margin or lost market share or a failure to increase our market share, any of which could substantially harm our business and results of our operations.

We compete directly against wholesalers and direct retailers of garments, diversified garments companies with substantial market share, established companies selling internationally renowned brands as well as domestic retailers and regional competitors. Many of our competitors are large garments companies with strong brand recognition. However, the domestic garments segment is fragmented and continues to be dominated by unorganized and regional suppliers. We compete primarily on the basis of brand image, style, performance and quality. In order to compete effectively, we must continue to maintain and develop our brand image and reputation, be flexible and innovative in responding to rapidly changing market demands and customer preferences and offer customers a wide variety of high quality garments at competitive prices.

Many of our competitors, specifically the international brands, have significant competitive advantages, including longer operating histories, larger and broader customer base, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution budgets and other resources than we do. The number of our direct competitors and the intensity of competition may increase as we expand into other product lines or as other companies expand into other product lines. Our competitors may enter into business combinations or alliances. Our competitors may also be able to respond more quickly and effectively than we do to new or changing opportunities, standards or customer preferences, which could result in a decline in our revenues and market share. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

31. ***We have certain contingent liabilities that may adversely affect our business and financial results***

As of June 30, 2015, we had the following contingent liabilities in our summary statements pursuant to Accounting Standard 29 outstanding on a consolidated basis:

| Particulars | As at June 30, 2015 (in ₹millions) |
|-------------------------------------------------|------------------------------------|
| Outstanding export obligations for EPCG license | 115.15 |
| Bank Guarantees | - |
| ESI Demand | - |
| Income Tax Demand–disputed ⁽¹⁾ | 202.96 |
| Service Tax–disputed | 0.54 |
| VAT–disputed | 5.02 |
| Total | 327.67 |

⁽¹⁾ The income-tax demand – disputed for the period ended June 30, 2015 includes a disputed amount of ₹173.38 million payable by the Company pertaining to Fiscal Year 2006. Our Company has received a favorable order subsequent to the period ended June 30, 2015 and as per such order there is no liability/contingencies which accrue on our Company.

If the above-mentioned contingent liabilities materialize, our business and financial results may be adversely affected. For details, see the section “*Financial Statements*” from pages 166 to 255.

32. ***We do not own certain land on which we have established facilities and we enjoy a leasehold right over such properties and any revocation or adverse changes in the terms of our leases may have an adverse effect on our business and financial results. Three of our lease agreements contain restrictive covenants that may affect our ability to conduct our business***

We lease certain premises from which we operate, including our Registered Office and the manufacturing facilities from the Promoters, third parties and SIPCOT. These lease agreements can be terminated at will by the relevant third parties and SIPCOT and could adversely affect our ability to conduct our business.

Our Company has entered into a lease agreement dated April 15, 2005 with SIPCOT, to lease an area of 25 acres for a period of 99 years to set-up a project in relation to processing of knitted fabrics. Our Company’s dyeing unit is located on this land. Our Company has also entered into two lease agreements dated July 28, 2003 and May 25, 2005 with SIPCOT, to lease an area of 2.98 acres for a period of 99 years to set-up a project in relation to manufacture of garments.

Pursuant to the terms of the lease agreements mentioned above, if SIPCOT determines that the property is not being utilized by our Company for the purpose for which it was allotted or that the property is in excess of the requirements of our Company, then SIPCOT may cancel the allotment in respect of such excess land by the payment of a suitable refund to our Company. Our Company is required to obtain the written approval of SIPCOT prior to making any change to its constitution and board of directors, any change to its management or control, amalgamating our Company with any other company, transferring any interest of our Company to a third party and mortgaging the property as collateral for financial assistance from financial institutions and banks. There can be no assurance that SIPCOT will grant its consent in time or at all for various activities of our Company.

Any failure to obtain any consent, or comply with any condition or covenant under our lease agreements as mentioned above could lead to a termination of the lease and could adversely affect our ability to conduct our business.

Further, certain of our lease and leave and license agreements have not been registered or are not adequately stamped. If any of the owners of these premises revokes the arrangements under which we occupy the premises or imposes terms and conditions that are unfavorable to us, or if we are otherwise unable to occupy such premises, we may suffer a disruption in our operations or have to pay increased rent, which could have an adverse effect on our business and financial results. For details, see the section “*Our Business – Properties*” on page 124.

33. ***We are exposed to the credit risk of our franchisees for the ‘Crocodile’ brand, and any non-payment or non-performance by any of them could materially and adversely affect our financial condition and results of our operations***

We are exposed to payment delays and/or defaults by our franchisees that operate stores for the ‘Crocodile’ brand. Our financial position and profitability therefore depends on the creditworthiness of our franchisees. Certain of these franchisees may have weak credit history and we cannot assure that

these parties will always be able to pay us in a timely manner, if at all. Any change in the financial condition of our franchisees that adversely affects their ability to pay us may materially and adversely affect the results of our retail operations and financial condition.

34. ***We have entered into and may in the future enter into related party transactions***

We have in the course of our business entered into, and will continue to enter into, several transactions with related parties including our Subsidiaries. For details, see the section “*Related Party Transactions*” on page 164. We cannot assure you that we will receive similar terms in our related party transactions in the future. We cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. The transactions we have entered into and any further transactions with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to our Company. Further, the Companies Act, 2013 has brought into effect significant changes to the Indian company law framework including specific compliance requirements such as obtaining prior approval from the audit committee, board of directors and shareholders for certain related party transactions. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on business and financial results, including because of potential conflicts of interest or otherwise.

35. ***Our insurance coverage may be inadequate to satisfy future claims against us***

We maintain insurance that we consider to be typical in our industry in India and in amounts which are commercially appropriate for a variety of risks, including fire, burglary, terrorist activities, group medical and group personal accident insurance. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our business operations, particularly if the loss suffered is not easily quantifiable. Our insurance policies contain exclusions and limitations on coverage, as a result of which, we may not be able to successfully assert our claims for any liability or loss under such insurance policies. Additionally, there may be various other risks and losses for which we are not insured because such risks are either uninsurable or not insurable on commercially acceptable terms. Furthermore, there can be no assurance that in the future we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable.

The occurrence of an event for which we are not insured, where the loss is in excess of insured limits occurs or where we are unable to successfully assert insurance claims from losses, could result in uninsured liabilities. Further, despite such uninsured losses we may remain obligated for any financial indebtedness or other obligations related to our business. Any such uninsured losses or liabilities could result in an adverse effect on our business and financial results.

36. ***Our Subsidiary, CPPL suffered losses in the past and may incur losses in the future. Further we have granted loans to our Subsidiaries which may not get repaid to us if our Subsidiaries continue to incur losses***

Our Subsidiary, CPPL has incurred losses in the Fiscal Years 2014 and 2013. The details of profit/loss incurred by CPPL for the preceding three Fiscal Years are as follows:

| Name | Profit/(losses) after tax | | |
|------------------------------------|---------------------------|-------------|-------------|
| | (₹ in million) | | |
| | Fiscal 2015 | Fiscal 2014 | Fiscal 2013 |
| Crocodile Products Private Limited | 76.23 | (8.07) | (7.42) |

For further details on the financial information of our Subsidiaries, see the section “*History and Certain Corporate Matters - Our Subsidiaries*” on page 140 and the section “*Financial Indebtedness – Details of unsecured borrowings of the Subsidiaries*” on page 289 for details regarding unsecured loans granted to our Subsidiaries. In the event our Subsidiaries incur losses, it will adversely impact their ability to repay the outstanding loan payable to us, which may have an impact on our cash flow and operations.

37. ***Our funding requirements and the proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised, and may be subject to change based on various factors, some of which are beyond our control, and we have not entered into definitive agreements in relation to the objects of the Offer***

The Offer includes an Offer for Sale of 900,000 Equity Shares by the Selling Shareholder in addition to a Fresh Issue aggregating up to ₹2,150 million. The entire proceeds after deducting relevant Offer related expenses from the Offer for Sale will be paid to the Selling Shareholder and our Company will not receive any such proceeds. For further details, see the section “*Objects of the Offer*” beginning on page 74.

We have not entered into any definitive agreements to utilize the net proceeds of the Offer. Our funding requirements have not been appraised by any bank or financial institution or any other independent entity and the proposed deployment of the Net Proceeds are based on management estimates, current quotations from suppliers and our current business plan is subject to change, in light of changes in external circumstances, costs, other financial condition or business strategies. Further, while we have received quotations from various vendors for the purchase of machinery for the proposed expansion and modernization of our manufacturing facilities, we have not yet purchased any machinery nor placed any orders in relation to such machinery. Moreover, some of the quotations and estimates may expire in due course and we may be required to obtain fresh quotations and estimates which we may be unable to obtain in a timely manner or at the same rates which may impact our estimates or assumptions for the proposed objects. We have also not yet entered into any lease or other definitive document in relation to any new store that we propose to establish for the sale of ‘Crocodile’ branded products.

In the absence of such independent appraisal, or the requirement for us to appoint a monitoring agency in terms of the SEBI ICDR Regulations, the deployment of the Net Proceeds is at the discretion of our Board. We cannot assure you that we will be able to monitor and report the deployment of the Net Proceeds in a manner similar to that of a monitoring agency. Further, we may have to revise our expenditure and funding requirements as a result of variations in costs, estimates, quotations or other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling planned expenditure and funding requirements at the discretion of our Board. Additionally, various risks and uncertainties, including those set out in this section, may limit or delay our Company’s efforts to use the Net Proceeds and to achieve profitable growth in our business.

Further, according to the SEBI ICDR Regulations, net Offer proceeds pending utilization (for the stated objects) are required to be deposited only with the scheduled commercial banks. We cannot assure you that the returns on the funds parked in such accounts will be comparable to other instruments. Accordingly, the use of the Net Proceeds for purposes identified by our Company’s management may not result in actual growth of its business, increased profitability or an increase in the value of your investment.

38. ***Our Company proposes to utilize a portion of the Net Proceeds to partly repay certain loans and accordingly, the utilization of that portion of the Net Proceeds will not result in creation of any tangible assets***

Our Company intends to use a certain portion of the Net Proceeds for the purposes of partial repayment of certain loans. For details in this regard see the section “*Objects of the Offer – Details of the objects of the Fresh Issue – Partial or full repayment or prepayment of debt by our Company*” on page 75. We believe that utilization of Net Proceeds for repayment of the loans could help us to reduce our cost of debt and enable the utilization of our funds for further investment in business growth and expansion. However, such repayment may not result in the creation of any tangible assets for our Company.

39. ***There is limited information available in the public domain on the export market for knitted garments for infants and children. Some of the reports referred to in this Draft Red Herring Prospectus were commissioned by our Company which have been used for industry-related data in this Draft Red Herring Prospectus and such data has not been independently verified by us***

We have obtained certain market data, industry forecasts and data used throughout this Draft Red

Herring Prospectus from internal surveys, market research and publicly available industry, government and research information, publications and websites. We have also commissioned certain reports, including the *Technopak Report*, which may not be publicly available. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information is not guaranteed. Similarly, we have not independently verified this information and do not make any representation as to the accuracy of this information.

External Risks

Risks Related to India

40. ***We are subject to regulatory, economic, social and political uncertainties as well as natural disasters in India***

Our business and employees are largely located in and based out of India. Consequently, our financial performance and the market price of our Equity Shares will be affected by changes in exchange rates and controls, interest rates, changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India.

The Government of India has exercised and continues to exercise significant influence over many aspects of the Indian economy. Since 1991, successive Indian governments have generally pursued policies of economic liberalization and financial sector reforms, including by significantly relaxing restrictions on the private sector. Nevertheless, the role of the Government of India and state governments in the Indian economy as producers, consumers and regulators has remained significant and we cannot assure you that such liberalization policies will continue. The rate of economic liberalization could change, and specific laws and policies affecting travel service companies, foreign investments, currency exchange rates and other matters affecting investments in India could change as well. A significant change in India's policy of economic liberalization and deregulation or any social or political uncertainties could adversely affect business, our prospects and our financial results.

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer. India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years. For example, in November-December 2015, the state of Tamil Nadu experienced widespread floods. The extent and severity of these natural disasters determines their impact on the Indian economy.

41. ***Changing laws, rules and regulations and legal uncertainties in India, including adverse application of corporate and tax laws, may adversely affect our business and financial results***

Our business and financial performance could be adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business including those relating to the garments industry in India. There can be no assurance that the Government of India or state governments will not introduce new laws, regulations and policies which will require us to obtain additional approvals and licenses or impose onerous requirements on our business.

For example, the new Companies Act, 2013 contains significant changes to Indian company law, including in relation to the issue of capital by companies, disclosures in offer documents, related party transactions, corporate governance, audit matters, internal controls, shareholder class actions, restrictions on the number of layers of subsidiaries, prohibitions on loans to directors, insider trading and restrictions on directors and key management personnel from engaging in forward dealing. Moreover, effective April 1, 2014, companies exceeding certain net worth, revenue or profit thresholds are required to spend at least 2% of average net profits from the immediately preceding three financial years on corporate social responsibility projects, failing which an explanation is required to be provided in such companies' annual reports.

Additionally, the Government of India proposes to revamp the implementation of direct taxes. The Government of India has also proposed a comprehensive national goods and services tax, or GST,

regime that will combine taxes and levies by the central and state governments into a unified rate structure.

The impact of any changes to Indian legislation on our business cannot be fully determined at this time. Additionally, our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. Such unfavorable changes could decrease demand for our services and products, increase costs and/or subject us to additional liabilities. Any such changes could have an adverse effect on our business and financial results.

42. ***Our business is dependent on the Indian economy***

The performance and growth of our business are necessarily dependent on economic conditions prevalent in India, which may be materially and adversely affected by center or state political instability or regional conflicts, a general rise in interest rates, inflation, economic slowdown elsewhere in the world or otherwise.

There have been periods of slowdown in the economic growth of India. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates and annual rainfall which affects agricultural production. Any continued or future slowdown in the Indian economy or a further increase in inflation could have a material adverse effect on the price of our raw materials and demand for our products and, as a result, on our business and financial results.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the U.S. and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, including the financial crisis and fluctuations in the stock markets in China and further deterioration of credit conditions in the U.S. or European markets, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business and financial results.

India's trade relationships with other countries can influence Indian economic conditions.

43. ***Indian garments exporters face significant competition in our principal markets***

We, as do all Indian garments exporters, face significant competition in our principal markets. Some of our competitors have significantly greater production and marketing resources than those available to us. Prior to January 1, 2005, export sales made to various countries (including the U.S. and the European Union) were subject to quantitative restrictions ('quotas') imposed on imports from a number of countries, including India. All textiles and clothing products now trade internationally without quota restrictions. Resultant competition from our competitors, including low cost manufacturers from countries such as Vietnam, Pakistan and Bangladesh, is likely to drive prices for our products lower. Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new products and designs, competitors' pricing strategies and changes in consumer preferences and in general economic, political and social conditions in the countries in which we do business. Any failure by us to compete effectively, including in terms of the pricing of our garments, could have a material adverse effect on our business, financial condition and results of operations.

44. ***We are subject to international market and regulatory risks***

Developments in the international textile and garments markets could have an impact on our sales. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in international jurisdictions in which we operate or seek to sell our products. There can be no

assurance that such jurisdictions will not impose trade restrictions in the future. Any such imposition of trade barriers could have a material adverse effect on our financial condition and results of operations. Any change in the duty structure that affects our ability to export garments to Europe, including the imposition of, or increase in the rate of, anti-subsidy or anti-dumping duties, may have an adverse effect on our net revenues.

The safety of children's and infant's apparel is highly regulated by various agencies worldwide and not only requires rigorous safety testing to ensure compliance with applicable standards, but also comprehensive performance testing to meet consumer expectations. While we have accredited in-house testing facilities to ensure such compliance, there can be no assurance that we will be able to adapt quickly to any change in international quality standards and such delay may have an adverse effect on our net revenues and results of operations.

45. ***We may be affected by competition law in India and any adverse application or interpretation of the Competition Act, 2002 could adversely affect our business, reputation and financial results***

The Competition Act, 2002 prohibits practices that could have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors which directly or indirectly determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition. Further, the Competition Act, 2002 prohibits the abuse of a dominant position by any enterprise either directly or indirectly, including by way of unfair or discriminatory pricing or conditions in the sale of goods or services, using a dominant position in one relevant market to enter into, or protect, another relevant market, and denial of market access, and such practices are subject to substantial penalties and may also be subject to compensation for losses and orders to divide the enterprise. Further, the Competition Commission of India has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. There can be no assurance that we will be able to obtain approval for such future transactions on satisfactory terms, or at all.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the Competition Commission of India or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our business, financial results and reputation may be materially and adversely affected.

46. ***Under Indian law, foreign investors are subject to investment restrictions which may adversely impact the trading price of our Equity Shares***

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain conditions), if they comply with the valuation, reporting and other requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, under its consolidated foreign direct investment policy, the Government of India has set out additional requirements for foreign investments in India, including requirements with respect to downstream investments by Indian companies, owned or controlled by foreign entities, and the transfer of ownership or control of Indian companies in sectors with caps on foreign investment from resident Indian persons or entities to foreigners. We cannot assure you that any required approval from the RBI or any other government agency can be obtained on any particular terms or at all.

47. ***Our ability to raise foreign capital may be constrained by Indian law***

As an Indian company, we are subject to exchange control regulations that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business and financial results.

48. ***Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business***

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

49. ***Foreign investors may have difficulty enforcing foreign judgments against us or our management***

Our Company is incorporated under the laws of India. All our Directors and executive officers are residents of India and a substantial portion of our assets and those of such persons are located in India. As a result, it may not be possible for investors to affect service of process upon us or such persons in jurisdictions outside India, or to enforce against us or such parties judgments obtained in courts outside India based upon the liability provisions of foreign countries, including the civil liability provisions of the federal securities laws of the U.S.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Instead, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of The Code of Civil Procedure, 1908 of India, as amended (the "**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive as to any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government of India has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The U.S. has not been declared by the Government of India to be a reciprocating territory for the purpose of Section 44A of the Civil Procedure Code. However, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be a reciprocating territory. Accordingly, a judgment of a court in the U.S. or another jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered.

50. ***Public companies in India are required to prepare financial statements under Indian Accounting Standards. The transition to Indian Accounting Standards in India is very recent and still unclear and our Company may be negatively affected by such transition***

Our financial statements, including the financial statements provided in this Draft Red Herring Prospectus are prepared in accordance with Indian GAAP and restated in accordance with the SEBI ICDR Regulations. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differs in significant respects from the requirements of Indian GAAP. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Public companies in India are required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards" ("**Ind AS**"). On January 2, 2015, the MCA announced the revised roadmap for the implementation of Ind AS for companies other than banking companies, insurance companies and non-banking finance companies through a press release. On February 16, 2015, the MCA issued the Companies (Indian Accounting Standards) Rules, 2015 (the "**Indian Accounting Standard Rules**") to be effective from April 1, 2015. The Indian Accounting Standard Rules provide for voluntary adoption of Ind AS by companies in the Financial Year 2015 and, implementation of Ind AS will be applicable from April 1, 2016 to companies with a net worth of ₹5,000 million or more that may be extended to other public limited companies. Further, any holding, subsidiary, joint venture or associate companies of the companies specified above will also be required to comply with such requirements.

Additionally, Ind AS differs in certain respects from IFRS and therefore financial statements prepared under Ind AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that our Company's financial condition, results of operation, cash flow or changes in shareholders' equity will not be presented differently under Ind AS than under Indian GAAP or IFRS. When our Company is required to adopt Ind AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Our management may also have to divert its time and other resources for successful and timely implementation of Ind AS. There can be no assurance that the adoption of Ind AS by our Company will not adversely affect its results of operation or financial condition. Any failure to successfully adopt Ind AS in accordance with the prescribed timelines may have an adverse effect on the financial position and results of operation of our Company.

Risks Related to this Offer

51. ***Any future issuance of Equity Shares, convertible securities or other equity-linked securities of our Company may dilute your shareholding, and any such issuance and/or future sale of such securities by our significant shareholders, including our Promoters, may adversely affect the trading price of our Equity Shares***

Any future issuance of our Equity Shares, convertible securities or other equity-linked securities by us may lead to a dilution of the investors' shareholding in our Company. Any such issuance and/or sale of our Equity Shares, convertible securities or other equity-linked securities of our Company in the public market after the completion of this Offer, including by our Promoters or other significant shareholders, or the perception that such primary or secondary sale could occur, may also adversely affect the trading price of our Equity Shares and could materially impair our future ability to raise capital through offerings of our Equity Shares. Our Promoters will hold [●]% of our Equity Share capital after this Offer. We cannot predict what effect, if any, market sales of our Equity Shares held by our Promoters or other major shareholders or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares. We cannot assure you that our Company will not issue additional Equity Shares or that the Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

52. ***The Offer Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Offer. After the Offer, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price***

The Offer Price of our Equity Shares will be determined by our Company and the Selling Shareholders in consultation with the BRLMs through the Book Building Process. This price will be based on numerous factors, as described under the section “*Basis for Offer Price*” on page 84 and may not be indicative of the market price for our Equity Shares after the Offer. Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. The market price of our Equity Shares could be subject to significant fluctuations after the Offer, may bear no relationship to the market price of the Equity Shares after the Offer and may decline below the Offer Price. The market price of the Equity Shares after the Offer may be subject to significant fluctuations in response to, among other factors, variations in our operating results, developments relating to India and volatility in the Stock Exchanges and securities markets elsewhere in the world. There can be no assurance that you will be able to resell their Equity Shares at or above the Offer Price.

53. ***You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (“STT”) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares.

54. ***Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions***

Indian legal principles related to corporate procedures, directors’ fiduciary duties and liabilities, and shareholders’ rights may differ from those that would apply to a company in another jurisdiction. Shareholders’ rights, including relating to class actions, under Indian law may not be as extensive as shareholders’ rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

55. ***Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position***

Under the Companies Act, 2013 a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-

emptive rights granted in respect of our Equity Shares, your proportional interests in the Company may be reduced.

Prominent Notes

1. Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share, aggregating up to ₹[●] million, consisting of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹2,150 million by our Company and an Offer for Sale of up to 900,000 Equity Shares by the Selling Shareholder aggregating up to ₹[●] million. The Offer will constitute [●]% of the post-Offer issued, subscribed and paid-up Equity Share capital of our Company.
2. Our Company and the Selling Shareholder may, in consultation with the BRLMs, offer a discount of up to [●]% (equivalent of ₹[●] per Equity Share) to the Offer Price to Retail Individual Investors.
3. There has been no change in our Company's name since incorporation.
4. For details of changes in our Registered Office, see the section "*History and Certain Corporate Matters – Changes in the Registered Office*" on page 135.
5. As of June 30, 2015, our Company's net worth was ₹1,034.88 million as stated in our Company's Restated Standalone Financial Statements and ₹901.77 million as stated in our Company's Restated Consolidated Financial Statements.
6. As of June 30, 2015, the net asset value per Equity Share was ₹60.36 as stated in our Company's Restated Standalone Financial Statements and was ₹52.58 as stated in our Company's Restated Consolidated Financial Statements.
7. As of the date of filing of this Draft Red Herring Prospectus, the average cost of acquisition of Equity Shares by our Promoters was as follows:

| Name of the Promoter | Average cost of acquisition per Equity Share (₹) |
|----------------------|--------------------------------------------------|
| Mr. P. Sundararajan | 10 |
| Mrs. S. Latha | 10 |

The average cost of acquisition per Equity Share by our Promoters has been calculated by taking the average of the amounts paid by each of our Promoters to acquire Equity Shares. For further details, see the section "*Capital Structure – Notes to Capital Structure*" on page 63.

8. Our Company issued the following Equity Shares during a period of one year preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price:

| Date of Allotment | Name of the Entity | Number of Equity Shares Allotted | Issue Price per Equity Share (₹) | Nature of Consideration | Reason for/Nature of Allotment |
|-------------------|--------------------|----------------------------------|----------------------------------|-------------------------|--------------------------------|
| June 26, 2015 | Euro Asia | 345,212 | 210 | Conversion | Conversion of CCPS |

9. Except as disclosed in the sections "*Our Promoters, Promoter Group and Our Group Entities*" and "*Related Party Transactions*" on pages 160 and 164, respectively, none of our Group Entities has business interests or other interests in our Company.
10. For details of related party transactions entered into by our Company with our Promoters, Group Entities and Subsidiaries in the last Fiscal Year, including the nature and cumulative value of such transactions, see the section "*Related Party Transactions*" on page 164.
11. There have been no financing arrangements whereby our Promoter Group, the Directors or their relatives have financed the purchase by any other person of the securities of our Company other than in the normal course of our business during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

12. For any complaints, information or clarifications pertaining to the Offer, investors may contact the BRLMs who have submitted a due diligence certificate to the SEBI.

SECTION III: INTRODUCTION

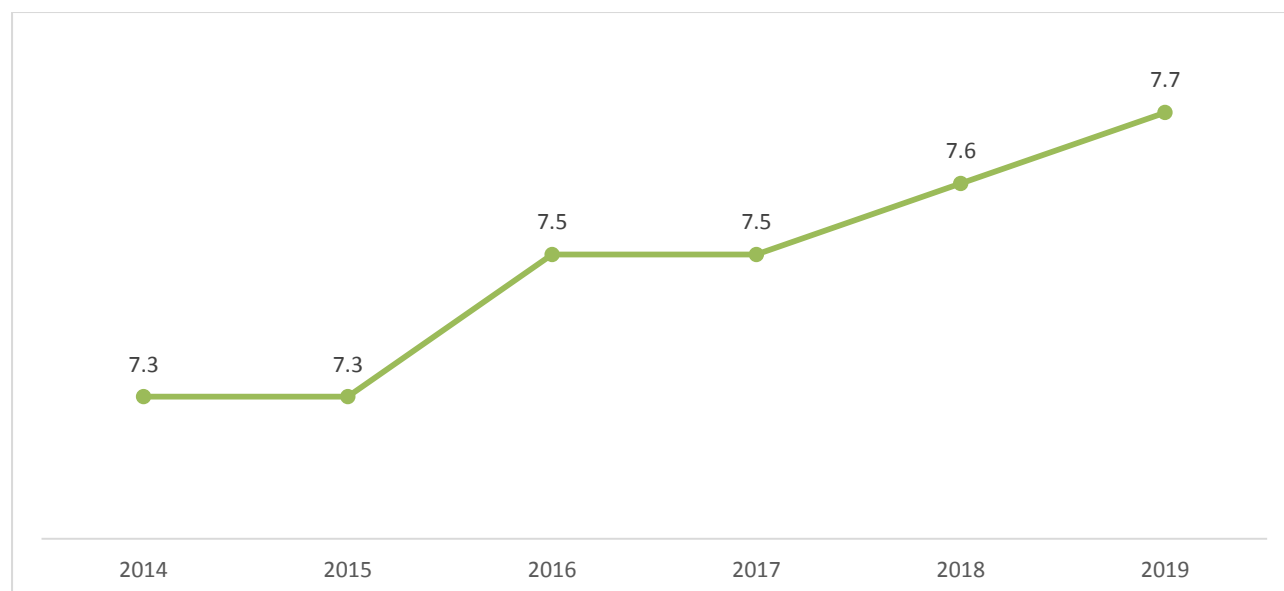
SUMMARY OF INDUSTRY OVERVIEW

The information contained in this section is derived from the report on the “Global Apparel Industry India's Apparel Exports and Domestic Apparel Market” issued by Technopak Advisors Private Limited (“Technopak”) dated December 10, 2015, which was commissioned by our Company and other publicly available industry sources. Neither we, nor the Selling Shareholder, the BRLMs or the financial, legal or other advisors or any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

Overview of the Indian Economy

India is the ninth largest economy of the globe after the United States, China, Japan, Germany, U.K., France, Brazil and Italy. The GDP of India, at current prices, stands at US\$ 2.1 trillion which accounts to 2.65% of the world economy (Source: International Monetary Fund). Critical economic factors like oil prices, foreign investments, Government's intent for reforms etc., have tilted in favor of the economy. Through improvement in policy decisions, business and consumer confidence, liberalization of FDI norms, promotion of investment in infrastructure and simplification of tax regime, the focus is returning back on the growth and revival of Indian economy. In addition to these, the country is in the early stage of the demographic dividend where population growth is accompanied by positive impact on the economic growth. India's real GDP is expected to grow at an annual growth rate of more than 7% for the next five years (Source: International Monetary Fund) (Exhibit 1).

Exhibit 1: Real GDP Growth Projection of India (%)



Source: International Monetary Fund

The Indian economy is broadly divided into three sectors that contribute to the GDP: agriculture and allied activities, industry and services. The contribution from agriculture is 17%, and that of industry and service sector is 18% and 65% respectively (Source: Economic Survey 2014-15).

Global Textiles and Apparel Industry

Overview of Global Textiles and Apparel Industry

The global textiles and apparel value chain extends across boundaries of countries – while the developed economies like the United States, EU-28 and Japan are among the major consuming countries, most of the production takes place in developing and least developed countries due to low labor cost in these countries. In general, textiles and apparel manufacturing involves highly labor-intensive processes. This has resulted in distinct separation of the value chain into production hubs and consumption centres.

The global apparel market is estimated to be of US\$ 1,350 billion in 2014 and is expected to grow at a CAGR of 4.6% between 2014 and 2019. Europe and the United States are the biggest apparel markets with sizes of US\$ 425 billion and US\$ 305 billion respectively in 2014. Menswear and womenswear contribute 83% to the total global apparel market while childrenswear contributes 17%. The childrenswear market is expected to grow faster (CAGR of 5.6%) than the overall apparel market (CAGR of 4.6%) between 2014 and 2019.

The global imports of textiles and apparel were valued at US\$ 822 billion in 2014 (*Source: ITC*). The global imports are expected to grow at a projected CAGR of 5% to US\$ 1,060 billion in 2019 (*Source: Technopak Analysis*). It is expected that the imports of apparel will grow faster than that of textiles (which include fibres, yarn, fabrics and made-ups) owing to the increasing consolidation of textiles and apparel production activities in the same countries. The projected CAGR for apparel imports is 6% for the period between 2014 and 2019, while the imports of textiles are expected to grow at a CAGR of 4% in the same period (*Source: Technopak Analysis*).

Major Apparel Consuming and Producing Countries

Economically developed countries remain major consumption centres for apparel owing to higher per capita income and higher disposable income. Though in the recent years emerging countries like China, Brazil, India etc. have started demonstrating promising consumption potential, the developed countries still contribute the major share to the apparel market owing to their higher per capita consumption. Apparel production which is a labor-intensive industry, has shifted away from developed countries to developing and least developed countries due to the latter's cost competitiveness in manufacturing.

In 2014, the EU-28, the United States and Japan, together, accounted for 70% of the world's total imports of apparel (*Source: ITC, UN Comtrade*) (Exhibit 2). EU-28 was the single largest apparel importing block in 2014 with total imports value of US\$ 182.3 billion (*Source: ITC, UN Comtrade*) (Exhibit 2). Within EU-28, Germany, U.K., France, Spain and Italy were the top importers of apparel.

Exhibit 2: Top Apparel Importing Countries

| Region/Country | Import Value (US\$ billion) | Import Value (%) | | CAGR (%) |
|----------------------|-----------------------------|------------------|------|-------------|
| | 2014 | 2009 | 2014 | (2009-2014) |
| EU-28 | 182.3 | 48% | 43% | 3.8% |
| United States | 85.7 | 21% | 20% | 5.1% |
| Japan | 29.4 | 8% | 7% | 4.1% |
| Hong Kong | 15.1 | 5% | 4% | 0.5% |
| United Arab Emirates | 9.4 | 2% | 2% | 14.5% |

Source: ITC, UN Comtrade, Technopak Analysis

Post Multi-Fibre Agreement (MFA) regime, China has emerged as a winner with a share of 36.6% in global apparel exports in 2014 (*Source: ITC, UN Comtrade*). Bangladesh and Vietnam have registered impressive growth of their apparel exports in the period 2009 to 2014. The CAGR of apparel exports of Bangladesh was 18% in this period while that of Vietnam was 20.4%. Availability of low cost labor and duty-free access to Europe market have contributed to the growth of apparel exports of both Bangladesh and Vietnam. India with exports of US\$ 16.5 billion accounted for 3.5% of global apparel exports in 2014. India's apparel exports have grown at a CAGR of 7.9% between 2009 and 2014 (*Source: ITC, UN Comtrade*) (Exhibit 3).

Exhibit 3: Apparel Exports of Top Manufacturing Countries

| Region/Country | Export Value (US\$ billion) | Export Value (%) | | CAGR (%) |
|----------------|-----------------------------|------------------|-------|-------------|
| | 2014 | 2009 | 2014 | (2009-2014) |
| China | 173.5 | 31.8% | 36.6% | 11.5% |
| Bangladesh | 28.1 | 3.9% | 6.0% | 18.0% |
| Vietnam | 21.1 | 2.6% | 4.5% | 20.4% |
| India | 16.5 | 3.6% | 3.5% | 7.9% |
| Turkey | 16.3 | 3.6% | 3.4% | 7.7% |
| Sri Lanka | 4.7 | 1.0% | 1.0% | 8.5% |
| Pakistan | 4.4 | 0.9% | 0.9% | 8.7% |

Source: ITC, UN Comtrade, Technopak Analysis

China has started losing apparel manufacturing competitiveness in the global market owing to its increasing labor and energy cost. Additionally, the growing domestic market of China has forced many China based manufacturers to shift focus away from exports market to domestic market. Consequently, the share of China in global apparel exports, which was on an increasing trend in the previous decade, has lost pace in recent years.

Bangladesh and Vietnam lack integrated value chains and depend on imports for raw material and intermediary products, especially for cotton based apparel manufacturing which is predominantly used in infant and toddler apparel. Bangladesh also faces sporadic issues of social unrest, violation of safe working norms which are expected to affect its future growth in apparel exports. Most of the global brands as a part of their global supply chain mission prefer working only with socially compliant partners. Inadequate infrastructure, limited energy supply and over-dependence on basic apparel are additional challenges for growth of apparel exports of Bangladesh.

India has the advantage of an abundant supply of cotton (second largest producer of cotton), Government support for apparel manufacturing and a strong reputation of meeting stringent quality, environmental and social norms of international buyers. India also has expertise in manufacturing of apparel with embroideries, trims, patchworks and appliques which are often used in children'swear, especially in girlswear. India has the capability to meet design and product development requirements of western market which makes the country a sourcing destination of choice for buyers and buying offices that prefer to outsource designs from suppliers.

Apparel Market Growth v. Apparel Exports Growth

The growth of apparel exports has been higher than the growth of global apparel market for the period 2009 to 2014. This is because of the shifting of apparel manufacturing from consuming countries to producing countries. Apparel exports of major producing countries like China, Bangladesh, Vietnam, India, Turkey etc., in the last decade, have grown at a faster rate compared to the growth of overall global apparel exports (Exhibit 4). These countries have managed to acquire export orders at the expense of other countries that are no longer attractive for apparel manufacturing.

Exhibit 4: Global Apparel Market Growth Vs Exports Growth, CAGR (2009-14)



Source: Market Line, UN Comtrade, Technopak Analysis

SUMMARY OF OUR BUSINESS

Overview

We are a leading manufacturer and exporter of knitted garments for infants and children in India. These are manufactured at our integrated facilities that allow us to provide end-to-end garment manufacturing services from greige fabric to finished products. We also manufacture and retail menswear garments in India under the brand ‘Crocodile’. We believe our core competency lies in our clear understanding of the specifications of knitted garments in the infants and children category, the buying preferences of our customers and our ability to deliver products of a consistent high quality that meet the product specifications and stringent compliance requirements of our international customers. Our long-standing relationship with our major customers has been one of the most significant factors contributing to our growth.

Our Company is led by our Promoters, who are first generation entrepreneurs and have over the years grown the business of the Company to become the second largest exporter among manufacturers of knitted garments for infants and children in India in terms of revenue in the Fiscal Year 2014. (*Source: Technopak Report*) Our export business for knitted garments for infants and children constitutes a significant portion of our business. 88.09%, 84.62%, 79.84% and 83.20% of our total revenues for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively, were generated by our business of export of knitted garments products for infants and children (including duty drawback and other export incentives). Our product range for knitted garments for infants and children includes body suits, sleep suits, tops and bottoms. For Fiscal Year 2015, we exported approximately 29.15 million pieces of knitted garments for infants and children directly to our international customers, including TESCO and Primark. We also manufacture and retail menswear garments in India under the brand ‘Crocodile’ pursuant to a sub-license granted to us by one of our Subsidiaries, CPPL. For more information in relation to the sub-license, see the section “*History and Certain Corporate Matters – Summary of Certain Agreements – Other Material Agreements*” on page 143. We are considering the launch of products in the women’s essential garments category under the ‘Natalia’ brand owned by our Company, subject to compliance with applicable law.

Our facilities are equipped to provide various products within the garments manufacturing production chain to our customers. Our business consists of two main divisions – (i) garments division (for manufacture and export of knitted garments for infants and children); and (ii) retail division (for manufacture, distribution and marketing of products in India under the brand name ‘Crocodile’).

We have two Subsidiaries, Crocodile Products Private Limited (“CPPL”) and S.P. Apparels (UK) (P) Limited (“SPUK”). CPPL, which is a joint venture between our Company and Crocodile International Pte. Ltd. (“CIPL”), is engaged in the business of, *inter alia*, establishing and managing units to manufacture, trade, deal, import and export garments and has entered into a technology license agreement with CIPL for the exclusive manufacture, distribution and marketing of menswear products under the trademark ‘Crocodile’ in India. We sell the ‘Crocodile’ branded products through a sales and distribution network that includes 31 exclusive brand outlets, of which 27 are company owned operated stores and four are franchise stores, and third-party e-commerce platforms. We also have agreements with distributors in relation to the sale, marketing and distribution of ‘Crocodile’ products. SPUK was incorporated in 2014 to explore possible marketing opportunities and engage in trading activities with new customers in the United Kingdom, Ireland and other European countries. SPUK has a design studio and has hired experienced designer consultants that provide design support services to our customers. SPUK also provides after sales service to our customers for any technical and other grievance.

Our 20 operating manufacturing facilities and the manufacturing facility at Kavindapadi which we are in the process of establishing, are located in and around the region of Avinashi, Tamil Nadu, India and within a radius of approximately 125 kilometres of our Registered Office. The wide range of infrastructure and machinery at our facilities for production of yarn, dyeing of fabric, sewing, cutting, printing, embroidery and finishing of garments enable us to service our customers by fulfilling multiple bulk orders in a timely manner. Our design, testing, fitment and quality inspection laboratory helps us in delivering products of high quality that comply with the stringent standards set by our customers. The proximity of our manufacturing facilities and our integrated set-up allows us to optimize our operations and service for our customers in a timely manner.

Our strong focus on quality has helped us become the preferred vendor of choice for certain of our large international customers. In recognition of our high quality of manufacturing operations, we have been awarded the ‘Gold Supplier Award’ by TESCO in 2013, ‘Values Award’ by TESCO in 2011-12 and ‘Trading Fairly

Award' for setting benchmarks in Tirupur for compliance with labor standards, investing in workers and supporting community projects by TESCO in 2009.

In November 2014, we received safety awards from the Directorate of Industrial Safety and Health, Government of Tamil Nadu for the least number of accidents during the calendar years 2011 and 2010.

On a restated consolidated basis, we generated total revenues of ₹1,245.28 million, ₹4,792.33 million, ₹4,520.73 million and ₹4,288.91 million for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively. We recorded a net profit of ₹67.44 million, ₹101.58 million, ₹66.67 million and ₹23.64 million for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively.

Our Competitive Strengths

Our operating history in the garments manufacturing business has helped us gain significant expertise and makes us well-positioned to maintain our status as one of the largest exporters among manufacturers of knitted garments for infants and children. We believe that the following strengths enable us to compete successfully in our market:

We have a key customer base with reputed international brands

Our long-standing relationship with our major customers has been one of the most significant factors contributing to our growth. Our commitment to quality and customer service practices have been strong contributing factors to our robust customer relations. Over the years, we have steadily developed a robust base of international retailers of garments for infants and children, including with reputed established brands with global operations such as TESCO and Primark. Even though we do not have any long-term supply agreements with them, we have continually received repeat business from many of our international customers and are proud to be a preferred vendor for certain of our customers. This indicates their level of confidence in our ability to understand latest trends and ensure timely delivery of quality products.

We are one of the leading manufacturers for export of knitted garments for infants and children in India

Over the years, we have developed the expertise to concurrently manage multiple large orders as well as developed a diversified product range which has helped our Company to grow into one of the leading manufacturers of knitted garments for infants and children in India.

We currently operate 20 manufacturing facilities in and around the region of Avinashi, Tamil Nadu, India with advanced plant and machinery. We also have integrated facilities for embellishments such as designing, embroidery, printing, sewing and cutting of the garments. Our manufacturing operations are supported by a wide range of infrastructure facilities. As of September 28, 2015, we owned 4,727 sewing machines, seven cutting machines, 79 embroidery machines, 17 printing machines, 16,896 spindles and 22 dyeing machines.

We produced approximately 8.71 million, 31.06 million, 31.95 million and 35.55 million pieces of knitted garments for infants and children in the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively. With our current and expected economies of scale, we consider ourselves to be one of the few integrated garment manufacturing companies of knitted garments for infants and children in India.

Our ability to set-up units that are integrated with our operations allows us to scale-up our operations

In addition to manufacturing of garments, our key strength is our ability to set-up and provide all necessary facilities at various units and efficiently manage such units from a centralized location that has helped us to efficiently scale-up our operations in a short period of time. We have the experience of setting-up units that are integrated with our manufacturing and production operations and at present have 20 such manufacturing facilities. Such experience of setting-up these units could enable us to set-up new facilities at any viable location in India that is in close proximity to the sources of raw materials and labor.

We benefit from our specialization in the manufacture of garments for infants and children

We specialize in the manufacture and export of knitted garments for infants and children. This is a highly challenging segment in the knitted garments industry as it is labor-intensive and it is imperative to follow stringent safety procedures and maintain high quality standards. Further, this segment requires more variety and

small batch size orders to cater to the growth need of infants and children which increases the complexity of manufacturing in comparison to other knitted garments. There are severe restrictions and stringent requirements on the use of chemicals, dyes and other additives in the manufacture of knitted garments for infants and children. Infants and children could be susceptible to infection if the quality of chemicals and dyes used in such garments does not comply with the prescribed restrictions. Therefore, our customers require us to maintain extremely rigorous and strict checks on compliance with all necessary quality and safety standards. We exercise stringent quality control checks consisting of inspection and testing of cotton, yarn, fabric, trims and packing materials and of each piece of garment for metal bits/needle tips/sharp edges/broken needles prior to packing. Our experience in the garments manufacturing industry and proven ability to manufacture knitted garments for infants and children adhering to such quality standards enables us to capitalize on growth opportunities in the garments manufacturing industry of knitted garments for infants and children both in Indian and other international markets.

We have strong in-house design, testing, fitment and quality inspection facilities

Our core competency lies in our understanding of our customers buying preferences and behaviour along with the stringent quality and compliance requirements of this industry. This is supplemented by our dedicated design and merchandising team located at our Corporate Office in India and design consultants hired by our Subsidiary, SPUK. We have a team of professionals, including designers, who are supported by the latest technology for developing products and styles which are based on prevalent fashion trends. We have the necessary facilities and expertise to create and implement design specifications and requirements of our customers.

Design development, sampling and fitment form an integral part of our operations and are considered as an effective tool for converting customer's need into a finished product. Further, we have set-up testing laboratories that are accredited by the National Accreditation Board for Testing and Calibration Authorities, Department of Science and Technology, India. Over the last few years, in keeping with the trend of increasing process outsourcing, our customers rely on our laboratories for testing fabrics and finished products before they are sold at their stores. We have in-house facilities that help us and our customers save time and costs and provide us with a competitive advantage over other manufacturers.

We have an experienced management team led by our Promoters and key management personnel

Our management team is well-qualified and experienced in the garments industry and has played a key role in the sustained growth of our operations. Our team led by the Chairman and Managing Director Mr. P. Sundararajan has successfully managed the various phases of expansion, growth and consolidation of our business and operations and has 31 years of experience in the garments industry. The Chief Executive Officer of the garments division of our Company, Mrs. P.V. Jeeva, has been associated with our Company since July 1, 1986 and has approximately 30 years of experience in the textile and apparel industry. Our management is also supported by an experienced and technically qualified execution team. Mr. V. Shankar Raam, the Chief Operating Officer of the retail division (EBO) of our Company, has approximately 21 years of experience in the fields of finance, accounts and marketing and Mr. V. Harihara Subramaniam, who is Business Head (Wholesale) of the retail division of our Company, has approximately 13 years of experience in the field of marketing.

Our Strategy

Our business strategy is as set forth below.

Enhancing existing capacities and improving operational efficiencies

We have continuously invested in infrastructure at our manufacturing facilities and over the years have been able to maintain a high level of quality. We have set aside ₹701.60 million from the proceeds of this Offer towards enhancing our capacities in various production processes and increasing the level of backward integration. For more information on the proposed enhancements to our capacities, see the section “*Objects of the Offer – Details of the Objects of the Fresh Issue – Expansion and modernization of our manufacturing facility at Valapady, Salem, Tamil Nadu*” on page 78. Such enhanced capacity and backward integration should lead to a reduction of cost and wastage and create savings on account of packing and transportation of yarn for intermediate transfer to a knitting facility. Further, with the addition of the knitting facility, we will be able to achieve complete backward integration of our operations. This will help us to increase quality control in the production process, achieve better production planning for deliveries and higher level of customization of capacities leading to increased operational efficiencies.

Deepening our product penetration with existing customers and increasing our customer base

As a global trend, several top brands and retailers are increasingly emphasizing on in-house product development and designing by manufacturing companies. Our in-house testing facilities, product development and designing team along with the stringent quality checks differentiates us from our competitors. Our accredited testing laboratories, along with a professional design team has led to some of our customers outsourcing their testing, inspection and design functions to us. Furthermore, our Subsidiary SPUK has also started conducting fitment tests for certain of our customers on their behalf. These value added services not only help us become a preferred vendor for certain of our customers, but could also help us in increasing revenues.

We intend to continue developing and strengthening our existing relationship with our customers for knitted garments for infants and children. We are focusing on deepening our relationship with existing customers and increasing our customer base by increasing the range of products we manufacture and supply to them. We intend to diversify and expand our customer base globally.

Strengthening our Retail presence

Growing aspiration levels of people in Tier II, III and IV cities in India along with rising brand awareness and higher disposable income makes these smaller urban areas as focal points for our expansion. We intend to capitalize on this opportunity to grow our menswear products under the 'Crocodile' brand. Our first phase of expansion will be through company owned and operated stores that would demonstrate the demand of the locations where we plan to increase our presence. We also plan to enhance the presence and sale of the 'Crocodile' products in these areas through exclusive brand outlets and multi-brand outlets. Currently, most of our company owned and operated stores, exclusive brand outlets and multi-brand outlets are situated in Tamil Nadu, Andhra Pradesh and Karnataka. Pursuant to our growth strategy and to further increase our presence, we are proposing to expand in 18 states in India through setting-up of company owned and operated stores.

We are considering the launch of products in the women's essential garments category under the 'Natalia' brand owned by our Company, subject to compliance with applicable law. Based on our interaction with customers, as well as on industry reports, we believe there are opportunities for growth in this category and propose to leverage our manufacturing capabilities and scale of operations to take advantage of such opportunities.

Invest in infrastructure and technology

Our Company believes in making investments for continuously achieving higher levels of excellence in its products and implement dynamic and diverse specifications of our customers. We have invested significantly in equipping our manufacturing facilities with the latest and specialized infrastructure and modern technology. We have installed the Eton conveyor system that automates the sewing assembly line and control workflows through productivity measurement. We also employ advanced semi-automated storage and retrieval system (ASRS) for efficient warehouse/inventory management. We have installed the Orgatex software system that automates the processes related to dyeing. We want to continue to work towards the upgradation and modernization of our infrastructure and technology. We intend to set-up a warehouse for our retail operations to support the expanded distribution network.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Statements for and as of the period ended June 30, 2015 and for the Financial Years 2015, 2014, 2013, 2012 and 2011 prepared in accordance with the Companies Act, Indian GAAP and the SEBI ICDR Regulations. The summary financial information presented below should be read in conjunction with our Restated Financial Statements and the sections “Financial Statements” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages 166 and 256, respectively.

Standalone Summary Statement of Assets and Liabilities, as restated

Amount in ₹ million

| Particulars | | As at | | | | | |
|-------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| A | EQUITY AND LIABILITIES | | | | | | |
| 1 | Shareholders’ funds | | | | | | |
| | (a) Share capital | 371.45 | 440.49 | 440.49 | 368.00 | 368.00 | 168.00 |
| | (b) Reserves and surplus | 863.43 | 723.44 | 624.65 | 553.14 | 521.73 | 403.41 |
| | | 1,234.88 | 1,163.93 | 1,065.14 | 921.14 | 889.73 | 571.41 |
| 2 | Non-current liabilities | | | | | | |
| | (a) Long-term borrowings | 883.15 | 693.96 | 883.71 | 971.49 | 1,401.01 | 1,830.93 |
| | (b) Deferred tax liabilities (net) | 324.25 | 316.88 | 172.47 | 121.96 | 102.25 | 154.11 |
| | | 1,207.40 | 1,010.84 | 1,056.18 | 1,093.45 | 1,503.26 | 1,985.04 |
| 3 | Current liabilities | | | | | | |
| | (a) Short-term borrowings | 1,335.55 | 1,565.89 | 1,728.29 | 1,626.12 | 1,644.72 | 1,199.64 |
| | (b) Trade payables | 1,130.26 | 1,192.16 | 1,059.98 | 1,069.56 | 883.99 | 832.17 |
| | (c) Other current liabilities | 205.37 | 283.99 | 419.48 | 665.50 | 547.48 | 641.64 |
| | (d) Short-term provisions | 131.30 | 87.30 | 41.28 | 26.70 | 36.38 | 43.16 |
| | | 2,802.48 | 3,129.34 | 3,249.03 | 3,387.88 | 3,112.57 | 2,716.61 |
| | TOTAL (A) | 5,244.76 | 5,304.11 | 5,370.35 | 5,402.47 | 5,505.56 | 5,273.06 |
| B | ASSETS | | | | | | |
| 1 | Non-current assets | | | | | | |
| | (a) Fixed assets | | | | | | |
| | (i) Tangible assets | 2,641.70 | 2,669.44 | 2,755.13 | 2,895.44 | 2,720.27 | 2,624.37 |
| | (ii) Intangible assets | 13.74 | 15.06 | 20.32 | 25.59 | 30.85 | 36.45 |
| | (iii) Capital work-in-progress | 100.00 | 100.00 | - | - | 264.59 | 444.72 |
| | | 2,755.44 | 2,784.50 | 2,775.45 | 2,921.03 | 3,015.71 | 3,105.54 |
| | (b) Non-current investments | 73.22 | 69.25 | 63.74 | 64.24 | 64.24 | 76.44 |
| | (c) Long-term loans and advances | 217.93 | 213.27 | 149.35 | 102.83 | 82.52 | 91.89 |
| | | 3,046.59 | 3,067.02 | 2,988.54 | 3,088.10 | 3,162.47 | 3,273.87 |
| 2 | Current assets | | | | | | |
| | (a) Current investments | 2.13 | 3.19 | 7.08 | 9.15 | 9.20 | - |
| | (b) Inventories | 1,074.72 | 1,088.54 | 1,265.71 | 1,270.95 | 1,239.76 | 961.20 |
| | (c) Trade receivables | 778.85 | 761.75 | 552.54 | 512.84 | 569.57 | 485.23 |
| | (d) Cash and bank balances | 126.08 | 67.02 | 143.56 | 59.77 | 57.70 | 60.60 |
| | (e) Short-term loans and advances | 214.53 | 312.98 | 404.67 | 459.28 | 466.86 | 492.16 |
| | (f) Other current assets | 1.86 | 3.61 | 8.25 | 2.38 | - | - |
| | | 2,198.17 | 2,237.09 | 2,381.81 | 2,314.37 | 2,343.09 | 1,999.19 |
| | TOTAL (B) (| 5,244.76 | 5,304.11 | 5,370.35 | 5,402.47 | 5,505.56 | 5,273.06 |

Standalone Summary Statement of Profit and Loss, as restated
Amount in ₹ million

| Particulars | for the three- month period ended | For the year ended | | | | |
|-----------------------------------------------------------------------------------|-----------------------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun- 15 | 31-Mar- 15 | 31-Mar- 14 | 31-Mar- 13 | 31-Mar- 12 | 31-Mar- 11 |
| | | | | | | |
| REVENUE | | | | | | |
| Revenue from operations (gross) | 1,261.90 | 4,757.78 | 4,521.11 | 4,292.94 | 4,013.86 | 3,690.83 |
| Less: Excise duty | - | - | - | - | 1.77 | - |
| Revenue from operations (net) | 1,261.90 | 4,757.78 | 4,521.11 | 4,292.94 | 4,012.09 | 3,690.83 |
| Other income | 27.63 | 66.93 | 12.19 | 7.55 | 13.07 | 29.30 |
| Total revenue | 1,289.53 | 4,824.71 | 4,533.30 | 4,300.49 | 4,025.16 | 3,720.13 |
| Expenses | | | | | | |
| (a) Cost of materials consumed | 532.92 | 1,955.56 | 1,753.46 | 1,600.33 | 1,442.08 | 1,662.02 |
| (b) Purchases of stock-in-trade (traded goods) | 62.20 | 133.23 | 115.48 | 143.36 | 158.39 | 157.85 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (77.92) | 32.72 | 239.17 | (11.34) | (70.52) | (284.97) |
| (d) Employee benefits expense | 289.97 | 990.77 | 750.86 | 775.94 | 735.29 | 475.91 |
| (e) Finance costs | 57.81 | 311.53 | 355.63 | 346.28 | 401.27 | 249.98 |
| (f) Depreciation and amortisation expense | 48.45 | 197.47 | 175.11 | 167.84 | 162.09 | 158.76 |
| (g) Other expenses (including the impact of qualification) | 270.88 | 948.53 | 1,017.95 | 1,225.87 | 1,128.33 | 1,128.91 |
| Total expenses | 1,184.31 | 4,569.81 | 4,407.66 | 4,248.28 | 3,956.93 | 3,548.46 |
| Profit / (Loss) before exceptional and extraordinary items and tax | 105.22 | 254.90 | 125.64 | 52.21 | 68.23 | 171.67 |
| Exceptional items [Income / (Expense)](Refer Note 2.2 to Annexure 4) | - | - | - | - | - | (168.89) |
| Profit / (Loss) before extraordinary items and tax | 105.22 | 254.90 | 125.64 | 52.21 | 68.23 | 2.78 |
| Extraordinary items | - | - | - | - | - | - |
| Profit / (Loss) before tax | 105.22 | 254.90 | 125.64 | 52.21 | 68.23 | 2.78 |
| Tax expense / (benefit): | | | | | | |
| (a) Current tax expense | 26.90 | 53.43 | 28.76 | 11.36 | 14.94 | 0.93 |
| (b) (Less): MAT credit | - | (53.43) | (25.14) | (10.45) | (13.18) | - |
| (c) Wealth Tax | - | - | - | 0.18 | - | 0.10 |
| (d) Deferred Tax | 7.37 | 145.73 | 50.51 | 19.71 | (51.85) | 6.67 |
| Net Tax expenses | 34.27 | 145.73 | 54.13 | 20.80 | (50.09) | 7.70 |
| Profit / (Loss) for the period / year, as restated | 70.95 | 109.17 | 71.51 | 31.41 | 118.32 | (4.92) |

Standalone Summary Statement of Cash Flows, as restated

Amount in ₹ million

| Particulars | for the three- month period ended | For the year ended | | | | |
|------------------------------------------------------------------------|-----------------------------------------------|--------------------|-----------------|----------------|-----------------|-----------------|
| | | | | | | |
| | 30-Jun- 15 | 31-Mar- 15 | 31-Mar- 14 | 31-Mar- 13 | 31-Mar- 12 | 31-Mar- 11 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Profit before tax and exceptional item | 105.22 | 254.90 | 125.64 | 52.21 | 68.23 | 171.67 |
| <i>Adjustments for:</i> | | | | | | |
| Depreciation and amortization expense | 48.45 | 197.47 | 175.11 | 167.84 | 162.09 | 158.76 |
| (Profit) /loss on sale of assets | 0.01 | (1.05) | (0.93) | 0.61 | (0.85) | 11.41 |
| Net (gain)/loss on sale of investments | - | - | (0.29) | - | (1.20) | 0.07 |
| Bad debts and loans and advances written off | 2.59 | 1.77 | 6.16 | 0.19 | 0.08 | 7.15 |
| Reversal of Deferred Employee compensation expenses | - | - | - | - | - | (2.50) |
| Provision for doubtful trade receivables | 0.95 | 0.40 | (10.24) | 6.48 | - | 4.82 |
| Excess provision written back | - | - | - | - | - | (4.97) |
| Finance costs | 57.81 | 311.53 | 355.63 | 346.28 | 401.27 | 249.98 |
| Interest income | (0.91) | (5.19) | (9.39) | (3.74) | (7.59) | (12.12) |
| Unrealised exchange (gain)/loss | (4.12) | 1.87 | 5.84 | - | - | - |
| Provision for MTM (gain)/loss on forward contracts | 54.28 | (22.74) | 16.18 | (44.20) | (22.86) | 30.24 |
| Dividend income | (0.03) | - | - | (0.73) | (0.67) | (0.71) |
| Operating profits before working capital changes | 264.25 | 738.96 | 663.71 | 524.94 | 598.50 | 613.80 |
| <i>Changes in working capital:</i> | | | | | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | | | | | |
| Inventories | 13.82 | 177.17 | 5.24 | (31.19) | (278.56) | (338.02) |
| Trade receivables | (8.48) | (215.34) | (38.84) | 50.25 | (84.34) | (82.06) |
| Loans and advances/Current assets | 54.79 | 6.43 | 19.98 | 34.99 | 48.65 | (250.36) |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | | | | | |
| Trade payables/Other current liabilities/Provisions | (52.52) | 155.19 | (48.83) | 218.06 | 34.26 | 441.35 |
| Cash Generated from Operations | 271.86 | 862.41 | 601.26 | 797.05 | 318.51 | 384.71 |
| Net income tax (paid) / refunds | (0.03) | (29.25) | (15.16) | (10.40) | (9.83) | (6.67) |
| Net Cash from Operating Activities before exceptional item | 271.83 | 833.16 | 586.10 | 786.65 | 308.68 | 378.04 |
| Exceptional Item | - | - | - | - | - | (168.89) |
| Net cash flow from / (used in) operating activities | 271.83 | 833.16 | 586.10 | 786.65 | 308.68 | 209.15 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Capital expenditure on fixed assets, including capital advances | (31.72) | (149.80) | (77.91) | (98.33) | (378.46) | (516.48) |
| Proceeds from sale of fixed assets | 0.40 | 2.18 | 12.85 | 6.23 | 253.57 | 11.48 |
| Bank deposits not considered as cash equivalents | (3.10) | 80.73 | (78.84) | 17.37 | (5.19) | (26.81) |
| Purchase of investments | (3.97) | (5.51) | - | - | - | - |
| Proceeds from sale of investments | 1.06 | 3.89 | 2.86 | 0.05 | 4.20 | 1.75 |
| Dividend received - Others | 0.03 | - | - | 0.73 | 0.67 | 0.71 |
| Interest received - Bank deposits | 3.10 | 9.83 | 3.52 | 1.36 | 7.59 | 12.12 |
| Net cash flow from / (used in) investing activities | (34.20) | (58.68) | (137.52) | (72.59) | (117.62) | (517.23) |

| Particulars | for the three- month period ended | For the year ended | | | | |
|---------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------|-----------------|-----------------|-----------------|---------------|
| | 30-Jun- 15 | 31-Mar- 15 | 31-Mar- 14 | 31-Mar- 13 | 31-Mar- 12 | 31-Mar- 11 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | | | |
| Proceeds from Issue of Share capital | - | - | 72.49 | - | - | - |
| Proceeds/(repayment) of long term borrowings | 124.10 | (287.00) | (240.02) | (373.22) | (242.96) | 434.41 |
| Proceeds/(repayment) of short term borrowings | (236.05) | (160.29) | 99.52 | -18.60 | 445.08 | 82.02 |
| Finance costs | (69.69) | (322.98) | (375.65) | (302.80) | (401.27) | (249.98) |
| Net cash flow from / (used in) financing activities | (181.64) | (770.27) | (443.66) | (694.62) | (199.15) | 266.45 |
| Net increase / (decrease) in Cash and cash equivalents | 55.99 | 4.21 | 4.92 | 19.44 | (8.09) | (41.63) |
| Cash and cash equivalents at the beginning of the year | 39.89 | 35.70 | 30.75 | 11.31 | 19.40 | 61.03 |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | (0.03) | (0.02) | 0.03 | - | - | - |
| Cash and cash equivalents at the end of the year | 95.85 | 39.89 | 35.70 | 30.75 | 11.31 | 19.40 |
| Cash and cash equivalents at the end of the year comprises of | | | | | | |
| (a) Cash on hand | 20.72 | 6.55 | 2.97 | 5.76 | 6.17 | 8.75 |
| (b) Balances with banks | | | | | | |
| in current account | 75.13 | 33.34 | 32.73 | 24.99 | 4.79 | 10.65 |
| in EEFC account | - | - | - | - | 0.35 | - |
| | 95.85 | 39.89 | 35.70 | 30.75 | 11.31 | 19.40 |

Consolidated Summary Statement of Assets and Liabilities, as restated

Amounts in ₹ million

| Particulars | | As at | | | | | |
|-------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| A | EQUITY AND LIABILITIES | | | | | | |
| 1 | Shareholders' funds | | | | | | |
| | (a) Share capital | 371.45 | 440.49 | 440.49 | 368.00 | 368.00 | 168.00 |
| | (b) Reserves and surplus | 730.43 | 593.82 | 503.39 | 436.73 | 413.09 | 310.44 |
| | | 1,101.88 | 1,034.31 | 943.88 | 804.73 | 781.09 | 478.44 |
| 2 | Minority Interest | (53.41) | (52.88) | (49.80) | (47.72) | (44.39) | (37.67) |
| 3 | Non-current liabilities | | | | | | |
| | (a) Long-term borrowings | 918.27 | 728.23 | 920.08 | 1,001.20 | 1,424.39 | 1,852.61 |
| | (b) Deferred tax liabilities (net) | 324.03 | 316.66 | 172.47 | 121.96 | 102.25 | 154.11 |
| | | 1,242.30 | 1,044.89 | 1,092.55 | 1,123.16 | 1,526.64 | 2,006.72 |
| 4 | Current liabilities | | | | | | |
| | (a) Short-term borrowings | 1,335.55 | 1,565.89 | 1,728.29 | 1,626.12 | 1,644.72 | 1,199.64 |
| | (b) Trade payables | 1,166.10 | 1,214.80 | 1,074.57 | 1,104.63 | 899.28 | 851.96 |
| | (c) Other current liabilities | 210.12 | 287.28 | 422.01 | 668.05 | 549.64 | 644.64 |
| | (d) Short-term provisions | 147.22 | 102.79 | 41.22 | 26.48 | 36.31 | 42.90 |
| | | 2,858.99 | 3,170.76 | 3,266.09 | 3,425.28 | 3,129.95 | 2,739.14 |
| | TOTAL (A) | 5,149.76 | 5,197.08 | 5,252.72 | 5,305.45 | 5,393.29 | 5,186.63 |
| B | ASSETS | | | | | | |
| 1 | Non-current assets | | | | | | |
| | (a) Fixed assets | | | | | | |
| | (i) Tangible assets | 2,652.25 | 2,680.36 | 2,768.59 | 2,907.84 | 2,727.22 | 2,632.56 |
| | (ii) Intangible assets | 13.74 | 15.06 | 20.32 | 25.59 | 30.85 | 36.45 |
| | (iii) Capital work-in-progress | - | - | - | - | 264.59 | 444.72 |
| | | 2,665.99 | 2,695.42 | 2,788.91 | 2,933.43 | 3,022.66 | 3,113.73 |
| | (b) Goodwill on consolidation | 58.68 | 58.68 | 58.68 | 58.68 | 58.68 | 58.68 |
| | (c) Non-current investments | 4.66 | 4.56 | - | 0.50 | 0.50 | 12.70 |
| | (d) Long-term loans and advances | 236.95 | 232.29 | 158.06 | 111.53 | 90.13 | 100.00 |
| | | 2,966.28 | 2,990.95 | 3,005.65 | 3,104.14 | 3,171.97 | 3,285.11 |
| 2 | Current assets | | | | | | |
| | (a) Current investments | 2.13 | 3.19 | 7.08 | 9.15 | 9.20 | - |
| | (b) Inventories | 1,060.75 | 1,073.12 | 1,252.54 | 1,257.01 | 1,229.02 | 951.85 |
| | (c) Trade receivables | 773.19 | 742.94 | 541.97 | 509.24 | 567.55 | 488.84 |
| | (d) Cash and bank balances | 130.60 | 68.48 | 143.93 | 60.78 | 58.17 | 62.36 |
| | (e) Short-term loans and advances | 214.95 | 314.79 | 293.30 | 362.75 | 357.38 | 398.47 |
| | (f) Other current assets | 1.86 | 3.61 | 8.25 | 2.38 | - | - |
| | | 2,183.48 | 2,206.13 | 2,247.07 | 2,201.31 | 2,221.32 | 1,901.52 |
| | TOTAL (B) | 5,149.76 | 5,197.08 | 5,252.72 | 5,305.45 | 5,393.29 | 5,186.63 |

Consolidated Summary Statement of Profit and Loss, as restated

Amounts in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|-----------------------------------------------------------------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| REVENUE | | | | | | |
| Revenue from operations (gross) | 1,217.76 | 4,725.66 | 4,508.72 | 4,285.03 | 4,007.86 | 3,689.67 |
| Less: Excise duty | - | - | - | - | 1.77 | - |
| Revenue from operations (net) | 1,217.76 | 4,725.66 | 4,508.72 | 4,285.03 | 4,006.09 | 3,689.67 |
| Other income | 27.52 | 66.67 | 12.01 | 3.88 | 10.08 | 28.20 |
| Total revenue | 1,245.28 | 4,792.33 | 4,520.73 | 4,288.91 | 4,016.17 | 3,717.87 |
| Expenses | | | | | | |
| (a) Cost of materials consumed | 541.92 | 2,027.52 | 1,830.41 | 1,708.48 | 1,574.94 | 1,786.73 |
| (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (79.37) | 34.97 | 238.40 | (8.14) | (69.14) | (255.64) |
| (c) Employee benefits expense | 293.12 | 999.90 | 760.88 | 786.37 | 745.36 | 485.32 |
| (d) Finance costs | 57.82 | 311.60 | 355.71 | 343.26 | 403.38 | 251.89 |
| (e) Depreciation and amortisation expense | 48.99 | 199.67 | 176.16 | 168.85 | 163.14 | 159.84 |
| (f) Other expenses (including the impact of qualification) | 281.61 | 974.42 | 1,040.45 | 1,248.70 | 1,152.64 | 1,147.72 |
| Total expenses | 1,144.09 | 4,548.08 | 4,402.01 | 4,247.52 | 3,970.32 | 3,575.86 |
| Profit / (Loss) before exceptional and extraordinary items and tax | 101.19 | 244.25 | 118.72 | 41.39 | 45.85 | 142.01 |
| Exceptional items (Expense) (Refer Note 2.2 to Annexure 4) | | - | - | - | - | (168.89) |
| Exceptional items Income (Refer Note 2.2 to Annexure 4) | | | | | | 5.95 |
| Profit / (Loss) before extraordinary items and tax | 101.19 | 244.25 | 118.72 | 41.39 | 45.85 | (20.93) |
| Extraordinary items | | - | - | - | - | - |
| Profit / (Loss) before tax | 101.19 | 244.25 | 118.72 | 41.39 | 45.85 | (20.93) |
| Tax expense / (benefit): | | | | | | |
| (a) Current tax expense | 26.90 | 69.09 | 28.76 | 11.64 | 14.95 | 1.09 |
| (b) (Less): MAT credit | | (68.89) | (25.14) | (10.45) | (7.60) | - |
| (c) Wealth Tax | - | - | - | 0.18 | - | 0.10 |
| (d) Deferred Tax | 7.37 | 145.73 | 50.51 | 19.71 | (51.85) | 6.67 |
| NetTax expenses | 34.27 | 145.93 | 54.13 | 21.08 | (44.50) | 7.86 |
| Profit / (Loss) for the period / year before share of Minority Interest | 66.92 | 98.32 | 64.59 | 20.31 | 90.35 | (28.79) |
| Minority Interest | (0.52) | (3.26) | (2.08) | (3.33) | (6.72) | (7.16) |
| Profit / (Loss) for the year , as restated | 67.44 | 101.58 | 66.67 | 23.64 | 97.07 | (21.63) |

Consolidated Summary Statement of Cash Flows, as restated

Amounts in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|------------------------------------------------------------------------|----------------------------------|--------------------|-----------------|----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Profit before tax and exceptional item | 101.19 | 244.25 | 118.72 | 41.39 | 45.85 | 142.01 |
| <i>Adjustments for:</i> | | | | | | |
| Depreciation and amortization expense | 48.99 | 199.67 | 176.16 | 168.85 | 163.14 | 159.84 |
| (Profit) /loss on sale of assets | 0.01 | (1.05) | (0.93) | 0.68 | (0.80) | 11.41 |
| Net (gain)/loss on sale of investments | - | - | (0.29) | - | (1.20) | 0.07 |
| Bad debts written off | 2.59 | 1.77 | 6.16 | 0.19 | 0.08 | 8.99 |
| Reversal of Deferred Employee compensation expenses | - | - | - | - | - | (2.50) |
| Provision for doubtful trade receivables | 0.95 | 0.40 | (10.24) | 6.48 | - | 4.82 |
| Provision no longer required written back | - | - | - | - | - | (4.97) |
| Creditors not longer payable written back | - | - | - | - | (0.11) | (1.59) |
| Finance costs | 57.82 | 311.60 | 355.71 | 343.26 | 403.38 | 251.89 |
| Interest income | (0.91) | (5.20) | (9.41) | (0.71) | (4.56) | (9.46) |
| Unrealised exchange (gain)/loss | (4.12) | 1.87 | 5.84 | - | - | - |
| Provision for MTM (gain)/loss on forward contracts | 54.28 | (22.74) | 16.18 | (44.20) | (22.86) | 30.24 |
| Dividend income | (0.03) | - | - | (0.73) | (0.67) | (0.71) |
| Operating profits before working capital changes | 260.77 | 730.57 | 657.90 | 515.21 | 582.25 | 590.04 |
| <i>Changes in working capital:</i> | | | | | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | | | | | |
| Inventories | 12.37 | 179.42 | 4.47 | (27.99) | (277.17) | (310.14) |
| Trade receivables | (21.64) | (207.09) | (31.87) | 51.64 | (78.71) | (96.88) |
| Loans and advances/Current assets | 56.18 | (1.32) | 34.82 | 20.67 | 64.86 | (245.10) |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | | | | | |
| Trade payables/Other current liabilities/Provisions | (37.83) | 163.90 | (69.17) | 238.08 | 29.22 | 441.93 |
| Cash Generated from Operations | 269.85 | 865.48 | 596.15 | 797.61 | 320.45 | 379.85 |
| Net income tax (paid) / refunds | 0.50 | (29.57) | (15.18) | (10.21) | (9.26) | (6.66) |
| Net Cash from Operating Activities before exceptional item | 270.35 | 835.91 | 580.97 | 787.40 | 311.19 | 373.19 |
| Exceptional Item | - | - | - | - | - | (168.89) |
| Net cash flow from / (used in) operating activities | 270.35 | 835.91 | 580.97 | 787.40 | 311.19 | 204.30 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Capital expenditure on fixed assets, including capital advances | (31.89) | (150.24) | (80.02) | (104.85) | (378.55) | (516.50) |
| Proceeds from sale of fixed assets | 0.40 | 2.18 | 12.85 | 6.22 | 253.80 | 11.48 |
| Bank deposits not considered as cash equivalents | (3.10) | 80.73 | (78.85) | 17.35 | (4.61) | (25.19) |
| Purchase of long term investments | (0.10) | (4.56) | - | - | (0.50) | - |
| Proceeds from sale of long term investments | 1.06 | 3.89 | 2.86 | 0.05 | 4.20 | 1.75 |
| Dividend received - Others | 0.03 | - | - | 0.73 | 0.67 | 0.71 |
| Interest received - Bank deposits | 3.10 | 9.84 | 3.54 | (1.67) | 4.56 | 9.46 |
| Net cash flow from / (used in) investing activities | (30.50) | (58.16) | (139.62) | (82.17) | (120.43) | (518.29) |

| Particulars | For the three- month period ended | For the year ended | | | | |
|---------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------|-----------------|-----------------|-----------------|---------------|
| | 30-Jun- 15 | 31-Mar- 15 | 31-Mar- 14 | 31-Mar- 13 | 31-Mar- 12 | 31-Mar- 11 |
| | | | | | | |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | | | |
| Proceeds from Issue of Share capital | - | - | 72.49 | - | - | - |
| Proceeds/(repayment) of long term borrowings | 124.95 | (289.10) | (233.36) | (366.89) | (241.26) | 425.98 |
| Proceeds/(repayment) of short term borrowings | (236.05) | (160.29) | 99.52 | (18.60) | 445.08 | 92.07 |
| Finance costs | (69.70) | (323.05) | (375.73) | (299.78) | (403.38) | (251.89) |
| Net cash flow from / (used in) financing activities | (180.80) | (772.44) | (437.08) | (685.27) | (199.56) | 266.16 |
| Net increase / (decrease) in Cash and cash equivalents | 59.05 | 5.31 | 4.27 | 19.96 | (8.80) | (47.83) |
| Cash and cash equivalents at the beginning of the year | 41.11 | 35.83 | 31.53 | 11.57 | 20.37 | 62.25 |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | (0.03) | (0.02) | 0.03 | - | - | - |
| Cash and cash equivalents at the end of the year | 100.13 | 41.11 | 35.83 | 31.53 | 11.57 | 14.42 |
| Cash and cash equivalents at the end of the year comprises of | | | | | | |
| (a) Cash on hand | 20.73 | 6.57 | 2.99 | 5.76 | 6.30 | 8.79 |
| (b) Balances with banks | | | | | | |
| in current account | 79.40 | 34.54 | 32.84 | 25.77 | 4.92 | 11.58 |
| in EEFC account | - | - | - | - | 0.35 | - |
| | 100.13 | 41.11 | 35.83 | 31.53 | 11.57 | 20.37 |

Auditor Qualifications

Our Auditors have not made any qualifications in their report on the Restated Consolidated Financial Statements in relation to the Fiscal Years 2015, 2014, 2013 and 2012.

For the Fiscal Year 2011 the qualifications in the Restated Consolidated Financial Statements are as follows:

- There was non-recognition of mark to market loss by the Company on outstanding foreign exchange forward contract amounting to ₹30.24 million.
- Recognition of deferred tax expenses was done by using current minimum alternate tax rate instead of the regular tax rate. If our Company had recognized the deferred tax expenses by using regular tax rates, the deferred tax expenses for the Fiscal Year 2011 would have been higher by ₹61.25 million.

If the adjustments mentioned above had been made in the financial statements of our Company for the Fiscal Year 2011, the profit after tax and reserves and surplus of our Company for Fiscal Year 2011 would have been lower by ₹90.88 million. The basic and diluted earnings per share would be lower by ₹5.41. This has been appropriately dealt with in the Restated Consolidated Financial Statements.

THE OFFER

| | |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Offer | Up to [●] Equity Shares aggregating up to ₹[●] million |
| <i>Of which</i> | |
| Fresh Issue ⁽¹⁾ | Up to [●] Equity Shares aggregating up to ₹2.150 million |
| Offer for Sale ⁽²⁾ | Up to 900,000 Equity Shares aggregating up to ₹[●] million |
| A) QIB Category | [●] Equity Shares |
| <i>Of which:</i> | |
| Anchor Investor Portion ⁽³⁾ | Up to [●] Equity Shares |
| Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed) | [●] Equity Shares |
| <i>Of which:</i> | |
| Available for allocation only to Mutual Funds (5% of the QIB Category (excluding the Anchor Investor Portion)) | [●] Equity Shares |
| Balance for all QIBs including Mutual Funds | [●] Equity Shares |
| B) Non-Institutional Category | Not less than [●] Equity Shares |
| C) Retail Category ⁽⁴⁾ | Not less than [●] Equity Shares |
| Pre and post-Offer Equity Shares | |
| Equity Shares outstanding as of the date of this Draft Red Herring Prospectus | 17,145,212 Equity Shares |
| Equity Shares outstanding after the Offer | [●] Equity Shares |
| Use of Net Proceeds by our Company | See the section “ <i>Objects of the Offer</i> ” on page 74. Our Company will not receive any proceeds from the Offer for Sale. |

⁽¹⁾ The Fresh Issue has been authorized by the Board and the Shareholders, pursuant to their resolutions dated December 17, 2015 and December 23, 2015, respectively.

⁽²⁾ The Selling Shareholder confirms that its Equity Shares which are being offered as part of the Offer have been authorized by its board of directors by way of a resolution dated July 7, 2015.

⁽³⁾ Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In case of under-subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Category. For further details, see the section “Offer Procedure” on page 330.

⁽⁴⁾ The Retail Discount, if any, subject to a maximum of 10% of the Offer Price, will be offered to Retail Individual Investors at the time of making a Bid. Retail Individual Investors bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Retail Discount), at the time of making a Bid. Retail Individual Investors bidding at the Cut-Off Price have to ensure payment at the Cap Price less Retail Discount at the time of making a Bid. Retail Individual Investors must ensure that the Bid Amount does not exceed ₹200,000. Retail Individual Investors should note that while filling the “SCSB/Payment Details” block in the Bid cum Application Form, Retail Individual Investors must mention the Bid Amount.

Allocation to all categories, except the Retail Category and Anchor Investor Portion, if any, will be made on a proportionate basis. Allocation to all categories shall be made in accordance with the SEBI ICDR Regulations.

For details, see the section “Offer Structure” on page 325. For details of the terms of the Offer, see the section “Terms of the Offer” on page 322. For details of the Offer procedure, including the grounds for rejection of Bids, see the section “Offer Procedure” on page 330.

The Selling Shareholder confirms that the Equity Shares offered by it in the Offer have been held by such Selling Shareholder for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus and no bonus shares have been issued to the Selling Shareholder. The Equity Shares offered by the Selling Shareholder in the Offer are therefore eligible to be offered for sale in the Offer.

GENERAL INFORMATION

Our Company was incorporated in Avinashi, Tamil Nadu as S.P. Apparels Limited, a public limited company under Part IX of the Companies Act, 1956, pursuant to a certificate of incorporation dated November 18, 2005 that was issued following an application to convert M/s S.P. Apparels, a partnership firm into a company. The partnership firm was originally formed pursuant to a partnership deed dated December 14, 1988. Subsequently, pursuant to a partnership deed dated November 7, 2005, the partnership was further reconstituted by the declaration of the partnership as a joint stock company. The joint stock company was thereafter converted into a public limited company pursuant to a certificate of incorporation dated November 18, 2005. For further details, see the section “*History and Certain Corporate Matters – Brief History of the Company – Conversion of Partnership Firm into our Company*” on page 135.

Registered Office and Corporate Office of our Company

39-A, Extension Street, Kaikattipudur
Avinashi 641 654
Tirupur District
Tamil Nadu, India
Tel: +91 4296 304000
Fax: +91 4296 304280
E-mail: spindia@s-p-apparels.com
Website: www.spapparels.com
Corporate Identity Number: U18101TZ2005PLC012295
Registration Number: 12295

For information in relation to changes in our Registered Office, see the section “*History and Certain Corporate Matters – Changes in the Registered Office*” on page 135.

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Tamil Nadu located at Coimbatore, situated at 683, Trichy Road, Singanallur, Coimbatore 641 005, Tamil Nadu, India.

Board of Directors

The Board of our Company comprises the following:

| Name | Designation | Age | DIN | Address |
|----------------------|-------------------------------------|-----|----------|---------------------------------------------------------------------------------------|
| P. Sundararajan | Chairman and Managing Director | 59 | 00003380 | 192, East Sambandam Road R.S. Puram Coimbatore – 641 002 Tamil Nadu India |
| S. Latha | Executive Director | 51 | 00003388 | 192, East Sambandam Road R.S. Puram Coimbatore – 641 002 Tamil Nadu India |
| S. Chenduran | Whole-time Director | 26 | 03173269 | 192, East Sambandam Road R.S. Puram Coimbatore – 641 002 Tamil Nadu India |
| V. Sakthivel | Independent, Non-Executive Director | 66 | 00005720 | No. 186 C Lakshmi Road Salem – 636 004 Tamil Nadu India |
| Srinivas Chidambaram | Nominee, Non-Executive Director | 49 | 00514665 | S-283, Ground Floor Greater Kailash – II New Delhi – 110 048 India |
| P. Yesuthasen | Independent, Non-Executive Director | 69 | 00767702 | 4-B, Cross Street Srinagar Colony |

| Name | Designation | Age | DIN | Address |
|-----------------|-------------------------------------|-----|----------|-----------------------------------------------------------------------------------------------------|
| | | | | Chennai Tamil Nadu – 600 015 India |
| A.S. Anandkumar | Independent, Non-Executive Director | 68 | 00058292 | 502, Glen Egle Tata Colony Parel Tank Road, Parel Mumbai – 400 012 Maharashtra India |
| G. Ramakrishnan | Independent, Non-Executive Director | 70 | 06552357 | No.10, 11 th Avenue Ashok Nagar Chennai – 600 083 Tamil Nadu India |

For further details of our Directors, see the section “*Our Management – Board of Directors*” beginning on page 144.

Company Secretary and Compliance Officer

Ms. K. Vinodhini is the Company Secretary and the Compliance Officer of our Company. Her contact details are as follows:

K. Vinodhini

39-A, Extension Street, Kaikattipudur
Avinashi 641 654
Tirupur District
Tamil Nadu, India
Tel: +91 4296 304013
Fax: +91 4296 304280
E-mail: csoffice@s-p-apparels.com

Chief Financial Officer

Mr. V. Balaji is the Chief Financial Officer of our Company. His contact details are as follows:

V. Balaji

39-A, Extension Street, Kaikattipudur
Avinashi 641 654
Tirupur District
Tamil Nadu, India
Tel: +91 4296 304010
Fax: +91 4296 304280
E-mail: balaji.v@s-p-apparels.com

Bidders can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre- or post-Offer related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account and refund orders.

All grievances relating to the non-ASBA process may be addressed to the Registrar to the Offer, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, amount paid on application, date of Bid cum Application Form and the name and address of the Syndicate Member or the Registered Broker where the Bid cum Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant SCSB or the Syndicate Member at the Specified Locations or the Registered Broker with which the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked, date of Bid cum Application Form and the name and address of the Designated Branch or the collection centre of the

SCSB or the Syndicate Member at the Specified Locations or the Registered Broker at the Broker Centres where the Bid cum Application Form was submitted. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

Further, with respect to the Bid cum Application Forms submitted with the Registered Broker, the investor will also enclose the acknowledgment from the Registered Broker in addition to the documents/information mentioned hereinabove.

Selling Shareholder

The details of our Selling Shareholder are set forth below:

New York Life Investment Management Fund (FVCI) II LLC, an FVCI incorporated under the laws of the Republic of Mauritius and having its registered office at 4th Floor, Ebene Heights, 34 Cyber City, Ebene, Republic of Mauritius.

Book Running Lead Managers

Motilal Oswal Investment Advisors Private Limited

Motilal Oswal Tower
Rahimtullah Sayani Road, Opposite Parel ST Depot
Prabhadevi,
Mumbai 400 025
Maharashtra, India
Tel: +91 22 3980 4200
Fax: +91 22 3980 4315
E-mail: spapparels.ipo@motilaloswal.com
Investor Grievance E-mail:
moiaplredressal@motilaloswal.com
Website: <http://www.motilaloswalgroup.com>
Contact person: Subodh Mallya
SEBI Registration No.: INM000011005
CIN: U67190MH2006PTC160583

Centrum Capital Limited

Centrum House
CST Road, Vidyanageri Marg
Kalina, Santacruz (East)
Mumbai 400 098
Maharashtra, India
Tel: +91 22 4215 9000
Fax: +91 22 4215 9736
E-mail: spapparels.ipo@centrum.co.in
Website: <http://www.centrum.co.in>
Investor Grievance E-mail: igmbd@centrum.co.in
Contact person: Aanchal Wagle/Hitesh Malhotra
SEBI Registration No.: INM000010445
CIN: L65990MH1977PLC019986

Inter-se Allocation of Responsibilities between the BRLMs

The following table sets forth the *inter se* allocation of responsibilities for various activities among the BRLMs for the Offer:

| S. No. | Activity | Responsibility | Coordinator |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------|
| 1. | Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. | Motilal Oswal, Centrum Capital | Motilal Oswal |
| 2. | Drafting and designing of the Draft Red Herring Prospectus including a memorandum containing salient features of the Prospectus. The BRLMs will ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges and the SEBI including finalization of the Prospectus. | Motilal Oswal, Centrum Capital | Motilal Oswal |
| 3. | Drafting and approval of all statutory advertisements. | Motilal Oswal, Centrum Capital | Motilal Oswal |
| 4. | Drafting and approving of all publicity material other than statutory advertisements as mentioned in point 3 above, including corporate advertisements, brochures etc. | Motilal Oswal, Centrum Capital | Centrum Capital |
| 5. | Appointment of advertising agency and Registrar to the Offer. | Motilal Oswal, Centrum Capital | Motilal Oswal |
| 6. | Appointment of Bankers to the Offer, printers etc. | Motilal Oswal, Centrum Capital | Centrum Capital |
| 7. | International institutional marketing strategy, including: <ul style="list-style-type: none"> finalizing the list and allocation of investors for one to one meetings; | Motilal Oswal, Centrum Capital | Motilal Oswal |

| S. No. | Activity | Responsibility | Coordinator |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------|
| | <ul style="list-style-type: none"> finalizing the road show schedule and investor meeting schedules; and institutional allocation. | | |
| 8. | Domestic institutional marketing strategy, including: <ul style="list-style-type: none"> finalizing the list and allocation of investors for one to one meetings; finalizing the road show schedule and investor meeting schedules; and institutional allocation. | Motilal Oswal, Centrum Capital | Centrum Capital |
| 9. | Retail and non-institutional marketing which will include, <i>inter alia</i> : <ul style="list-style-type: none"> formulating marketing strategies; preparation of publicity budget; finalizing media and public relations strategy; finalizing centre for holding conferences for press and brokers; distribution of publicity and Offer material; and deciding on the quantum of Offer material including forms, the Prospectus and finalizing collection centres. | Motilal Oswal, Centrum Capital | Motilal Oswal |
| 10. | Preparation of road show presentation and FAQs. | Motilal Oswal, Centrum Capital | Motilal Oswal |
| 11. | Finalization of pricing and managing the book. | Motilal Oswal, Centrum Capital | Motilal Oswal |
| 12. | Co-ordination with Stock Exchanges for Book Building software, bidding terminals and mock trading. | Motilal Oswal, Centrum Capital | Centrum Capital |
| 13. | The post Bidding and post Offer activities, including management of escrow accounts, co-ordination of non-institutional allocation (including Anchor Investor Portion), informing the allocation and dispatch of refunds to Bidders etc. The post Offer activities for the Offer involving essential follow-up steps, which include follow-up with bankers to the Offer and Self Certified Syndicate Banks to get quick estimates of collection and advising the Company about the closure of the Offer, based on correct figures, finalization of the Basis of Allotment or weeding out of multiple applications, listing of instruments, the finalization of trading and dealing of instruments and demat delivery of Equity Shares, with the various agencies connected with the work such as the Registrar to the Offer, Escrow Collection Banks and the bank(s) handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company. | Motilal Oswal, Centrum Capital | Centrum Capital |

Syndicate Members

[•]

Legal Advisers for the Offer as to Indian Law

S&R Associates

64 Okhla Industrial Estate Phase III
New Delhi 110 020
India
Tel: +91 11 4069 8000
Fax: +91 11 4069 8001

Statutory Auditors of our Company

Deloitte Haskins & Sells

Shanugha Manram
41, Race Course
Coimbatore – 641 018
Tamil Nadu
India
Tel: +91 422 439 2801
Fax: +91 422 222 3615
E-mail: crajagopal@deloitte.com
Firm registration No.: 0080725

Registrar to the Offer

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup West
Mumbai 400 078
Maharashtra
India
Tel: +91 22 6171 5400
Fax: + 91 22 2596 0329
E-mail: spal.ipo@linkintime.co.in
Investor Grievance E-mail: spal.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Bankers to the Offer and Escrow Collection Banks

[•]

[•]

Refund Bank(s)

[•]

[•]

Bankers to our Company

Andhra Bank

64, Kumaran Road
Opposite Town Hall, GG Towers
Tirupur – 641 601
Tamil Nadu
India
Tel: +91 421 2231313
Fax: +91 421 2231313
E-mail: bmche560@andhrabank.co.in
Website: www.andhrabank.in
Contact person: Ravi Krishna

State Bank of Mysore

243, Post Office Main Road
Avinashi – 641 654
Tamil Nadu
India
Tel: +91 4296 273343
Fax: +91 4296 273373
E-mail: avinashi@sbm.co.in
Website: www.statebankofmysore.co.in
Contact person: Pushkar Singh

Bank of India

8/732, Chamber Towers
Avinashi Road
Coimbatore – 641 018
Tamil Nadu
India
Tel: +91 422 2221874
Fax: +91 422 2221869
E-mail: MCB.Coimbatore@bankofindia.co.in
Website: www.bankofindia.co.in
Contact person: Samruddha Chavan

The Tamilnadu Industrial Investment Corporation Limited

Kumaran Shopping Complex
2nd Floor, Newar Railway Station
Tirupur – 641 601
Tamil Nadu
India
Tel: +91 421 2240125
E-mail: bmtiruppur@tiic.org
Website: www.tiic.org
Contact person: S. Rajendran

IDBI Bank Limited

Excellence, No. 104

Race Course Road

Coimbatore

Tamil Nadu

India

Tel: +91 422 6475801

Website: www.idbi.com

E-mail: s.harees@idbi.co.in

Contact person: S. Harees

Self Certified Syndicate Banks

The list of banks that have been notified by the SEBI to act as the SCSBs for the ASBA process is provided on the website of the SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>, and updated from time to time. For details of the Designated Branches which will collect Bid cum Application Forms from the ASBA Bidders, please refer to the above-mentioned link. Further, the branches of the SCSBs where the Syndicate at the Specified Locations could submit the Bid cum Application Form is provided on the website of the SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>, and updated from time to time.

Registered Brokers

Bidders can submit Bid cum Application Forms in the Offer using the stock broker network of the Stock Exchanges, *i.e.*, through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at <http://www.bseindia.com/Static/Markets/PublicIssues/brokercentres.aspx?expandable=3> and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively.

Credit Rating

As the Offer is of Equity Shares, the appointment of a credit rating agency is not required.

Trustees

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

Monitoring Agency

As the Fresh Issue is not in excess of ₹5,000 million, we are not required to appoint a monitoring agency in accordance with the terms of Regulation 16 of the SEBI ICDR Regulations.

Appraising Agency

None of the objects of the Offer have been appraised by any appraising agency.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors namely, Deloitte Haskins and Sells, Chartered Accountants to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Auditors on the Restated Consolidated Financial and the Restated Standalone Financial Statements, each dated December 17, 2015, and the statement of tax benefits dated December 28, 2015 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, such consent does not represent consent under any requirements of the Securities Act and the term “expert” will not be construed to mean an “expert” as defined under the Securities Act.

Book Building Process

The book building, in the context of the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band, any Retail Discount and the minimum Bid Lot will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in [●] editions of [●], [●] editions of [●] and [●] editions of [●] (which are widely circulated English, Hindi and Tamil newspapers, Tamil being the regional language of Tamil Nadu, where our Registered Office is located) at least five Working Days prior to the Bid/Offer Opening Date and will be made available to the Designated Stock Exchange for the purpose of uploading on its website. The Offer Price will be finalized by our Company and the Selling Shareholder, in consultation with the BRLMs, after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholder;
- the BRLMs;
- the Syndicate Members;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Offer; and
- the Escrow Collection Bank(s).

The Offer is being made through the 100% Book Building Process and in terms of Rule 19(2)(b) of the SCRR wherein not more than 50% of the Offer will be allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Category will be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category (other than the QIB Category), would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange.

QIBs (excluding Anchor Investors) and Non-Institutional Investors can participate in the Offer only through the ASBA process and Retail Individual Investors have the option to participate through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Category and Non-Institutional Investors bidding in the Non-Institutional Category are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until finalization of the Basis of Allotment. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see the sections “Offer Structure” and “Offer Procedure” on pages 325 and 330, respectively.

Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by the SEBI for the Offer. The Selling Shareholder confirms that it will comply with the SEBI ICDR Regulations and any other ancillary directions issued by the SEBI, as applicable to the Selling Shareholder in relation to the Equity Shares offered by the Selling Shareholder under the Offer for Sale. In this regard, our Company and the Selling Shareholder have appointed the BRLMs to manage the Offer and procure subscriptions for the Offer.

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

Illustration of Book Building and Price Discovery Process

Investors should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors and bidding under the ASBA process.

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

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

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, *i.e.*, ₹22.00 in the above example. The issuer, in consultation with the book running lead managers, will finalize the issue price at or below such cut-off price, *i.e.*, at or below ₹22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for making a Bid (see the section “Offer Procedure – Who Can Bid?” on page 331);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the State of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income-tax Act in the Bid cum Application Form. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see the section “Offer Procedure” on page 330);
4. Ensure that the Bid cum Application Form is duly completed in accordance with instructions given in the Red Herring Prospectus and in the Bid cum Application Form;
5. Bids by QIBs (except Anchor Investors) and Non-Institutional Investors will be submitted only through the ASBA process;
6. Bids by non-ASBA Bidders will have to be submitted to the Syndicate (or their authorized agents) at the bidding centres or the Registered Brokers at the Broker Centres; and
7. Bids by ASBA Bidders will have to be submitted to the Designated Branches or the Syndicate at the Specified Locations or the Registered Brokers at the Broker Centres in physical form. It may also be submitted in electronic form to the Designated Branches of the SCSBs only. ASBA Bidders should ensure that the specified bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the Bid cum Application Form submitted by the ASBA Bidders is not rejected. Ensure that the SCSB where the ASBA Account (as specified in the Bid cum Application Form) is maintained has named at least one branch at the Specified Location or the Broker Centre for the members of the Syndicate or the Registered Broker, respectively, to deposit Bid cum Application Forms (a list of such branches is available at the website of the SEBI at www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time).

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company will apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

Allotment to Retail Individual Investors and Minimum Bid Lots

In the event, the Bids received from Retail Individual Investors exceeds [●] Equity Shares, then the maximum number of Retail Individual Investors who can be Allotted the minimum Bid Lot will be computed by dividing the total number of the Equity Shares available for Allotment to Retail Individual Investors by the minimum Bid Lot (“**Maximum RII Allottees**”). The Allotment to Retail Individual Investors will then be made in the following manner:

1. In the event the number of Retail Individual Investors who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) Retail Individual Investors will be Allotted the minimum Bid Lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Category will be Allotted on a proportionate basis to the Retail Individual Investors who have received Allotment as per (i) above for less than the Equity Share Bid by them (*i.e.* who have Bid for more than the minimum Bid Lot).
2. In the event the number of Retail Individual Investors who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the Retail Individual Investors (in that category) who will then be Allotted minimum Bid Lot will be determined on draw of lots basis.

For details, see the section “*Offer Procedure*” on page 330.

Withdrawal of the Offer

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Offer for any reason at any time after the Bid/Offer Opening Date but before the Allotment of Equity Shares. In such an event our Company will issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by the SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed of such withdrawal.

If our Company and the Selling Shareholder, in consultation with the BRLMs, withdraw the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a fresh issue and/or offer for sale of Equity Shares, our Company shall file a fresh draft red herring prospectus with the SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations.

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

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

| Name, Address and Contact Details of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (₹ in million) |
|-------------------------------------------------------|-------------------------------------------------------|------------------------------------|
| | | |

| Name, Address and Contact Details of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (₹ in million) |
|-------------------------------------------------------|-------------------------------------------------------|------------------------------------|
| [●] | [●] | [●] |
| [●] | [●] | [●] |

The above-mentioned underwriting commitments are indicative and will be finalized after pricing of the Offer and actual allocation and subject to Regulation 13(2) of the SEBI ICDR Regulations.

In the opinion of the Board (based on certificates provided by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters will be severally responsible for ensuring payment with respect to Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

Our Company's share capital, as on the date of this Draft Red Herring Prospectus, is set forth below:

(₹ in million, except share data)

| | | Aggregate Value at Face Value | Aggregate Value at Offer Price* |
|----------|------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------|
| A | AUTHORIZED SHARE CAPITAL⁽¹⁾ | | |
| | 27,250,000 Equity Shares of face value of ₹10 each | 272.50 | [•] |
| | 20,000,000 Redeemable Preference Shares of face value of ₹10 each ⁽²⁾ | 200.00 | [•] |
| | TOTAL | 472.50 | [•] |
| B | ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER | | |
| | 17,145,212 Equity Shares | 171.45 | [•] |
| | 20,000,000 Redeemable Preference Shares | 200.00 | [•] |
| C | PRESENT OFFER OF [•] EQUITY SHARES AGGREGATING UP TO ₹[•] MILLION IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS | | |
| | Fresh Issue of up to [•] Equity Shares ⁽³⁾ | [•] | [•] |
| | Offer for Sale of up to 900,000 Equity Shares ⁽⁴⁾ | [•] | [•] |
| E | ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER | | |
| | [•] Equity Shares | [•] | [•] |
| F | SECURITIES PREMIUM ACCOUNT | | |
| | Before the Offer | | 402.23 |
| | After the Offer | | [•] |

* To be finalized upon determination of the Offer Price.

⁽¹⁾ For details of changes in the authorized share capital of our Company, see the section "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 136.

⁽²⁾ The Redeemable Preference Shares carry a coupon rate of 3% for the first four years and 10% thereafter and are redeemable at the expiry of ten years from the date of issuance. Further, the RPS are cumulative in respect of any dividend declared and will be redeemed out of accumulated profits or out of fresh issue of shares.

⁽³⁾ The Fresh Issue has been authorized by the Board and the Shareholders, pursuant to their resolutions dated December 17, 2015 and December 23, 2015, respectively.

⁽⁴⁾ The Selling Shareholder confirms that the Equity Shares offered by it by way of the Offer for Sale in the Offer has been held by it for a period of at least one year prior to the date of filing this Draft Red Herring Prospectus and no bonus shares have been issued to the Selling Shareholder. The Selling Shareholder has authorized its portion of the Offer for Sale pursuant to a resolution of its board of directors dated July 7, 2015.

Notes to Capital Structure

1. Share Capital History of our Company

(a) Equity Share Capital

The following is the history of the Equity Share capital of our Company:

| Date of Allotment | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹) | Nature of Consideration | Reason for/Nature of Allotment | Cumulative Number of Equity Shares | Cumulative Paid-up Equity Capital (₹) | Cumulative Share Premium(₹) |
|-------------------|----------------------------------|---------------------------------|----------------------------------|-------------------------|--------------------------------------------------------------|------------------------------------|---------------------------------------|-----------------------------|
| November 18, 2005 | 5,000,000 | 10 | 10 | Cash | Subscription to the Memorandum of Association ⁽¹⁾ | 5,000,000 | 50,000,000 | Nil |
| March 27, 2006 | 10,000,000 | 10 | 10 | Cash | Preferential Allotment ⁽²⁾ | 15,000,000 | 150,000,000 | Nil |
| November | 1,800,000 | 10 | 200 | Cash | Preferential | 16,800,000 | 168,000,000 | 342,000,000 |

| Date of Allotment | Number of Equity Shares Allotted | Face Value per Equity Share (₹) | Issue Price per Equity Share (₹) | Nature of Consideration | Reason for/Nature of Allotment | Cumulative Number of Equity Shares | Cumulative Paid-up Equity Capital (₹) | Cumulative Share Premium(₹) |
|-------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|----------------------------------|-------------------------|-----------------------------------|------------------------------------|---------------------------------------|-----------------------------|
| 7, 2006 | | | | | Allotment ⁽³⁾ | | | |
| Issue of Equity Shares in the last two years preceding the date of this Draft Red Herring Prospectus | | | | | | | | |
| June 26, 2015 | 345,212 | 10 | 210 | Conversion | Conversion of CCPS ⁽⁴⁾ | 17,145,212 | 171,452,120 | 411,042,400 |

⁽¹⁾ Subscription of 3,975,000 Equity Shares by Mr. P Sundararajan, 1,000,000 Equity Shares by Mrs. S. Latha and 5,000 Equity Shares each by Mr. V. Senthil, Mrs. S Shantha, Mr. P. Velusamy, Mrs. V Padmini and Mr. P Ashokaraman.

⁽²⁾ 8,000,000 Equity Shares allotted to Mr. P. Sundararajan and 2,000,000 Equity Shares allotted to Mrs. S. Latha.

⁽³⁾ 1,800,000 Equity Shares allotted to NYLIM India Fund II.

⁽⁴⁾ In accordance with the terms of the investment agreement dated March 18, 2013, the CCPS were convertible after 36 months into Equity Shares at the price of ₹210 each without payment of any additional conversion price. Pursuant to a letter dated April 2, 2015, Euro Asia waived the 36 month conversion period and 7,249,454 CCPS held by Euro Asia were converted into 345,212 Equity Shares that were allotted pursuant to a resolution of the Board dated June 26, 2015. Accordingly, no additional consideration was paid by Euro Asia at the time of conversion of the CCPS into Equity Shares.

(b) Preference Share Capital

The following is the history of the RPS capital of our Company:

| Date of Allotment | Number of RPS Allotted | Face Value per RPS (₹) | Issue Price per RPS (₹) | Nature of Consideration | Reason for/ Nature of Allotment | Cumulative Number of RPS | Cumulative Paid-up Preference Share Capital (₹) |
|--------------------|------------------------|------------------------|-------------------------|-------------------------|---------------------------------------------|--------------------------|-------------------------------------------------|
| September 22, 2011 | 20,000,000 | 10 | 10 | Conversion | Conversion of unsecured loan ⁽¹⁾ | 20,000,000 | 200,000,000 |

⁽¹⁾ 10,000,000 RPS allotted to Mr. P. Sundararajan and 10,000,000 RPS allotted to Mrs. S. Latha.

The following is the history of the CCPS capital of our Company:

| Date of Allotment | Number of CCPS Allotted | Face Value per CCPS (₹) | Issue Price per CCPS (₹) | Nature of Consideration | Reason for/ Nature of Allotment | Cumulative Number of CCPS | Cumulative Paid-up Preference Share Capital (₹) |
|-------------------|-------------------------|-------------------------|--------------------------|-------------------------|---------------------------------------|---------------------------|-------------------------------------------------|
| July 24, 2013 | 7,249,454 | 10 | 210 | Cash | Preferential Allotment ⁽¹⁾ | 7,249,454 | 72,494,540 |

⁽¹⁾ 7,249,454 CCPS to Euro Asia Agencies Limited.

Pursuant to a Board resolution dated June 26, 2015, 7,249,454 CCPS held by Euro Asia were converted and an aggregate of 345,212 Equity Shares were allotted to Euro Asia.

As on the date of this Draft Red Herring Prospectus, our Company has no outstanding Compulsorily Convertible Preference Shares.

2. Issue of Equity Shares for Consideration other than Cash

As on the date of the Draft Red Herring Prospectus, no Equity Shares have been issued by our Company for consideration other than cash or out of revaluation reserves. Our Company has made no bonus issue of Equity Shares in the past.

3. Details of Promoters' Contribution and Lock-in

As on the date of this Draft Red Herring Prospectus, our Promoters hold 14,980,000 Equity Shares, constituting 87.37% of the issued, subscribed and paid-up Equity Share capital of our Company.

(a) Capital build-up of our Promoters' equity shareholding in our Company:

| Date of allotment/ transfer | Number of Equity Shares | Face Value per Equity Share (₹) | Issue/ Transfer price per Equity Share (₹) | Nature of Consideration | Nature of Acquisition /Allotment/ Transfer | Percentage (%) of Pre- Offer Equity Share Capital | Percentage (%) of Post- Offer Equity Share Capital |
|--------------------------------|-------------------------------|------------------------------------------------|--------------------------------------------------------|----------------------------|-----------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------|
| Mr. P. Sundararajan | | | | | | | |
| November 18, 2005 | 3,975,000 | 10 | 10 | Cash | Subscription to the Memorandum of Association | 23.18 | [●] |
| March 27, 2006 | 8,000,000 | 10 | 10 | Conversion | Preferential Allotment | 46.66 | [●] |
| September 18, 2009 | 5,000 | 10 | 10 | Cash | Transfer from A. Natrajan | 0.03 | [●] |
| Sub-total | 11,980,000 | | | | | 69.87 | |
| Mrs. S. Latha | | | | | | | |
| November 18, 2005 | 1,000,000 | 10 | 10 | Cash | Subscription to the Memorandum of Association | 5.83 | [●] |
| March 27, 2006 | 2,000,000 | 10 | 10 | Conversion | Preferential Allotment | 11.67 | [●] |
| Sub-total | 3,000,000 | | | | | 17.50 | |
| Total | 14,980,000 | | | | | 87.37 | |

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. Except for the pledge of 4,375,000 Equity Shares held by Mr. P. Sundararajan constituting 26% of the Equity Share capital of our Company in favor of the State Bank of Mysore, none of the Equity Shares of our Promoters are pledged.

(b) *Details of Promoters' contribution locked-in for three years:*

Pursuant to Regulation 36 of the SEBI ICDR Regulations, at least an aggregate of 20% of the post-Offer shareholding of our Promoters is required to be locked-in for a period of three years from the date of Allotment.

The Equity Shares that are being locked-in are not ineligible for computation of minimum Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations. In this regard, our Company confirms that the Equity Shares being locked-in do not consist of:

- (i) Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- (ii) Equity Shares acquired by our Promoters during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Offer;
- (iii) Equity Shares issued to our Promoters upon conversion of a partnership firm during the one year preceding the date of this Draft Red Herring Prospectus; and
- (iv) Equity Shares pledged with any creditor.

The details of the Equity Shares of our Promoters locked-in as minimum Promoters' contribution are given below:

| Name of the Promoter* | No. of Equity Shares | Date of allotment/transfer of Equity Shares and when made fully paid-up | Nature of Transaction | Face Value per Equity Share (₹) | Issue/ Acquisition Price per Equity Share (₹) | Percentage (%) to Pre-Offer Paid-up Capital | Percentage (%) to Post-Offer Paid-up Capital | Source of Funds |
|-----------------------|----------------------|-------------------------------------------------------------------------|-----------------------|---------------------------------|-----------------------------------------------|---------------------------------------------|----------------------------------------------|-----------------|
| • | • | • | • | • | • | • | • | • |
| TOTAL | | | | | | | | |

* The details of the Equity Shares to be locked-in by our Promoter will be updated in the Prospectus prior to the filing with the Registrar of Companies.

Each of our Promoters has confirmed to our Company and the BRLMs that acquisition of the Equity Shares held by them, respectively, and which will be locked-in as promoters' contribution have been financed from their respective personal funds and no loans or financial assistance from any bank or financial institution has been availed for such purpose.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum amount and has been contributed by the persons defined as Promoters in accordance with the SEBI ICDR Regulations.

(c) *Details of share capital locked-in for one year:*

In addition to the Equity Shares proposed to be locked-in as part of our Promoters' contribution as stated above, the entire pre-Offer equity share capital of our Company will be locked-in for a period of one year from the date of allotment of Equity Shares in the Offer except the following: (i) 900,000 Equity Shares held by the Selling Shareholder, which is an FVCI and (ii) the Equity Shares forming part of the Offer for Sale.

(d) *Other requirements in respect of lock-in:*

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such scheduled commercial bank or public financial institution, provided that (i) the pledge of shares is one of the terms of sanction of the loan and (ii) if the shares are locked-in as Promoters' contribution for three years under Regulation 36(a) of the SEBI ICDR Regulations, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Offer.

Pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by our Promoters, which are locked-in in accordance with Regulation 36 of the SEBI ICDR Regulations, may be transferred to and among our Promoters and any member of the Promoter Group, or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

Further, pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by Shareholders other than our Promoters which are locked-in in accordance with Regulation 37 of the SEBI ICDR Regulations, may be transferred to any other person holding shares which are locked-in, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

(e) *Lock-in of Equity Shares Allotted to Anchor Investors:*

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion will be locked-in for a period of 30 days from the date of Allotment.

4. ***Details of the build-up of Equity Share capital held by the Selling Shareholder in our Company***

| Name of Selling Shareholder | Date of Allotment/ Transfer | Number of Equity Shares | Face Value per Equity Share (₹) | Issue/ transfer price per Equity Share (₹) | Nature of Consideration | Nature of Acquisition /Allotment/ Transfer | Percentage (%) of Pre-Offer Equity Share Capital | Percentage (%) of Post- Offer Equity Share Capital |
|-----------------------------|-----------------------------|-------------------------|---------------------------------|--------------------------------------------|-------------------------|--------------------------------------------|--------------------------------------------------|----------------------------------------------------|
| NYLIM India Fund II | November 7, 2006 | 1,800,000 | 10 | 200 | Cash | Preferential Allotment | 10.50 | [●] |

5. ***Shareholding Pattern of our Company***

The table below presents the equity shareholding of our Company as on the date of this Draft Red Herring Prospectus:

| Category | Category of Shareholders | Pre-Offer | | | | | | |
|----------|----------------------------------------------------------------------|------------------------|-------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|-----------------|-----------------------------------------------|---------------------------------------|
| | | Number of Shareholders | Total Number of Equity Shares | Number of Equity Shares Held in Dematerialized Form | Total Shareholding as a Percentage of Total Number of Equity Shares | | Equity Shares Pledged or Otherwise Encumbered | |
| | | | | | As % of (A+B) | As % of (A+B+C) | Number of Shares | As % of Total Number of Equity Shares |
| | | | | | | | | |
| (A) | Promoter and Promoter Group | | | | | | | |
| (1) | Indian | | | | | | | |
| (a) | Individuals/Hindu Undivided Family | 6 | 15,000,000 | 10,605,000 | 87.49 | 87.49 | 43,75,000 | 25.52 |
| (b) | Central Government /State Government(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (d) | Financial Institutions/Banks | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (e) | Any Other (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Sub-Total (A)(1) | 6 | 15,000,000 | 10,605,000 | 87.49 | 87.49 | 43,75,000 | 25.52 |
| (2) | Foreign | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/Foreign Individuals) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (b) | Government | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (c) | Institutions | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (d) | Foreign Portfolio Investor | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (e) | Any Other (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Sub-Total (A)(2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 6 | 15,000,000 | 10,605,000 | 87.49 | 87.49 | 43,75,000 | 25.52 |
| (B) | Public shareholding | | | | | | | |
| (1) | Institutions | | | | | | | |
| (a) | Mutual Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (b) | Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

| Category | Category of Shareholders | Pre-Offer | | | | | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|-----------------|-----------------------------------------------|---------------------------------------|
| | | Number of Shareholders | Total Number of Equity Shares | Number of Equity Shares Held in Dematerialized Form | Total Shareholding as a Percentage of Total Number of Equity Shares | | Equity Shares Pledged or Otherwise Encumbered | |
| | | | | | As % of (A+B) | As % of (A+B+C) | Number of Shares | As % of Total Number of Equity Shares |
| | | | | | | | | |
| (c) | Alternate Investment Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (d) | Foreign Venture Capital Investors | 1 | 1,800,000 | 1,800,000 | 10.50 | 10.50 | Nil | Nil |
| (e) | Foreign Portfolio Investors | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (f) | Financial Institutions/Banks | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (g) | Insurance Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (h) | Provident Funds/Pension Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (i) | Any Other (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Sub-Total (B)(1) | 1 | 1,800,000 | 1,800,000 | 10.50 | 10.50 | Nil | Nil |
| (2) | Central Government/State Government(s)/President of India | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Sub-Total (B)(2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (3) | Non-institutions | | | | | | | |
| (a) | Individuals - i. Individual shareholders holding nominal share capital up to ₹2 lakh. ii. Individual shareholders holding nominal share capital in excess of ₹2 lakh. | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (b) | NBFCs registered with RBI | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (c) | Employee Trusts | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (d) | Overseas Depositories (holding DRs) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (e) | Any Other (specify) | 1 | 345,212 | Nil | 2.01 | 2.01 | Nil | Nil |
| | Sub-Total (B)(3) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total Public Shareholding (B)= (B)(1)+(B)(2) +(B)(3) | 2 | 2,145,212 | 1,800,000 | 12.51 | 12.51 | Nil | Nil |

| Category | Category of Shareholders | Pre-Offer | | | | | | |
|----------|--------------------------------------------------------------------------|------------------------|-------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|-----------------|-----------------------------------------------|---------------------------------------|
| | | Number of Shareholders | Total Number of Equity Shares | Number of Equity Shares Held in Dematerialized Form | Total Shareholding as a Percentage of Total Number of Equity Shares | | Equity Shares Pledged or Otherwise Encumbered | |
| | | | | | As % of (A+B) | As % of (A+B+C) | Number of Shares | As % of Total Number of Equity Shares |
| | | | | | | | | |
| | TOTAL (A)+(B) | 8 | 17,145,212 | 12,405,000 | 100.00 | 100.00 | 4,375,000 | 25.51 |
| (C) | Non-Promoter and Non-Public Shareholding | | | | | | | |
| (1) | Custodian/DR Holder (C) (1) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| (2) | Employee Benefit Trusts (C) (2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total Non-Public and Non-Promoter Shareholding (C)= (C)(1)+(C)(2) | | | | | | | |
| | TOTAL (A)+(B)+(C) | 8 | 17,145,212 | 12,405,000 | 100.00 | 100.00 | 4,375,000 | 25.51 |

6. Except as set forth below, there are no public shareholders holding more than 1% of the pre-Offer paid-up capital of our Company as on the date of this Draft Red Herring Prospectus:

| S. No. | Name of the Shareholder | Number of Equity Shares | Percentage (%) |
|--------------|-------------------------|-------------------------|----------------|
| 1. | NYLIM India Fund II | 1,800,000 | 10.50 |
| 2. | Euro Asia | 345,212 | 2.01 |
| TOTAL | | 2,145,212 | 12.51 |

7. Details of the shareholding of our Promoters and the members of the Promoter Group as on the date of filing of this Draft Red Herring Prospectus are set forth below:

| S. No. | Name of the Shareholder | Number of Equity Shares Held | Percentage (%) of Pre-Offer Capital | Percentage (%) of Post-Offer Capital |
|--------------|-------------------------|------------------------------|-------------------------------------|--------------------------------------|
| 1. | Mr. P Sundararajan | 11,980,000 | 69.87 | 69.87 |
| 2. | Mrs. S. Latha | 3,000,000 | 17.50 | 17.50 |
| 3. | Mrs. S. Shantha | 5,000 | 0.03 | 0.03 |
| 4. | Mr. S. Chenduran | 5,000 | 0.03 | 0.03 |
| 5. | Mr. P. Velusamy | 5,000 | 0.03 | 0.03 |
| 6. | Mr. P. Ashokaraman | 5,000 | 0.03 | 0.03 |
| TOTAL | | 15,000,000 | 87.49 | 87.49 |

8. Except as set forth below, none of our Directors or key management personnel hold any Equity Shares as on the date of this Draft Red herring Prospectus:

| S. No. | Name of the Director/Key Management Personnel | Number of Equity Shares | Percentage (%) |
|--------------|-----------------------------------------------|-------------------------|----------------|
| 1. | Mr. P Sundararajan | 11,980,000 | 69.87 |
| 2. | Mrs. S. Latha | 3,000,000 | 17.50 |
| 3. | Mr. S. Chenduran | 5,000 | 0.03 |
| TOTAL | | 14,985,000 | 87.40 |

9. There are no securities of our Company or any of the Subsidiaries that have been purchased or sold by our Promoters, the Promoter Group and/or the Directors and/or the immediate relatives of the Directors within the last six months preceding the date of filing the Draft Red Herring Prospectus with the SEBI.

10. **Equity Shares held by the top ten Shareholders:**

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

| S. No. | Name of the Shareholder | Number of Equity Shares Held | Percentage (%) of Pre-Offer Capital | Percentage (%) of Post-Offer Capital |
|--------------|-------------------------|------------------------------|-------------------------------------|--------------------------------------|
| 1. | Mr. P Sundararajan | 11,980,000 | 69.87 | 69.87 |
| 2. | Mrs. S. Latha | 3,000,000 | 17.50 | 17.50 |
| 3. | Mrs. S. Shantha | 5,000 | 0.03 | 0.03 |
| 4. | Mr. S. Chenduran | 5,000 | 0.03 | 0.03 |
| 5. | Mr. P. Velusamy | 5,000 | 0.03 | 0.03 |
| 6. | Mr. P. Ashokaraman | 5,000 | 0.03 | 0.03 |
| 7. | NYLIM India Fund II | 1,800,000 | 10.50 | 10.50 |
| 8. | Euro Asia | 345,212 | 2.01 | 2.01 |
| TOTAL | | 17,145,212 | 100.00 | 100.00 |

(b) As of ten days prior to the date of this Draft Red Herring Prospectus:

| S. No. | Name of the Shareholder | Number of Equity Shares Held | Percentage (%) of Pre-Offer Capital | Percentage (%) of Post-Offer Capital |
|--------------|-------------------------|------------------------------|-------------------------------------|--------------------------------------|
| 1. | Mr. P Sundararajan | 11,980,000 | 69.87 | ● |
| 2. | Mrs. S. Latha | 3,000,000 | 17.50 | ● |
| 3. | Mrs. S. Shantha | 5,000 | 0.03 | ● |
| 4. | Mr. S. Chenduran | 5,000 | 0.03 | ● |
| 5. | Mr. P. Velusamy | 5,000 | 0.03 | ● |
| 6. | Mr. P. Ashokaraman | 5,000 | 0.03 | ● |
| 7. | NYLIM India Fund II | 1,800,000 | 10.50 | ● |
| 8. | Euro Asia | 345,212 | 2.01 | ● |
| TOTAL | | 17,145,212 | 100.00 | ● |

(c) As of two years prior to the date of this Draft Red Herring Prospectus:

| S. No. | Name of the Shareholder | Number of Equity Shares Held | Percentage (%) of Pre-Offer Capital | Percentage (%) of Post-Offer Capital |
|--------------|-------------------------|------------------------------|-------------------------------------|--------------------------------------|
| 1. | Mr. P Sundararajan | 11,980,000 | 71.31 | ● |
| 2. | Mrs. S. Latha | 3,000,000 | 17.86 | ● |
| 3. | Mrs. S. Shantha | 5,000 | 0.03 | ● |
| 4. | Mr. S. Chenduran | 5,000 | 0.03 | ● |
| 5. | Mr. P. Velusamy | 5,000 | 0.03 | ● |
| 6. | Mr. P. Ashokaraman | 5,000 | 0.03 | ● |
| 7. | NYLIM India Fund II | 1,800,000 | 10.71 | ● |
| TOTAL | | 16,800,000 | 100.00 | ● |

11. As on the date of this Draft Red Herring Prospectus, no options have been granted by our Company to any employee, key management personnel or Director pursuant to an employee stock option scheme.
12. Our Company, the Directors and the BRLMs have not entered into any buy-back and/or standby arrangements or any safety net arrangement for purchase of Equity Shares from any person.
13. Except as disclosed below, our Company has not issued any Equity Shares during a period of one year preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price:

| Date of Allotment | Name of the Entity | Number of Equity Shares Allotted | Issue Price per Equity Share (₹) | Nature of Consideration | Reason for/Nature of Allotment |
|-------------------|--------------------|----------------------------------|----------------------------------|-------------------------|--------------------------------|
| June 26, 2015 | Euro Asia | 345,212 | 210 | Conversion | Conversion of CCPS |

14. No financing arrangements have been entered into by the members of the Promoter Group, the Directors, or their relatives for the purchase by any other person of the securities of our Company other than in the normal course of business of the financing entity during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with the SEBI.
15. None of the Promoters, the members of the Promoter Group or the Directors have purchased/subscribed/sold any Equity Shares within three years immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI which in aggregate is equal to or greater than 1% of the pre-Offer capital of our Company.
16. Our Company has not issued any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956.
17. None of the BRLMs or any associate of the BRLMs hold any Equity Shares in our Company. The BRLMs and their affiliates may enter into transactions with and perform services for our Company, in the ordinary

course of business or may engage in investment banking transactions with our Company, for which they may receive consideration.

18. All Equity Shares will be fully paid-up at the time of Allotment failing which no Allotment will be made.
19. Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.
20. There will not be any further issue of Equity Shares, whether by way of issue of bonus Equity Shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges.
21. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares.
22. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement. However, during such period or at a later date, our Company may issue and/or the Shareholders may directly or indirectly transfer or sell Equity Shares, convertible securities or other equity linked securities of our Company in relation to any acquisition, merger, joint venture or strategic alliance or for regulatory compliance or for any scheme of arrangement, in either case involving our Company or the Subsidiaries, Shareholders, Directors, or affiliates.
23. The Offer is being made through the 100% Book Building Process wherein not more than 50% of the Offer will be allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholder may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Category will be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category (other than the QIB Category), would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.
24. Oversubscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.
25. There will be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company will comply with such disclosure and accounting norms as may be specified by the SEBI from time to time.
26. As of the date of the filing of this Draft Red Herring Prospectus, the total number of holders of our Equity Shares is eight.
27. Other than NYLIM India Fund II, who will be offering its Equity Shares in the Offer for Sale, none of our other Shareholders including our Promoters and Promoter Group will participate in the Offer.
28. Our Company will ensure that transactions in Equity Shares by the Promoters and the Promoter Group during the period between the date of registering the Red Herring Prospectus with the RoC and the date of closure of the Offer will be reported to the Stock Exchanges within 24 hours of the transaction.

OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and the Offer for Sale by the Selling Shareholder.

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale and the proceeds from the Offer for Sale will not form part of the Net Proceeds. The Selling Shareholder will be entitled to the proceeds of the Offer for Sale after deducting their proportionate share of the Offer related expenses.

Fresh Issue

Our Company proposes to utilize the Net Proceeds raised through the Fresh Issue for the following objects (collectively, the “**Objects**”):

1. Repayment or prepayment of debt incurred by our Company;
2. Expansion and modernization of our manufacturing facility at Valapady, Salem, Tamil Nadu;
3. Opening of new stores for the sale of ‘Crocodile’ products;
4. Addition of balancing machineries for our existing dyeing unit at SIPCOT, Perundurai; and
5. General corporate purposes.

In addition, our Company expects to realize the benefits of listing of the Equity Shares on the Stock Exchanges, including the enhancement of its brand name and provision of liquidity to the Shareholders.

The main objects and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Fresh Issue.

The details of the Net Proceeds are set forth below:

| S. No. | Description | Amount (in ₹ million) |
|--------|-------------------------------------------------|-----------------------|
| 1. | Gross proceeds from the Fresh Issue | 2,150 |
| 2. | (Less) Offer related expenses ⁽¹⁾⁽²⁾ | ● |
| 3. | Net Proceeds ⁽²⁾ | ● |

⁽¹⁾ Proportionate Offer related expenses to be borne by our Company to be included. All Offer related expenses (excluding listing fees which will be borne entirely by our Company) will be shared between our Company and the Selling Shareholder on a pro-rata basis, in the ratio of the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares sold by the Selling Shareholder in the Offer for Sale.

⁽²⁾ To be finalized upon determination of the Offer Price and will be updated in the Prospectus prior to the filing with the Registrar of Companies.

Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are currently expected to be deployed in accordance with the schedule set forth below:

| S. No. | Particulars | Total estimated amount required (in ₹ million) | Amount proposed to be financed from the Net Proceeds (in ₹ million) | Estimated schedule of implementation | | |
|--------|------------------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------|--------------------------------------|-------------|-------------|
| | | | | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 |
| 1. | Repayment or prepayment of debt incurred by our Company | 630.00 | 630.00 | 630.00 | - | - |
| 2. | Expansion and modernization of our manufacturing facility at Valapady, Salem, Tamil Nadu | 701.60 | 701.60 | 280.70 | 350.74 | 70.16 |
| 3. | Opening of new stores for the sale of 'Crocodile' brand products | 278.54 | 278.54 | 65.37 | 103.90 | 109.27 |
| 4. | Addition of balancing machineries for our existing dyeing unit at SIPCOT, Perundurai | 49.10 | 49.10 | 49.10 | - | - |
| 5. | General corporate purposes | ● | ● | ● | ● | ● |
| | Total | ● | ● | ● | ● | ● |

* General corporate purposes will not exceed 25% of the gross proceeds from the Fresh Issue.

The fund deployment described above is based on management estimates and the current business plan of our Company. The estimates have not been appraised by any third party entity. We may have to revise our funding requirements and deployment, subject to applicable law, on account of various factors such as our financial condition, business and strategy as well as interest rate fluctuations, finance charges and other external factors, which may not be within the control of our management.

In case of any increase in the actual utilization of funds earmarked for any Object, such additional funds for a particular activity may be financed by surplus funds, if any, available in respect of any other activity for which funds have been raised in this Offer and in case such funds are insufficient, we will meet by way of means available to our Company, including internal accruals and funds allocated for general corporate purposes. In case the actual utilization towards any of the Objects is lower than the proposed deployment, such balance will be used for future growth opportunities, including funding other existing Objects, if required, and general corporate purposes or any other purpose as approved by the Shareholders and subject to applicable laws.

Details of the Objects of the Fresh Issue

1. *Partial or full repayment or prepayment of debt incurred by our Company*

Our Company has entered into various financing arrangements with banks, financial institutions and non-banking financial institution, including secured Rupee term loans and working capital credit facilities. As of November 30, 2015, the total outstanding debt of our Company was ₹2,518.98 million. For further information, see the section “*Financial Indebtedness*” on page 278.

Our Company intends to use ₹630.00 million from the Net Proceeds to repay or prepay all or part of one or more of the loan facilities (as set forth in the table below), including interest thereon, incurred by our Company as set forth below. Such repayment or prepayment will help in reducing our outstanding indebtedness and debt servicing costs, which in turn could assist us in maintaining a favorable debt-equity ratio in the near future and enable utilization of accruals for investment in business growth and expansion. In addition, our leverage capacity could improve significantly to raise further resources that may be required in the future to fund our potential business development opportunities and plans to expand our business. The loan facilities are listed below in no particular order of priority and our Company is not under an obligation to any bank, financial institution or non-banking financial institution to repay/prepay immediately.

| S. No. | Name of the Lender | Nature and purpose of facility* | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule |
|--------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Andhra Bank | Term loan for construction of building and purchase of machinery (Letter of Sanction dated September 27, 2010 and as restructured through letter dated January 7, 2014 and agreement dated September 28, 2010 and supplemental and amendatory agreement dated February 21, 2014 for reschedulement of the term loan) | 162.85 | Base rate 4% p.a. + tax payable | 24 unequal quarterly instalments commencing from June 22, 2015 with 17 months moratorium commencing from November 2013 until March 2015 |
| 2. | Bank of India | Term loan (Sanction letters dated December 6, 2007 renewed on March 13, 2014 and June 26, 2015 and Hypothecation cum Loan Agreement dated June 4, 2010) | 42.45 | Base rate + 5.25% p.a. (concession of 0.40% of the applicable rate provided until June 11, 2016) | Tenor is nine years Repayment in 27 unequal quarterly instalments commencing from September 2010 |
| | | Term loan (Sanction letters dated December 6, 2007 renewed on March 13, 2014 and June 26, 2015 and Hypothecation cum Loan Agreement dated June 4, 2010) | 53.42 | Base rate + 4.65% p.a. (concession of 1.00% of the applicable rate provided until June 11, 2016) | Tenor is nine years and three months Repayment in 34 unequal quarterly instalments commencing from June 2011 |
| | | Term loan (Sanction letters dated December 6, 2007 renewed on March 13, 2014 and June 26, 2015 and Hypothecation cum Loan Agreement dated June 4, 2010) | 33.08 | Base rate + 4.65% p.a. (concession of 1.00% of the applicable rate provided until June 11, 2016) | Tenor is nine years and three months Repayment in 33 unequal quarterly instalments commencing from September 2011 |
| 3. | Muthoot Fincorp Limited ⁽¹⁾ | Corporate loan (Loan agreement dated May 8, 2015) | 30.46 | 18.5% p.a. to be compounded monthly | Repayment in eight unequal quarterly instalments commencing from August 1, 2016 |
| 4. | State Bank of Mysore | Term loan (Loan-cum-hypothecation agreement dated March 3, 2006, Articles of Agreement dated March 3, 2006 and Letter for Restructuring of existing Term Loans dated June 30, 2009) | 2.45 | 2.50% p.a. below prime term lending rate subject to a minimum of 8.50% p.a. | Repayment in 28 quarterly instalments commencing from June 2011 |
| | | Term loan (Letter dated April 9, 2008, Articles of Agreement dated May 13, 2008 and Letter for Restructuring of existing Term Loans dated June 30, 2009) | 20.18 | 2% below prime term lending rate subject to a minimum of 11.25% p.a. | Repayment in 28 quarterly instalments commencing from June 2011 |

| S. No. | Name of the Lender | Nature and purpose of facility* | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule |
|--------|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Term loan (Loan-cum-hypothecation agreement dated August 31, 2005, Articles of Agreement dated August 31, 2005 and Letter for Restructuring of existing Term Loans dated June 30, 2009) | 25.53 | 3.50% p.a. below prime term lending rate subject to a minimum of 7.50% p.a. | Repayment in 28 quarterly instalments commencing from June 2011 |
| | | Term loan (Loan-cum-hypothecation agreement dated February 5, 2007, Articles of Agreement dated February 5, 2007, Letter dated April 9, 2008 and Letter for Restructuring of existing Term Loans dated June 30, 2009) | 41.92 | 2% below prime term lending rate subject to a minimum of 10% p.a. | Repayment in 28 quarterly instalments commencing from June 2011 |
| | | Term loan for the processing division, purchase of compacting machine, coal crushers and boiler fluidized bed conversion (Sanction communication letter dated April 10, 2015 and Articles of Agreement dated December 19, 2014) | 8.73 | Base rate + 3.75% p.a. subject to a minimum of 14.00% p.a. floating rate | Repayment in 20 quarterly instalments with moratorium period of six months from the date of first disbursement |
| | | Stand by line of credit – export packing credit (Sanction communication letter dated April 10, 2015) | 50.50 | Base rate + 3% margin p.a. | Tenor is maximum three months at any one instance There will be no restriction as to the number of times this facility can be availed in a year |
| | | Corporate Loan ⁽²⁾ (Sanction communication letter dated November 26, 2015 and loan agreement dated December 17, 2015) | 355.33 ⁽²⁾ | Base rate + 3.85% p.a. | Tenor is 30 months Repayment in eight equal quarterly instalments commencing from August 1, 2016 |
| 5. | Tamil Nadu Industrial Investment Corporation Limited | Term loan for the purchase and erection of plant and machinery and software (Sanction letter dated July 27, 2011) | 59.59 | 15.25% p.a. with reset clause at the beginning of every financial year | Repayment in 60 monthly instalments commencing from September 1, 2012 after a moratorium of 12 months from the date of first drawal/disbursement of the loan |
| | Total | | 886.49 | | |

* Pursuant to a certificate dated December 17, 2015, SSKT and Company, Chartered Accountants, have certified that the above loans have been utilized for the purpose for which such loans were sanctioned.

⁽¹⁾ Pursuant to the Slump Sale Agreement, Poornam has transferred the term loan availed by it from Muthoot Fincorp Limited to our Company with effect from August 1, 2015.

⁽²⁾ This loan was availed from the State Bank of Mysore to takeover the term loan of ₹350.00 million that was previously availed by our Company from Muthoot Fincorp Limited which has now been repaid and closed.

Certain of the loan facilities that we propose to repay/prepay include prepayment penalty and charges that may be payable by our Company at the time of repayment/prepayment. The selection of debt facilities and the quantum to be repaid or prepaid shall be based on various factors, including: (a) terms and conditions in the loan agreements preventing or restricting repayment or prepayment; (b) receipt of consents for prepayment from or waiver of such conditions by the relevant financial institution; (c) applicability of any prepayment penalty and its quantum; (d) commercial consideration such as interest rate, tenor of the debt and availability of other financial resources; and (e) other market conditions outside the control of our Company and its management.

2. *Expansion and modernization of our manufacturing facility at Valapady, Salem, Tamil Nadu*

Our Company currently operates through 20 manufacturing facilities located in or near the region of Avinashi, Tamil Nadu. Our main raw material used in the manufacture of garments is cotton spun into greige yarn. We currently use a combination of in-house manufacturing and out-sourcing of spinning capacity to meet our requirements of greige yarn. For details of production process, see the section “*Our Business – Our Operations – Garments Division – Products and Production Process*” on page 119. Further to our strategy of increasing the level of backward integration at our manufacturing facilities, we propose to upgrade and modernize our facility located at Valapady, Salem, Tamil Nadu (the “**Valapady facility**”) by increasing our spinning capacity and setting-up a new knitting unit. For such purpose, we intend to utilize ₹701.60 million from the Net Proceeds towards enhancing our existing spinning capacity and setting-up a new knitting facility. The breakdown of the estimated expenditure for the expansion modernization of the Valapady facility is provided below.

A. *Enhancing our spinning capacity at the Valapady facility*

Presently at the Valapady facility, we have set-up a spinning unit that is supported by a blow room. A blow room typically opens, cleans and blends the cotton fibre prior to feeding it into the spindles for spinning. Presently, the manufacturing capacity of the Valapady facility is 16,896 spindles and our blow room has a capacity of 3,200 kilograms per day of cotton. We intend to increase this capacity as well as modernize it to enable us to process our cotton requirements in-house. We intend to utilize ₹472.43 million from the Net Proceeds for enhancing our spinning capacity, a breakdown of which is set forth below.

| S. No. | Expenditure Items | Key Machinery required | Amount proposed to be utilized from the Net Proceeds (in ₹ million)* |
|--------|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 1. | Expansion and modernization of blow room | Blow room with bale plucker and contamination clearer | 28.12 |
| 2. | Expansion and modernization of preparatory machines | Carding, precomber drawing, unilap/lap former, comber, finisher draw frame, simplex | 116.78 |
| 3. | Expansion and modernization of spinning with compacting system | Spinning machine | 98.40 |
| 4. | Modernization, upgradation and increase in winding capacity | Link coner/auto coner | 65.74 |
| 5. | Related ancillary machinery | Humidification plant, weighing scales, electrical instrumentation, automatic waste collection system, fire fighting systems, QC machines | 85.35 |
| 6. | Civil work for enhancing spinning capacity | Construction and refurbishment of factory premises to accommodate expanded capacity | 78.04 |
| | Total | | 472.43 |

*Based on quotations received by our Company.

We propose to utilize ₹116.78 million towards the expansion and modernization of preparatory machines. This will enable us to recalibrate the count of existing spindles and increasing capacity. Further, to support the enhanced spinning capacity, we propose to utilize ₹28.12 million to increase the blow room capacity and quality. Our Company proposes to utilize ₹98.40 million for the purchase and installation of spinning machines with compacting system. Compactors ensure the accuracy of the density of the output fabric. This will enable us to undertake customized orders and achieve an overall improvement in the quality of our fabric.

The estimated cost for civil work for the spinning facility including the construction of the blow room, the humidification plant room and the comber waste collection room based on the quotation provided by AVS Consultech dated September 26, 2015 to our Company is ₹78.03 million.

B. Setting-up a new knitting unit at the Valapady facility

Our Company presently outsources its entire knitting requirement. In order to reduce our dependency on third party entities for our knitting requirements and to integrate the entire manufacturing process, our Company proposes to set-up a knitting unit adjacent to the spinning unit at the Valapady facility. This would help us reduce cost for transporting our goods to and from the third party knitting facilities and increase efficiency of our manufacturing process with minimal waste and bottlenecks.

Further, we will be able to entirely control the level of compatibility between our knitting machinery and the spinning machinery. This control will enable us to customize the output fabric to a specific quality with maximum precision, enhancing our ability to cater customized orders.

A breakdown of the estimated expenses for setting-up a new knitting unit is as follows:

| S. No. | Expenditure Items | Key Machinery required | Amount proposed to be utilized from the Net Proceeds (in ₹ million) |
|--------|-------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| 1. | Installation of new knitting machines | Knitting machines | 135.37 ⁽¹⁾ |
| 2. | Civil work for setting-up a knitting unit | Construction of new premises to accommodate new knitting machines with provision for future expansion | 33.25 ⁽²⁾ |
| | Total | | 168.62 |

⁽¹⁾ Based on quotation from Pai Lung Machinery Mill Company Limited dated December 19, 2015.

⁽²⁾ Based on quotation from AVS Consultech dated September 26, 2015.

C. Common infrastructure and utilities for the Valapady facility

| S. No. | Expenditure Items | Amount proposed to be utilized from the Net Proceeds (in ₹ million) |
|--------|----------------------------------------------------------|---------------------------------------------------------------------|
| 1. | Common infrastructure for spinning and knitting facility | 19.37 |
| 2. | Civil work for utilities | 41.18 |
| | Total | 60.55 |

Our Company proposes to utilize ₹60.55 million for the construction of infrastructure for the spinning and knitting units and common utilities at the Valapady facility. The proposed civil works include electrical systems, compressors, diesel generators, water tanks, cafeteria, compound wall, power house and compressor room.

3. Opening of new stores for the sale of products under the 'Crocodile' brand

We sell the 'Crocodile' branded products through a sales and distribution network that includes 31 exclusive brand outlets, of which 27 are company owned operated stores and four are franchise stores, and third-party e-commerce platforms. We plan to enhance the presence and sale of the 'Crocodile' branded products and intend to deploy ₹278.54 million for establishing 70 new retail stores in 18 states of India between the Fiscal Year 2017 and Fiscal Year 2019 which will be owned and operated by our Company. The premises for the proposed new stores are expected to be taken on lease or on leave and license basis. The details of the number of stores that we propose to establish in each state are set forth below.

| S. No | State | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Total |
|-------|----------------|-------------|-------------|-------------|-----------|
| 1. | Andhra Pradesh | 7 | 3 | - | 10 |
| 2. | Assam | - | 1 | - | 1 |
| 3. | Bihar | - | 1 | - | 1 |
| 4. | Chhattisgarh | - | - | 1 | 1 |
| 5. | Delhi | 3 | 1 | 1 | 5 |
| 6. | Haryana | - | 1 | 1 | 2 |
| 7. | Jharkhand | - | - | 1 | 1 |
| 8. | Karnataka | 1 | 5 | 3 | 9 |
| 9. | Kerala | 3 | - | 1 | 4 |
| 10. | Maharashtra | 3 | 3 | 4 | 10 |
| 11. | Madhya Pradesh | 1 | 1 | 1 | 3 |
| 12. | Odisha | - | 1 | 1 | 2 |
| 13. | Punjab | - | 2 | 2 | 4 |
| 14. | Rajasthan | - | 1 | 3 | 4 |
| 15. | Tamil Nadu | 1 | 2 | 2 | 5 |
| 16. | Goa | 1 | - | - | 1 |
| 17. | Uttar Pradesh | - | 2 | 3 | 5 |
| 18. | West Bengal | - | 1 | 1 | 2 |
| | Total | 20 | 25 | 25 | 70 |

Estimated cost of establishment and deployment of funds

The Net Proceeds will be utilized towards capital expenditure including costs relating to interior works of the stores and cost of finished products to be stocked in such stores. The estimated cost of establishment of our proposed new stores is as follows:

| S. No. | Particulars | Total |
|--------|----------------------------------------------------------------|---------------|
| 1. | Number of Company owned and operated stores | 70 |
| 2. | Total fixed asset costs (in ₹ million) ⁽¹⁾ | 156.40 |
| 3. | Security deposits/rental advance (in ₹ million) ⁽²⁾ | 63.96 |
| 4. | Base stock (in ₹ million) | 58.19 |
| 5. | Total Cost (in ₹ million)⁽³⁾ | 278.54 |

(1) Based on the quotation obtained from Creative Interiors, Bangalore dated December 12, 2015.

(2) The premises for the proposed new stores are expected to be taken on lease or on leave and license basis. Payments towards security deposit/advance rental may vary based on various factors including location, city and coverage area of the store.

(3) The total cost of the establishment of new Company owned and operated stores has been estimated at an average carpet area of 630.00 sq. ft. per store.

The breakdown of total fixed assets cost is set forth below:

(in ₹ million)

| S. No. | Expenditure | Total |
|--------|------------------------------|-------|
| 1. | Carpentry | 32.37 |
| 2. | Electrical | 9.20 |
| 3. | Lighting | 16.85 |
| 4. | Painting | 3.10 |
| 5. | Furniture and fittings | 24.88 |
| 6. | Visual, branding and signage | 4.09 |

| S. No. | Expenditure | Total |
|--------|----------------------|---------------|
| 7. | Flooring and grid | 14.49 |
| 8. | Others | 5.63 |
| 9. | Air conditioning | 6.61 |
| 10. | IT hardware/software | 4.09 |
| 11. | Taxes | 18.01 |
| 12. | Contingency | 14.22 |
| | Total | 156.40 |

4. Addition of balancing machineries for our existing dyeing unit at SIPCOT, Perundurai

In order to achieve greater productivity and increased efficiency together with improving the quality of our products, we propose to acquire additional balancing machineries for our existing dyeing and drying processes at the processing facility located at SIPCOT, Perundurai.

We estimate a total expenditure of ₹49.10 million to be utilized from the Net Proceeds in Fiscal Year 2017, the details of which is as set forth below:

| S. No. | Details of the Machinery | No. of Units | Total cost to be financed from the Net Proceeds (in ₹ million) |
|--------|------------------------------------------|--------------|----------------------------------------------------------------|
| 1. | Ultrafiltration Membranes ⁽¹⁾ | 48 | 4.49 |
| 2. | Dyeing Machines ⁽²⁾ | 2 | 6.00 |
| 3. | Finishing machines ⁽³⁾ | - | 38.61 |
| | Total | - | 49.10 |

⁽¹⁾ Based on quotations from Swedo Water Technologies Limited dated December 19, 2015; One of the quotations was obtained in USD and the exchange ratio applied is 1 USD = ₹66.00.

⁽²⁾ Based on quotation from Krsna Engimech Private Limited dated December 19, 2015.

⁽³⁾ Based on quotations from BrücknerTextile Technologies GmbH & co. KG, Germany Limited dated December 22, 2015; The quotation was obtained in Euro and the exchange ratio applied is 1 Euro = ₹72.00.

5. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds of ₹[●] million towards general corporate purposes. This amount will not exceed 25% of the gross proceeds of the Fresh Issue in compliance with the SEBI ICDR Regulations. The general corporate purposes include, but are not limited to, brand building, meeting any ongoing general corporate exigencies, operating expenses or any other purpose as may be approved by the Board or a duly appointed committee of the Board, subject to compliance with the provisions of the Companies Act. The management of our Company, in accordance with the policies of the Board, will have flexibility in utilising any surplus amounts.

Offer Related Expenses

The estimated Offer related expenses are as follows:

| Activity | Estimated expenses* (in ₹ million) | As a % of the total estimated Offer related expenses | As a % of the total Offer size |
|--------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------|--------------------------------|
| Fees and commission payable to the BRLMs (including selling and underwriting commission payable) | [●] | [●] | [●] |
| Brokerage and selling commission payable to Registered Brokers ⁽¹⁾ | [●] | [●] | [●] |
| Commission/processing fees to SCSBs ⁽²⁾ and Bankers to the Offer | [●] | [●] | [●] |
| Other advisors to the Offer (Legal Counsel(s), Registrar and others) | | | |

| Activity | Estimated expenses* (in ₹ million) | As a % of the total estimated Offer related expenses | As a % of the total Offer size |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------|--------------------------------|
| Others | [•] | [•] | [•] |
| <ul style="list-style-type: none"> • Listing fees, SEBI filing fees, book building software fees and other fees payable to the Stock Exchanges and the SEBI • Printing and stationary expenses • Advertising and marketing expenses • Miscellaneous | | | |
| Total estimated Offer related expenses | [•] | [•] | [•] |

* Will be incorporated at the time of filing of the Prospectus.

⁽¹⁾ The SCSBs would be entitled to a processing fees of ₹[•] (excluding service tax) per Bid cum Application Form, for processing the Bid cum Application Forms procured by the members of the Syndicate or the Registered Brokers and submitted to the SCSBs.

⁽²⁾ Disclosure of commission and processing fees will be incorporated at the time of filing the Red Herring Prospectus.

All expenses (excluding listing fees which will be borne entirely by our Company) relating to the Offer as mentioned above will be shared between our Company and the Selling Shareholder on a *pro rata* basis, in the ratio of the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares sold by the Selling Shareholder in the Offer for Sale.

Means of Finance

The fund requirement is entirely proposed to be met from the Net Proceeds. Accordingly, there is no requirement to make firm arrangements of finance under the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Offer or through existing identifiable internal accruals.

Bridge Financing Facilities

Our Company has not raised any bridge loan as on the date of this Draft Red Herring Prospectus, which is proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, pending utilization for the purposes described above, intends to temporarily deposit the Net Proceeds only in the scheduled commercial banks in accordance with the Reserve Bank of India Act, 1934 as may be approved by the Board.

In accordance with Section 27 of the Companies Act, our Company confirms that it shall not use the Net Proceeds for any buying, trading or otherwise dealing in shares of any other listed company or for investment in the equity markets.

Monitoring of Utilization of Funds

In terms of Regulation 16 of the SEBI ICDR Regulations, we are not required to appoint a monitoring agency since the Fresh Issue size is not in excess of ₹5,000 million. The Board will monitor the utilization of Net Proceeds. Our Company will disclose the utilization of the Net Proceeds, including any interim use, under a separate head along with details in its balance sheet until the Net Proceeds remain unutilized, clearly specifying the purpose for which the Net Proceeds have been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet for the relevant fiscal years subsequent to listing.

Pursuant to the Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and application of the Net Proceeds. Our Company shall, on an annual basis, prepare a statement of funds utilized for purposes other than those stated in this section and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement shall be certified by the Statutory Auditor. Further, in accordance with the Listing Regulations, our Company shall furnish to

the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the Objects. This information will also be advertised in newspapers simultaneously with the interim or annual financial results of our Company after placing the same before the Audit Committee.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilized have been appraised.

Variation in Objects

In accordance with Section 13(8) and Section 27(1) of the Companies Act, 2013 our Company will not vary the Objects unless such variation is authorized by our Shareholders by a special resolution and in accordance with the terms prescribed under the Companies Act, 2013. Pursuant to the Companies Act, 2013, our Promoters or controlling shareholders are required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the Objects, at such price, and in such manner, as may be prescribed in future by the SEBI.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to the Promoter, the Directors, key management personnel and the members of the Promoter Group or Group Entities, except in the normal course of its business and in compliance with applicable law.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares determined through the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares is ₹10 each and the Offer 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.

Investors should also refer to the sections “*Risk Factors*”, “*Our Business*” and “*Financial Statements*” on pages 13, 116 and 166, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Competitive strengths

We consider the following to be our competitive strengths:

1. We have a key customer base with reputed international brands.
2. We are one of the leading manufacturers for export of knitted garments for infants and children in India.
3. Our ability to set-up independent units that are integrated with our operations allows us to scale-up our operations.
4. We benefit from our specialization in the manufacture of garments for infants and children.
5. We have strong in-house design, testing, fitment and quality inspection facilities.
6. We have an experienced management team led by our Promoters and key management personnel.

For further details regarding the qualitative factors which form the basis for computing the Offer Price, see the sections “*Our Business – Our Competitive Strengths*” and “*Risk Factors*” on pages 117 and 13, respectively.

Quantitative Factors

Information presented in this section is derived from our Restated Financial Statements prepared in accordance with Indian GAAP, the Companies Act, 2013 and the SEBI ICDR Regulations.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. ***Basic and Diluted Earnings per Share (“EPS”)***:

According to our Company’s Restated Standalone Financial Statements:

| Period | Basic EPS (₹) | Diluted EPS (₹) | Weight |
|----------------------------------------|---------------|-----------------|--------|
| Three-month period ended June 30, 2015 | 4.14 | 4.14 | |
| Fiscal 2015 | 6.03 | 5.91 | 3 |
| Fiscal 2014 | 4.26 | 4.17 | 2 |
| Fiscal 2013 | 1.87 | 1.87 | 1 |
| Weighted Average | 4.75 | 4.66 | |

According to our Company's Restated Consolidated Financial Statements:

| Period | Basic EPS (₹) | Diluted EPS (₹) | Weight |
|----------------------------------------|---------------|-----------------|--------|
| Three-month period ended June 30, 2015 | 3.93 | 3.93 | |
| Fiscal 2015 | 5.58 | 5.47 | 3 |
| Fiscal 2014 | 3.97 | 3.89 | 2 |
| Fiscal 2013 | 1.41 | 1.41 | 1 |
| Weighted Average | 4.35 | 4.26 | |

Notes:

⁽¹⁾ Annual figures, except for three-month period ended June 30, 2015, which have not been annualized.

⁽²⁾ EPS has been calculated in accordance with Accounting Standard 20 – "Earnings Per Share" issued by the Institute of Chartered Accountants of India. EPS can be defined as follows:

- Basic EPS: Profit after taxes for the year/period (as restated) attributable to equity shareholders divided by weighted average number of equity shares outstanding during the year/period.
- Diluted EPS: Profit after taxes for the year/period (as restated) divided by weighted average number of diluted equity shares during the year/period.

⁽³⁾ Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

2. Price/Earning ("P/E") ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share

| Particulars | P/E at the lower end of Price band (no. of times) | P/E at the higher end of Price band (no. of times) |
|----------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------|
| Based on basic EPS as per the Restated Standalone Financial Statements for FY 2015 | [●] | [●] |
| Based on basic EPS as per the Restated Consolidated Financial Statements for FY 2015 | [●] | [●] |
| Based on diluted EPS as per the Restated Standalone Financial Statements for FY 2015 | [●] | [●] |
| Based on diluted EPS as per the Restated Consolidated Financial Statements for FY 2015 | [●] | [●] |

3. Return on Net Worth ("RoNW"):

According to our Company's Restated Standalone Financial Statements:

| Period | RONW (%) | Weight |
|----------------------------------------|-------------|--------|
| Three-month period ended June 30, 2015 | 6.86 | |
| Fiscal 2015 | 12.25 | 3 |
| Fiscal 2014 | 9.02 | 2 |
| Fiscal 2013 | 4.36 | 1 |
| Weighted Average | 9.86 | |

According to our Company's Restated Consolidated Financial Statements:

| Period | RONW (%) | Weight |
|----------------------------------------|--------------|--------|
| Three-month period ended June 30, 2015 | 7.48 | |
| Fiscal 2015 | 13.33 | 3 |
| Fiscal 2014 | 9.93 | 2 |
| Fiscal 2013 | 3.91 | 1 |
| Weighted Average | 10.63 | |

Notes:

⁽¹⁾ Annual figures, except for the three-month period ended June 30, 2015, which have not been annualized.

⁽²⁾ RoNW has been computed as Profit after tax for the year/period (as restated) attributable to equity shareholders divided by Net Worth (as restated) excluding revaluation reserve at the end of the year/period.

⁽³⁾ Net Worth (as restated) = equity share capital + reserves and surplus (including securities premium exchange reserve (on consolidation), share option outstanding account and surplus/(deficit) in statement of profit and loss).

4. Minimum RoNW after the Offer needed to maintain Pre-Offer EPS for the year ended March 31, 2015:

To maintain pre-Offer basic EPS

i. Based on Restated Standalone Financial Statements:

| Particulars | Minimum RONW to maintain pre-Offer basic EPS (%) |
|--------------------|--------------------------------------------------|
| At the Floor Price | [●] |
| At the Cap Price | [●] |

ii. Based on Restated Consolidated Financial Statements:

| Particulars | Minimum RONW to maintain pre-Offer basic EPS (%) |
|--------------------|--------------------------------------------------|
| At the Floor Price | [●] |
| At the Cap Price | [●] |

To maintain pre-Offer diluted EPS

i. Based on Restated Standalone Financial Statements:

| Particulars | Minimum RONW to maintain pre-Offer diluted EPS (%) |
|--------------------|----------------------------------------------------|
| At the Floor Price | [●] |
| At the Cap Price | [●] |

ii. Based on Restated Consolidated Financial Statements:

| Particulars | Minimum RONW to maintain pre-Offer diluted EPS (%) |
|--------------------|----------------------------------------------------|
| At the Floor Price | [●] |
| At the Cap Price | [●] |

5. Net Asset Value per Equity Share:

According to our Company's Restated Financial Statements:

| Period | Restated Standalone Financial Statements (₹) | Restated Consolidated Financial Statements (₹) |
|----------------------|-------------------------------------------------|---------------------------------------------------|
| As on June 30, 2015 | 60.36 | 52.58 |
| As on March 31, 2015 | 53.06 | 45.35 |
| At Floor Price | [●] | [●] |
| At Cap Price | [●] | [●] |
| At Offer Price | [●] | [●] |
| After the Offer | [●] | [●] |

Notes:

⁽¹⁾ Net Asset Value per Equity Share= Net worth (as restated) excluding revaluation reserve and preference share capital at the end of the year/period divided by number of Equity Shares outstanding at the end of the year/period

6. Comparison with listed industry peers

We are a leading manufacturer and exporter of knitted garments for infants and children in India. Other than Kitex Garments Limited, we are not aware of any other listed companies in India focused exclusively on the same segments as our Company, especially with respect to our export business of knitted garments for infants and children. The details of Kitex Garments Limited are given below:

| Name of the company | For the year ended March 31, 2015 | | | | | | |
|---------------------------------------|-----------------------------------|----------------------------|------------------|--------------------|-------|--------------|--------------|
| | Face Value (₹) | Total Income (₹Million) | Basic EPS (₹) | Diluted EPS (₹) | P/E | RoNW* (%) | NAV** (₹) |
| S.P. Apparels Limited ⁽¹⁾ | 10 | 4,824.71 | 6.03 | 5.91 | [●] | 12.25 | 53.06 |
| Peer Group ⁽²⁾ | | | | | | | |
| Kitex Garments Limited ⁽³⁾ | 1 | 5,245.19 | 20.74 | 20.74 | 35.09 | 37.33 | 55.55 |

⁽¹⁾ Source: Based on the Restated Standalone Financial Statements for the year ended March 31, 2015.

⁽²⁾ Based on audited standalone financial results for the financial year ended March 31, 2015.

⁽³⁾ P/E for Kitex Garments Limited is computed based on closing market price as on December 24, 2015, ₹727.75 per equity share, at BSE, (available at www.bseindia.com) divided by Basic EPS based on the annual report for the Fiscal Year 2015.

* Return on Networth is calculated as Profit after tax for the Fiscal Year 2015 divided by the Net worth as at March 31, 2015 based on the annual report for the Fiscal Year 2015.

** Net Asset Value is calculated as Net Worth at March 31, 2015 divided by the number of shares as at March 31, 2015 based on the annual report for the Fiscal Year 2015.

For a detailed discussion on the qualitative factors, which form the basis for computing the Offer Price, see “Our Business” and “Risk Factors” on pages 116 and 13, respectively.

The Offer Price of ₹[●] has been determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of the market demand from investors for the Equity Shares determined through the Book Building Process and is justified based on the above qualitative and quantitative parameters. For further details, see the sections “Risk Factors” and “Financial Statements” on pages 13 and 166, respectively. The trading price of the Equity Shares of our Company could decline including due to the factors mentioned in the section “Risk Factors” on page 13 and you may lose all or part of your investment.

STATEMENT OF TAX BENEFITS

**The Board of Directors,
S.P. Apparels Limited**
39-A, Extension Street,
Kaikattipudur,
Avinashi – 641 654
Tamil Nadu

Dear Sirs,

Re: Certificate of Statement of possible special tax benefits available to S.P. Apparels Limited and its shareholders prepared in accordance with the requirements under Schedule VIII – Clause (VII) (L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the “SEBI ICDR Regulations”)

We refer to the proposed public issue of the shares of S.P. Apparels Limited (the “**Company**”) and enclose a Note (Refer annexure) showing the possible special tax benefits available to the Company and its shareholders as per the provisions of the Income Tax Act, 1961 (“**IT Act**”) (incorporating amendments introduced by Finance Bill 2015) for inclusion in the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the IT Act. Hence, the ability of the Company or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfill.

The possible direct tax benefits discussed in the enclosed annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company’s management. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the public issue. We are neither suggesting nor are we advising the investor to invest money based on this statement. The benefits outlined in the enclosed statement are based on the information and particulars provided by the Company and on the basis of our understanding of the business activities and operations of the Company.

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

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

Limitations

Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the limited use of S.P.Apparels Limited in connection with its public issue referred to herein above and shall not, without our prior written consent, be disclosed to any other person.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
ICAI Firm’s Registration No. 008072S

C.R. Rajagopal
Partner
Membership No. 23418
AVINASHI, DECEMBER 28, 2015

Annexure

NOTE ON POSSIBLE TAX BENEFITS AVAILABLE TO S. P APPARELS LIMITED AND ITS SHAREHOLDERS

UNDER THE INCOME TAX ACT, 1961 (the “IT Act”)

S. P. Apparels Limited (“the Company”) is an Indian Company, subject to tax in India. The company is taxed on its profits. Profits are computed after allowing all reasonable business expenditure, laid out wholly and exclusively for the purposes of the business, including depreciation. Considering the activities and the business of the company, the following benefits may be available to them.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company under the provisions of the IT Act.

II. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the shareholders under the provisions of the IT Act.

Notes:

- a. The above statement of Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.
- b. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, 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.
- c. We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India

SECTION IV: ABOUT OUR COMPANY

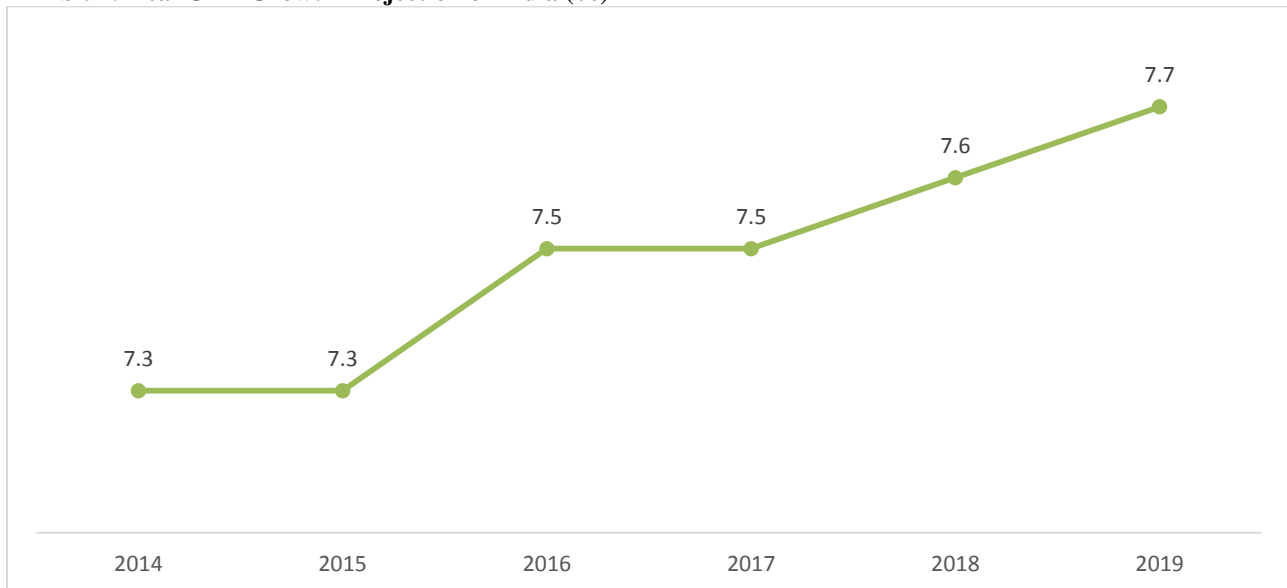
INDUSTRY

The information contained in this section is derived from the report on the “Global Apparel Industry India's Apparel Exports and Domestic Apparel Market” issued by Technopak Advisors Private Limited (“Technopak”) dated December 10, 2015, which was commissioned by our Company and other publicly available industry sources. Neither we, nor the Selling Shareholder, the BRLMs or the financial, legal or other advisors or any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

Overview of the Indian Economy

India is the ninth largest economy of the globe after the United States, China, Japan, Germany, U.K., France, Brazil and Italy. The GDP of India, at current prices, stands at US\$ 2.1 trillion which accounts to 2.65% of the world economy (Source: *International Monetary Fund*). Critical economic factors like oil prices, foreign investments, Government's intent for reforms etc., have tilted in favor of the economy. Through improvement in policy decisions, business and consumer confidence, liberalization of FDI norms, promotion of investment in infrastructure and simplification of tax regime, the focus is returning back on the growth and revival of Indian economy. In addition to these, the country is in the early stage of the demographic dividend where population growth is accompanied by positive impact on the economic growth. India's real GDP is expected to grow at an annual growth rate of more than 7% for the next five years (Source: *International Monetary Fund*) (Exhibit 1).

Exhibit 1: Real GDP Growth Projection of India (%)



Source: *International Monetary Fund*

The Indian economy is broadly divided into three sectors that contribute to the GDP: agriculture and allied activities, industry and services. The contribution from agriculture is 17%, and that of industry and service sector is 18% and 65% respectively (Source: *Economic Survey 2014-15*).

Global Textiles and Apparel Industry

Overview of Global Textiles and Apparel Industry

The global textiles and apparel value chain extends across boundaries of countries – while the developed economies like the United States, EU-28 and Japan are among the major consuming countries, most of the production takes place in developing and least developed countries due to low labor cost in these countries. In general, textiles and apparel manufacturing involves highly labor-intensive processes. This has resulted in distinct separation of the value chain into production hubs and consumption centres.

The global apparel market is estimated to be of US\$ 1,350 billion in 2014 and is expected to grow at a CAGR of 4.6% between 2014 and 2019. Europe and the United States are the biggest apparel markets with sizes of US\$ 425 billion and US\$ 305 billion respectively in 2014. Menswear and womenswear contribute 83% to the total global apparel market while childrenswear contributes 17%. The childrenswear market is expected to grow faster (CAGR of 5.6%) than the overall apparel market (CAGR of 4.6%) between 2014 and 2019.

The global imports of textiles and apparel were valued at US\$ 822 billion in 2014 (*Source: ITC*). The global imports are expected to grow at a projected CAGR of 5% to US\$ 1,060 billion in 2019 (*Source: Technopak Analysis*). It is expected that the imports of apparel will grow faster than that of textiles (which include fibres, yarn, fabrics and made-ups) owing to the increasing consolidation of textiles and apparel production activities in the same countries. The projected CAGR for apparel imports is 6% for the period between 2014 and 2019, while the imports of textiles are expected to grow at a CAGR of 4% in the same period (*Source: Technopak Analysis*).

Major Apparel Consuming and Producing Countries

Economically developed countries remain major consumption centres for apparel owing to higher per capita income and higher disposable income. Though in the recent years emerging countries like China, Brazil, India etc. have started demonstrating promising consumption potential, the developed countries still contribute the major share to the apparel market owing to their higher per capita consumption. Apparel production which is a labor-intensive industry, has shifted away from developed countries to developing and least developed countries due to the latter's cost competitiveness in manufacturing.

In 2014, the EU-28, the United States and Japan, together, accounted for 70% of the world's total imports of apparel (*Source: ITC, UN Comtrade*) (Exhibit 2). EU-28 was the single largest apparel importing block in 2014 with total imports value of US\$ 182.3 billion (*Source: ITC, UN Comtrade*) (Exhibit 2). Within EU-28, Germany, U.K., France, Spain and Italy were the top importers of apparel.

Exhibit 2: Top Apparel Importing Countries

| Region/Country | Import Value (US\$ billion) | Import Value (%) | | CAGR (%) |
|----------------------|-----------------------------|------------------|------|-------------|
| | 2014 | 2009 | 2014 | (2009-2014) |
| EU-28 | 182.3 | 48% | 43% | 3.8% |
| United States | 85.7 | 21% | 20% | 5.1% |
| Japan | 29.4 | 8% | 7% | 4.1% |
| Hong Kong | 15.1 | 5% | 4% | 0.5% |
| United Arab Emirates | 9.4 | 2% | 2% | 14.5% |

Source: ITC, UN Comtrade, Technopak Analysis

Post Multi-Fibre Agreement (MFA) regime, China has emerged as a winner with a share of 36.6% in global apparel exports in 2014 (*Source: ITC, UN Comtrade*). Bangladesh and Vietnam have registered impressive growth of their apparel exports in the period 2009 to 2014. The CAGR of apparel exports of Bangladesh was 18% in this period while that of Vietnam was 20.4%. Availability of low cost labor and duty-free access to Europe market have contributed to the growth of apparel exports of both Bangladesh and Vietnam. India with exports of US\$ 16.5 billion accounted for 3.5% of global apparel exports in 2014. India's apparel exports have grown at a CAGR of 7.9% between 2009 and 2014 (*Source: ITC, UN Comtrade*) (Exhibit 3).

Exhibit 3: Apparel Exports of Top Manufacturing Countries

| Region/Country | Export Value (US\$ billion) | Export Value (%) | | CAGR (%) |
|----------------|-----------------------------|------------------|-------|-------------|
| | 2014 | 2009 | 2014 | (2009-2014) |
| China | 173.5 | 31.8% | 36.6% | 11.5% |
| Bangladesh | 28.1 | 3.9% | 6.0% | 18.0% |
| Vietnam | 21.1 | 2.6% | 4.5% | 20.4% |
| India | 16.5 | 3.6% | 3.5% | 7.9% |
| Turkey | 16.3 | 3.6% | 3.4% | 7.7% |
| Sri Lanka | 4.7 | 1.0% | 1.0% | 8.5% |
| Pakistan | 4.4 | 0.9% | 0.9% | 8.7% |

Source: ITC, UN Comtrade, Technopak Analysis

China has started losing apparel manufacturing competitiveness in the global market owing to its increasing labor and energy cost. Additionally, the growing domestic market of China has forced many China based manufacturers to shift focus away from exports market to domestic market. Consequently, the share of China in global apparel exports, which was on an increasing trend in the previous decade, has lost pace in recent years.

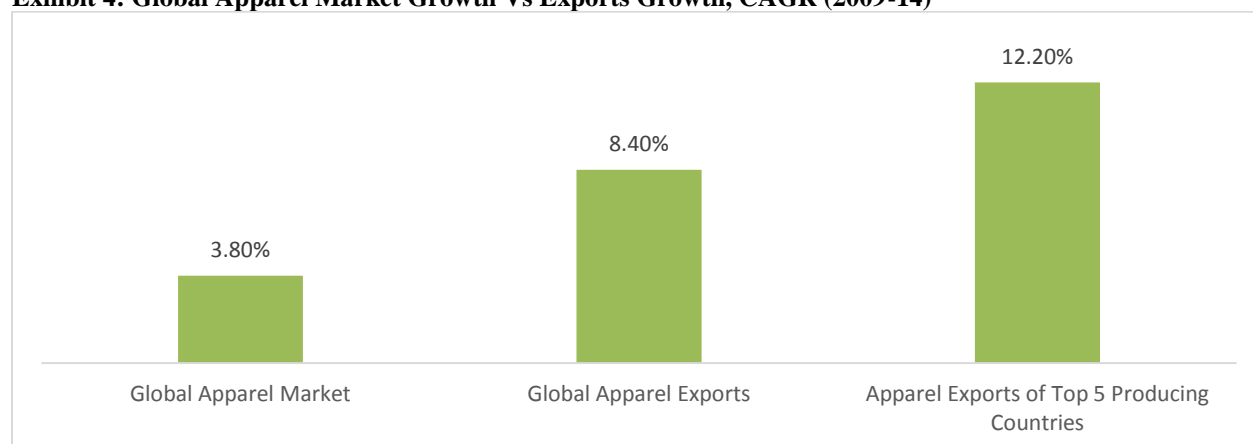
Bangladesh and Vietnam lack integrated value chains and depend on imports for raw material and intermediary products, especially for cotton based apparel manufacturing which is predominantly used in infant and toddler apparel. Bangladesh also faces sporadic issues of social unrest, violation of safe working norms which are expected to affect its future growth in apparel exports. Most of the global brands as a part of their global supply chain mission prefer working only with socially compliant partners. Inadequate infrastructure, limited energy supply and over-dependence on basic apparel are additional challenges for growth of apparel exports of Bangladesh.

India has the advantage of an abundant supply of cotton (second largest producer of cotton), Government support for apparel manufacturing and a strong reputation of meeting stringent quality, environmental and social norms of international buyers. India also has expertise in manufacturing of apparel with embroideries, trims, patchworks and appliques which are often used in children'swear, especially in girls'wear. India has the capability to meet design and product development requirements of western market which makes the country a sourcing destination of choice for buyers and buying offices that prefer to outsource designs from suppliers.

Apparel Market Growth v. Apparel Exports Growth

The growth of apparel exports has been higher than the growth of global apparel market for the period 2009 to 2014. This is because of the shifting of apparel manufacturing from consuming countries to producing countries. Apparel exports of major producing countries like China, Bangladesh, Vietnam, India, Turkey etc., in the last decade, have grown at a faster rate compared to the growth of overall global apparel exports (Exhibit 4). These countries have managed to acquire export orders at the expense of other countries that are no longer attractive for apparel manufacturing.

Exhibit 4: Global Apparel Market Growth Vs Exports Growth, CAGR (2009-14)



Source: Market Line, UN Comtrade, Technopak Analysis

Global Childrenswear Market

Childrenswear market is divided into two categories: infant and toddler wear that caters to the age group of 0 to 3 years and kids wear for age group of 4 to 14 years. The childrenswear market includes market for infant and toddler clothing, boys formal and casual wear, boys activewear, boys' essentials, boys' outerwear, girls formal and casual wear, girls activewear, girls' essentials, girls' outerwear and children's accessories.

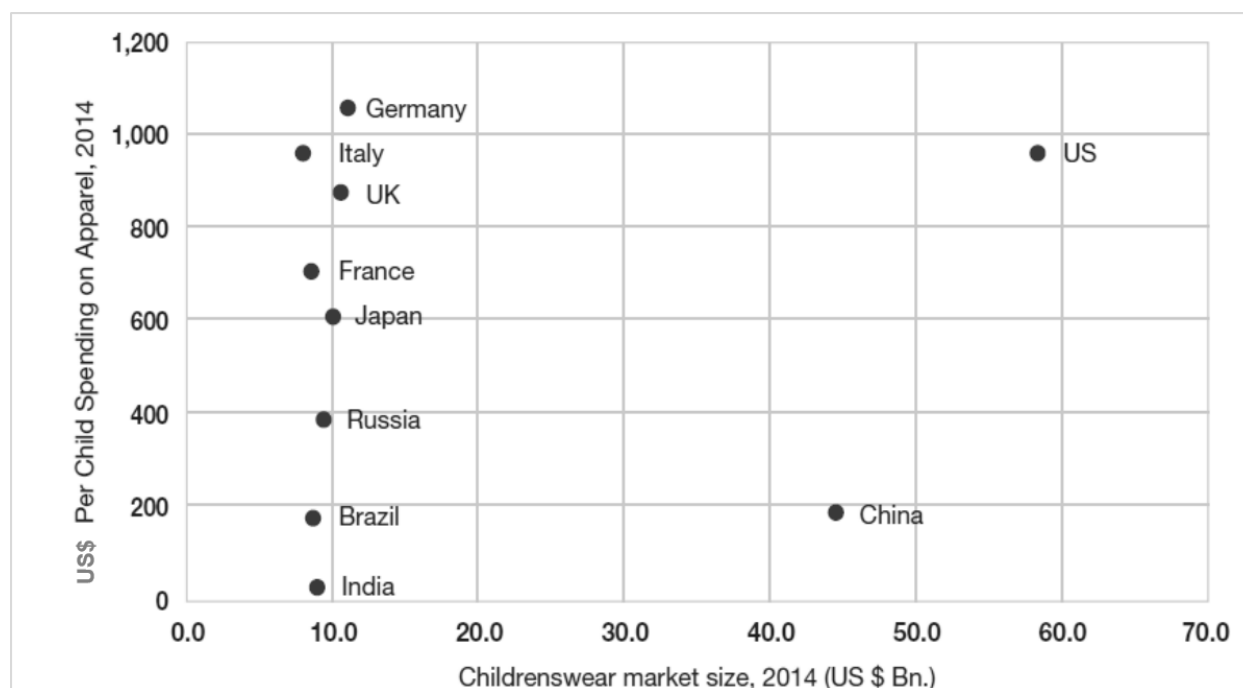
The global infant and childrenswear market is marked by its resilience to pressures on economic conditions and disposable incomes. Generally, parents across the globe tend to cut down their own discretionary spending rather than cutting down spending on children's clothing. While adults can delay purchase of new apparel, children quickly outgrow clothes making purchase of new apparel an absolute necessity.

Market Size and Future Outlook

The global childrenswear market was of US\$ 228 billion in 2014 out of which around 20% contribution came from infant and toddler apparel (0 to 3 years) and 80% from other children's apparel (4 to 14 years). While the market has grown at a CAGR of 4.8% between 2009 and 2014, owing to improving global economic outlook the growth rate is expected to increase to a CAGR of 5.6% between 2014 and 2019 to reach a value of US\$ 300 billion in 2019. Increasing brand awareness for childrenswear products, growing desire to pay a premium for better quality with higher safety elements etc. are acting as the key growth drivers for the childrenswear market in developed countries. In the emerging economies, increasing penetration of brands in childrenswear categories and rising willingness of parents to spend on children are contributing to the growth of childrenswear market. Additionally, rising media exposure, increasing disposable income of the parents, rising peer pressure, growing fashion and brand consciousness among children are also driving the growth of childrenswear market.

The United States is the largest market for childrenswear with a market size of US\$ 58.3 billion followed by China (US\$ 44.4 billion) (Exhibit 5). European countries like Germany, U.K., France, and Italy are the leading countries in per child spending on apparel. The growth of childrenswear market in developing countries like China, India, Russia, Brazil etc. has been higher with CAGR in the range of 8% to 12%, between 2009 and 2014 owing to their low base. Exhibit 5 shows the market size of childrenswear in different countries and the CAGR that those respective markets have been growing by

Exhibit 5: Childrenswear Market Size of Different Countries



Source: Market Line, Technopak Analysis

Key Considerations of Childrenswear Market

Safety requirements are stringent for childrenswear: Governments across the developed countries have enacted many laws to ensure minimum safety standards of childrenswear. The safety requirements of childrenswear products are more stringent compared to that of general apparel. The key regulatory considerations for childrenswear in these markets include regulations related to flammability of children's sleepwear, use of sharp edges and small parts and possible choking hazards, presence of cords and drawstrings in neck area, product labelling, use of chemicals in apparel and accessories etc. In addition to the above mentioned regulations, infant and toddler wear is subject to color fastness to saliva test as there is a scope of color moving out of the apparel when it comes in contact with saliva.

Within childrenswear, norms are more stringent for infant and toddler wear: The norms for chemical testing of childrenswear are also more stringent compared to general apparel and within childrenswear the testing norms are most stringent for infant and toddler apparel. For example, for most of the brands the acceptable formaldehyde limit is 20 mg/kg for 0 to 3 years and 75 mg/kg for 4 to 14 years (Source: *Quality manual of leading retailers*). Most of the brands and retailers have zero tolerance for standards for both chemical and physical safety of apparel intended for children of 0 to 3 years of age. The following table (Exhibit 6) summarizes the key safety requirements of childrenswear, their applicability and potential hazard associated with them.

Exhibit 6: Key Safety Requirements of Childrenswear

| Safety Concern | Application /Age | Potential Hazard |
|---------------------------|--------------------------------------------------------------------------|--------------------------------------|
| Cords and Drawstrings | Garments intended for children between 0 to 14 years | Strangulation and entrapment |
| Flammability of Nightwear | 0 to 14 years, but the requirements are more stringent for 0 to 6 months | Burning injuries, death due to burns |
| Non-Separable Small Parts | Children between 0 to 3 years | Injuries from detached objects |
| Separable Small Parts | Children between 0 to 3 years | Choking hazards |
| Sharp Points | Children between 0 to 3 years | Injuries from sharp objects |

Source: Safety Standards and Regulations of the United States and EU, Industry Sources, Technopak Analysis

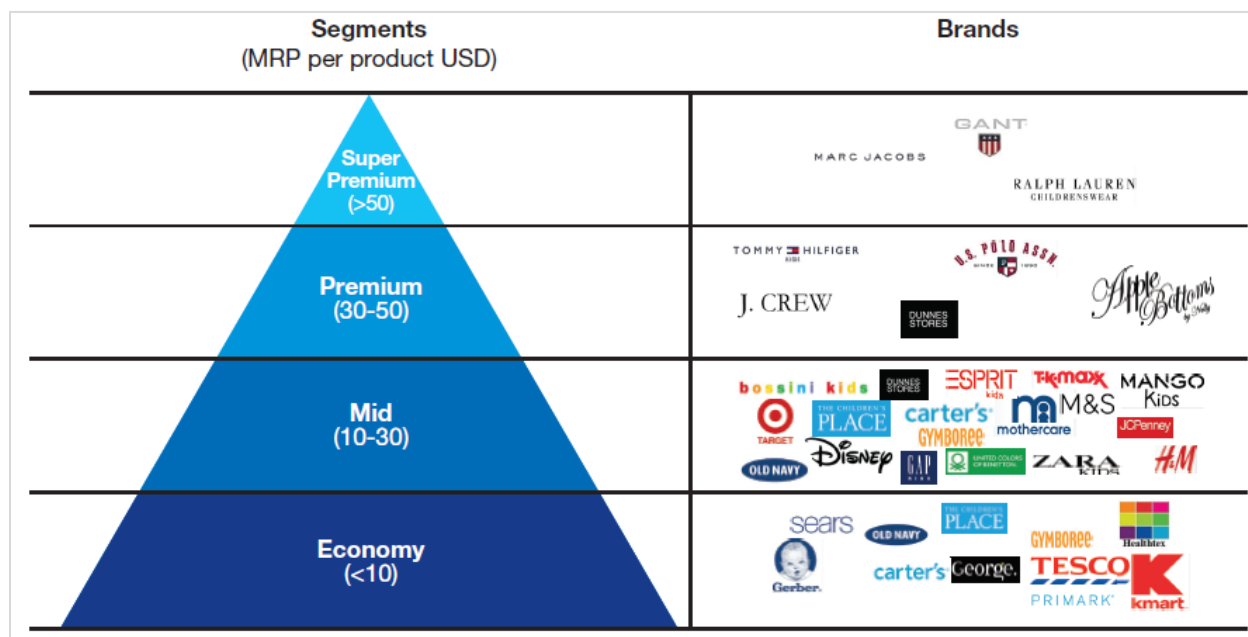
In addition to regulatory standards, Europe also follows voluntary standards: Europe is considered as the market with the most stringent quality requirements. In addition to the mandatory legal requirements, apparel industry in Europe also has many voluntary standards. The key voluntary standards include: Global Organic Textiles Standard (GOTS) for organic textiles, the Business Social Compliance Initiative (BSCI) to monitor social performance of vendors, Oeko-Tex standards to monitor adverse effects of textiles on environment and humans etc.

Key Retailers and Brands in Childrenswear Market

The global childrenswear market is a competitive market with the presence of a large number of international and local brands, private labels etc.

The key global retailers and brands in childrenswear market include Carter's, Dunnes Stores, Disney, Gap Kids, George (ASDA), Gerber, Gymboree Corporation, JC Penney, Justice, Kmart, Kohl's Corporation, Macy's, Mothercare, Sears Holding, Target Corporation, TESCO, The Children's Place, Primark, Wal-Mart, and Zara Kids etc. Additionally, there are numerous local manufacturers, importers, distributors, retailers in the global childrenswear market. Online retailers also offer childrenswear brands and private labels. Price segment-wise positioning of the key global brands and retailers is provided in Exhibit 7 while Exhibit 8 provides numbers for countries having presence of select brands and retailers.

Exhibit 7: Price Positioning of International Brands and Retailers (Infants and Kids)



Source: Company websites, Technopak Analysis

Exhibit 8: Country Presence of Select Brands and Retailers

| Brand/Retailer | Head Office | No. of Countries Present, 2014 |
|---------------------------|-------------|--------------------------------|
| Carter's | U.S. | 100 |
| Gap Inc. | U.S. | 90 |
| Mothercare Plc. | U.K. | 60 |
| Marks & Spencer | U.K. | 59 |
| Inditex | Spain | 50 |
| The Walt Disney Co. | U.S. | 40 |
| TESCO | U.K. | 14 |
| Primark | Ireland | 9 |
| Gymboree Corporation | U.S. | 4 |
| Children's Place (T.C.P.) | U.S. | Not applicable |

**Broad estimates based on industry inputs; Source: Technopak Advisors*

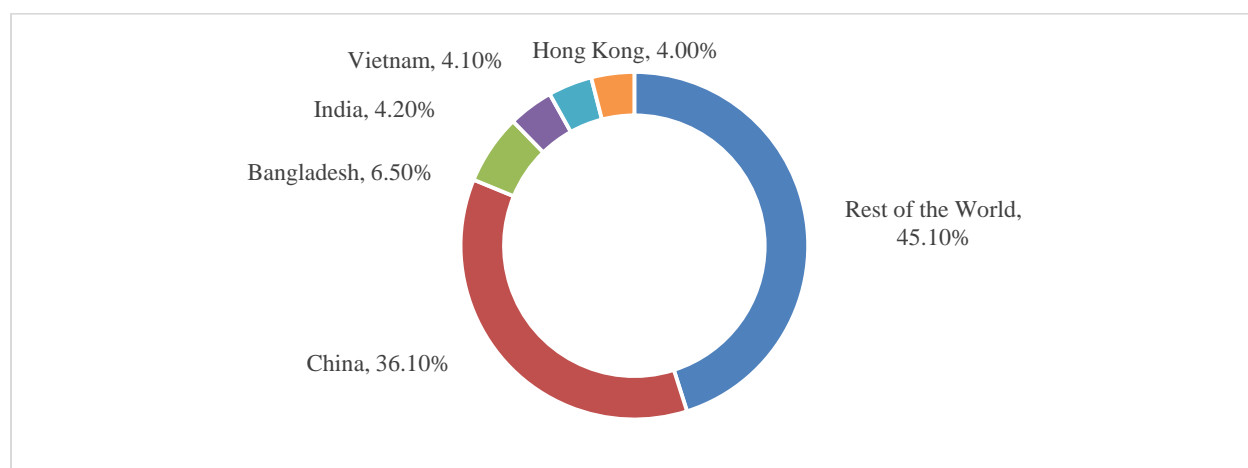
Global Imports of Childrenswear

The estimated value of global childrenswear imports have increased at a CAGR of 6% from US\$ 58 billion in 2009 to US\$ 78 billion in 2014 (*Source: UN Comtrade, Technopak Analysis*). It is expected that the imports will grow at a CAGR of 7% to reach a value of US\$ 110 billion in 2019. Growing childrenswear market in major importing countries owing to improving economic outlook and continuing shift of childrenswear manufacturing to countries with low manufacturing cost will contribute to the increase in growth rate from 6% to 7%. In 2014, global childrenswear market was 16.9% of the global apparel market while global imports of childrenswear apparel was 16.6% of global apparel imports. Global apparel imports value was 34.9% of global apparel market in 2014 and global childrenswear imports was 34.2% of global childrenswear market.

Key Sourcing Destinations

India is among key sourcing destinations of childrenswear: China remains the leading exporter of childrenswear with a global share of 36.1% followed by Bangladesh at 6.5% and India at 4.2% (*Source: Otexa, Euratex, UN Comtrade, Technopak Analysis*) (Exhibit 9). Vietnam, Italy, Hong Kong, Turkey, Indonesia are among the other key sourcing destinations of childrenswear. Knits childrenswear exports of China and India have increased at a CAGR of 6% and 7% respectively, between 2009 and 2014. However, Bangladesh and Vietnam have managed to demonstrate CAGR of 10% and 9% in the same period. On the other hand, among other major exporters Turkey, Indonesia, Sri Lanka and Thailand have witnessed negative growth rates in exports of knits childrenswear from 2009 to 2014.

Exhibit 9: Exports Share of Key Sourcing Destinations of Childrenswear, 2014 (Value)



Source: Otexa, Euratex, UN Comtrade, Technopak Analysis

India has distinct advantages in childrenswear exports: Cotton is the most used fibre in childrenswear, especially, infant and toddler wear. India is the second largest producer of cotton after China and India's cotton spinning, weaving and knitting sub-sector add to the strength of the country as a manufacturer and exporter of childrenswear. At a time when major brands and retailers are exploring sourcing destinations beyond China, India emerges as an obvious choice for sourcing cotton based childrenswear. India's strength goes well beyond its cotton base to its ability to produce organic cotton, meet organic cotton processing standards, adhering to stringent quality, social compliance and environmental compliance norms. As discussed earlier, India also has an advantage in manufacturing of childrenswear with design elements like hand embroideries, patchworks and appliques. These elements are often used in girls' wear. Consequently, India commands a premium in unit value realization in exports market which is reflected in per unit cost of infant and toddler apparel exported by India compared to other countries.

Sourcing Trends

International brands and retailers are redefining sourcing norms: The international brands and retailers are increasingly focusing on brand building, marketing and merchandising, while outsourcing product development, designing and actual production activities to their manufacturers. However, these brands and retailers have robust quality control measures and social compliance programs to ensure sourcing of socially compliant quality products.

The bigger brands and retailers have been shifting from imports through agents and importers to own managed sourcing offices in China, Hong Kong, Singapore, India, Bangladesh and other Asian countries. The brands and retailers are also increasingly consolidating their sourcing base to limited number of countries and specific manufacturers within those countries. This helps them to work more closely with a limited number of suppliers to improve efficiency and effectiveness. Hence, the countries and the manufacturers who are already working with international brands and retailers are expected to benefit owing to consolidation of sourcing.

Access to cotton base is a critical factor for infant and toddler apparel: Though countries that have the ability to produce childrenswear at a competitive cost have an edge in attracting exports orders, for many childrenswear products, especially for infant and toddler apparel, countries that have access to cotton fibre and that can meet safety and compliance norms perform better. The share of cotton based products in infant and toddler apparel has remained around 80% over the last decade. Due to better moisture absorption and higher comfort characteristics, it is expected that the share of cotton in global imports of infant and toddler apparel will remain high. China and India have the advantage of being the largest cotton producers of the globe. Bangladesh and Vietnam import cotton yarn and fabric for its apparel exports which increases lead time of these countries.

Stringent safety standards coupled with design and manufacturing complexity makes childrenswear manufacturing a specialised business: In addition to the stringent quality and regulatory norms of developed markets, higher degree of fashion elements, smaller batch sizes, wider product range, especially in Europe, makes childrenswear manufacturing a highly specialised business that requires additional investments in setting-up quality laboratories with advanced testing methods, special metal-free compartments within manufacturing units and extra investment in training to ensure comprehensive understanding of test procedures and regulatory aspects. Childrenswear manufacturers also ensure that their fabric, chemical and accessories (buttons, zippers etc.) suppliers adhere to the stringent norms.

Outsourcing norms of childrenswear expected to remain stringent: Outsourcing norms of key international brands are expected to remain stringent in the coming years. In addition to price, manufacturers of childrenswear categories have to comply with both regulatory and non-regulatory norms for boosting their exports. Brands and retailers are increasingly considering factors beyond price and quality in their sourcing criteria, consequently, factors like service levels and compliance with social norms etc. have gained importance. Vigilant non-government organizations in developed markets are continuously forcing them to focus on sustainable, ethical and eco-friendly manufacturing and business practices.

Brands and retailers prefer working with manufacturers with proven track record: Owing to the special considerations associated with childrenswear, brands and retailers increasingly prefer to source from manufacturers who have proven track record of consistent quality and safety along with the ability to meet ethical and ecological considerations. Consequently, manufacturers who have robust in-house quality control norms, in-house quality audit systems and testing facilities are emerging as preferred sourcing partners of these brands and retailers.

In-house product development and design studios is providing a competitive edge to manufacturers: As a global trend, the traditional product-driven supply chain of childrenswear industry has transformed into a market-driven one. Consequently, the best-in-class childrenswear manufacturers are increasingly emphasising on catering to the market need through in-house design and product development. Manufacturers who have in-house product development and design studio have the potential to partner with their customers in the very early stage of product development to harness this opportunity and to strengthen their reputation as a reliable long-term supplier who could partner with its customers.

Brands and retailers prefer manufacturers with flexible manufacturing set-up and automated systems like ERP: The childrenswear brands and retailers, especially those catering to the Europe market, prefer manufacturers who have

efficient and flexible manufacturing set-up with the ability to manage shorter batch sizes, high number of styles in a cost effective way. Thus, manufacturers who have lean manufacturing set-ups, adaptive manufacturing approach through multi-location manufacturing, right inventory management techniques and automated systems of manufacturing, like ERP systems, have distinct advantage in supplying to such brands and retailers.

New manufacturers to face high barriers to entry in childrenswear exports market: The barriers to entry in childrenswear manufacturing for exports markets are comparatively higher than general apparel owing to the following reasons:

- Stringent quality requirements and high compliance norms that require additional investments in quality control systems and training of resources.
- High design complexity and shorter batch size requires time and experience to optimize process parameters to gain cost competitiveness in international markets.
- Running of in-house product development and design systems requires experience in handling childrenswear products and knowledge of childrenswear market trends in western markets.
- Increasing preference of brands and retailers to work with companies with proven track record makes it difficult for new entrants to acquire customers in exports market.

Advantages of India as a Children's Apparel Supplier

India has several advantages in producing and exporting childrenswear products. Some of the key strengths that provide India a competitive edge on the global platform are:

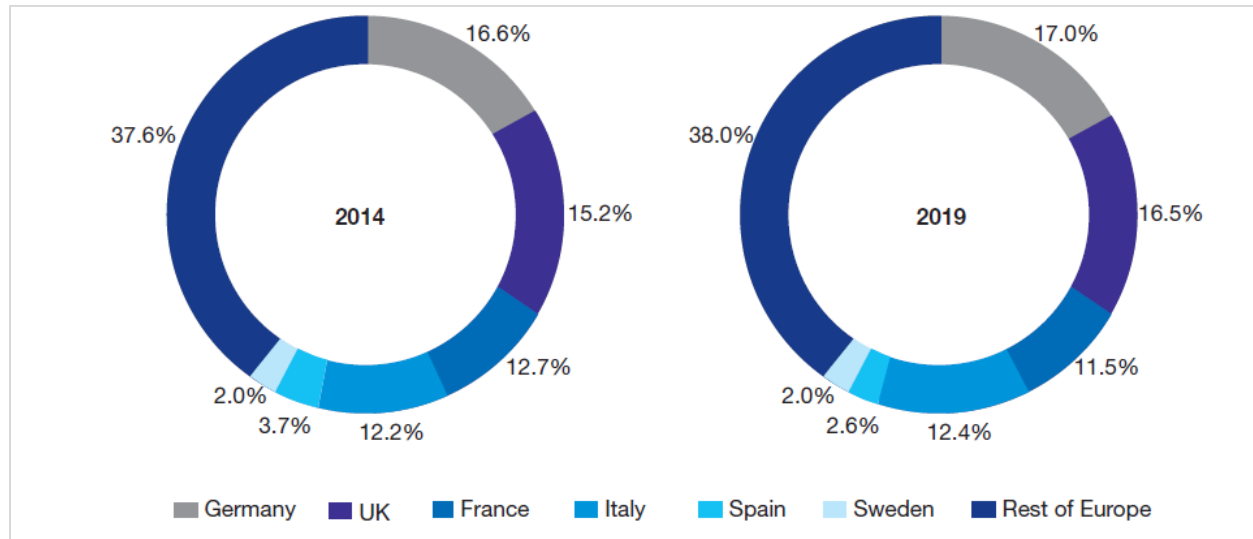
- Presence of integrated cotton value chain in India as cotton is the preferred raw material in childrenswear, especially in infant and toddler apparel. India is the second largest producer of cotton after China.
- Access to skilled man power (for manufacturing of apparel with high fashion elements and other complexities) at competitive wage rates compared to other major cotton producing countries like China, Turkey etc.
- Availability of entrepreneurial and managerial talent in the country who have managed to set-up world class factories to attract leading importers, brands and retailers of the world.
- Ability to execute orders that require high degree of product safety compliance and strict quality control measure, many other low cost apparel producing countries fail in adhering to norms in this aspect.
- Favorable Government policies for apparel exports including duty draw back facility, interest subvention option, support for technology upgradation and skill development etc.
- Increasing Government focus on converting raw material and intermediate goods to apparel to gain higher exports value realization.
- India has the advantage of being a sourcing location for design based, value added fashion range. Product development and design capabilities are expected to drive apparel manufacturing and exports from India.
- Technology adoption of Indian manufacturers is higher compared to other low cost manufacturing countries. This provides an advantage in manufacturing of apparels that involve intricate design elements and require higher precision levels.
- Trust of international importers, buyers and retailers on Indian manufacturers when it comes to adhering to lead times and terms of trade.

European Childrenswear Market

European Childrenswear Market Size

The childrenswear market of Europe stood at US\$ 66.4 billion in 2014, demonstrating a CAGR of 1.4% from 2009 to 2014 (*Source: Market Line*). It is expected that Europe's market will grow at a CAGR of 2.1% for the five-year period between 2014 to 2019. Within Europe, Germany is the single largest market for childrenswear followed by U.K., France, Italy, Spain and Sweden. Owing to better economic outlook and higher birth rates, the share of Germany and the U.K. in Europe's childrenswear market is expected to increase further (Exhibit 10).

Exhibit 10: Country-wise Split of European Childrenswear Market



Source: Market Line, Technopak Analysis

Key Retailers and Brands in European Childrenswear Market

European childrenswear market is catered by both European and international brands: The European childrenswear market is marked by the presence of both European and international brands and retailers. ASDA, Carter's, Disney, Dunnes Stores, Gap Kids, Gerber, Gymboree Corporation, JC Penney, Justice, Kmart, Kohl's Corporation, Macy's, Mothercare, Primark, Sears Holding, Target Corporation, TESCO, The Children's Place Wal-Mart, Zara Kids etc. that compete in the global market also compete in the European market.

ASDA, Primark, TESCO etc. have emerged as market leaders in the U.K. childrenswear market: Owing to their ability to offer a wide product portfolio at a reasonable price, players like ASDA, Primark, and TESCO etc. have emerged as the leading players in the U.K. childrenswear market. These retailers have the ability to withstand future economic downturn as their product offering is primarily for mid and economy price segments and consumers generally trade down to these segments in times of economic downturn. Manufacturers supplying to these retailers are expected to be least affected by economic pressures.

Growth Forecast and Demand Drivers

The childrenswear market of Europe is expected to grow at a CAGR of 2.1% for the next five years. Within Europe, the corresponding number for the U.K. is 3.5% as it has witnessed improvements in birth rates in the recent years. Increasing quality consciousness is driving the growth of the market. Parents are willing to pay a premium for the products that convince them of the safety and quality aspects. In Europe social factors like couples postponing their parenthood to a later stage until they have higher income level, a glut of grandparents with high disposable income, increasing number of style conscious parents and children etc. are acting as propellants for the growth of childrenswear market. In addition to these factors, smart product portfolio, merchandise management, visual

merchandising and advertisements of brands and retailers have helped them to compel parents to spend more on childrenswear contributing to the growth of the market.

India's Apparel Exports Performance

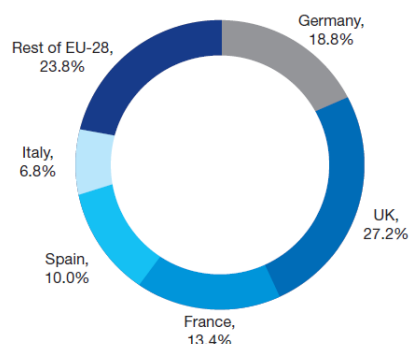
In 2014, India exported apparel worth US\$ 16.5 billion. India's total apparel exports value increased by a CAGR of 7.9% between 2009 and 2014 (*Source: UN Comtrade, Technopak Analysis*). During this period India's exports of woven apparel grew at a faster CAGR 8.1% compared to knit apparel which grew at 7.6%. However, in the global market, demand for knit apparel has been increasing at a higher rate, especially in categories like T-shirts, dresses etc. Hence, knit apparel exports is a potential growth opportunity for India. The EU-28 is the biggest importer of Indian apparel with a share of 41.1% followed by the United States which has a share of 21.7% (*Source: ITC, UN Comtrade*) (Exhibit 11). Within the EU-28, U.K., Germany, France and Spain are the major export destinations (*Source: UN Comtrade, ITC*) (Exhibit 12).

Exhibit 11: Top Apparel Export Destinations of India

| Region/Country | Import Value (US\$ million) | Import Value (%) | | CAGR (%) |
|----------------------|-----------------------------|------------------|-------|-------------|
| | 2014 | 2009 | 2014 | (2009-2014) |
| EU-28 | 6,789.1 | 50.7% | 41.1% | 3.4% |
| United States | 3,586.1 | 23.8% | 21.7% | 5.9% |
| United Arab Emirates | 2,329.6 | 8.6% | 14.1% | 19.0% |
| Saudi Arabia | 293.8 | 2.3% | 1.8% | 2.4% |
| Belgium | 291.3 | 1.8% | 1.8% | 6.9% |

Source: ITC, UN Comtrade, Technopak Analysis

Exhibit 12: Country-wise Split of India's Apparel Exports to EU-28, 2014



Source: Technopak Report

Competing Countries

Apparel production has moved away from the developed countries to developing countries, especially to developing countries of Asia. Consequently, along with China, South Asian and South-East Asian countries have emerged as key competitors to India in apparel exports. Turkey, due to its close proximity to Europe retains its competitiveness in exports for high-end apparel that have high inventory carrying cost. China, undoubtedly, has emerged as the top player in apparel production and exports and has the largest share in the global exports. However, with increasing shift of production to low wage countries and increasing labor and energy cost of China, it is expected that manufacturing will shift towards other Asian countries including India. In addition to China, Bangladesh, Vietnam, Indonesia, Pakistan, Turkey are key competing countries of India in apparel exports. Exhibit 13 summarises key strengths, weaknesses, opportunities and threats associated with Indian and some select competing countries.

Exhibit 13: SWOT Analysis of India and Select Competing Countries for Apparel Exports

| Country | Strengths | Weaknesses | Opportunities | Threats |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| China | <ul style="list-style-type: none"> → Access to raw material → Ability to execute large orders → Integrated supply chain → Availability of skilled labor | <ul style="list-style-type: none"> → Rising labor and power cost → Dependency on imports for raw material | <ul style="list-style-type: none"> → Low wage in central and west China → Proximity to trading hubs like Hong Kong and Singapore | <ul style="list-style-type: none"> → Competition from other Asian countries → Shifting focus to growing domestic market |
| India | <ul style="list-style-type: none"> → Access to cotton → Availability of skilled labor → Integrated supply chain → Ability to meet compliance norms → Design and product development capabilities → Long term relationship with brands and retailers | <ul style="list-style-type: none"> → Poor infrastructure → Lack of polyester value chain → Quality of power supply | <ul style="list-style-type: none"> → FTAs with key markets including EU-28 → Converting more of fibre, yarn and fabric to apparel within the country | <ul style="list-style-type: none"> → Shifting of production to Africa → FTAs of key markets with other countries |
| Bangladesh | <ul style="list-style-type: none"> → Low wage → Conducive government policies → Duty-free access to Europe market | <ul style="list-style-type: none"> → Lack of vertical integration → Poor infrastructure → History of failure in meeting compliance norms | <ul style="list-style-type: none"> → More support from government as the sector plays central role → More favorable import duty from developed markets | <ul style="list-style-type: none"> → Social unrest and poor industrial relations |
| Pakistan | <ul style="list-style-type: none"> → Access to cotton → Low wage → Government support → Considered as a denim and home textiles producer | <ul style="list-style-type: none"> → Political instability → History of failure in meeting compliance norms → Poor power supply | <ul style="list-style-type: none"> → GSP status with EU-28 → Huge pool of labor | <ul style="list-style-type: none"> → Threat of terrorism and policy reversal → Social and political unrest |
| Indonesia | <ul style="list-style-type: none"> → Government support → Economic partnership with Japan | <ul style="list-style-type: none"> → Rising labor cost → Lack of cotton production → Poor infrastructure | <ul style="list-style-type: none"> → More conducive government policies → Incentives to FDI | <ul style="list-style-type: none"> → Losing cost competitiveness → Vulnerability to natural disasters |
| Vietnam | <ul style="list-style-type: none"> → Stable social, economic and political conditions → Young workforce | <ul style="list-style-type: none"> → Lack of access to raw material → Rising power cost → High lead time | <ul style="list-style-type: none"> → FTAs including TPP → Scope of specialization and modernization | <ul style="list-style-type: none"> → Import dependency → High lead time for western markets |
| Turkey | <ul style="list-style-type: none"> → Proximity to Europe → Ability to produce high value high fashion apparel | <ul style="list-style-type: none"> → High labor cost → Poor cost competitiveness in commodity apparel | <ul style="list-style-type: none"> → Government support → Product development and innovation | <ul style="list-style-type: none"> → Other Asian, South American and African countries |

Source: Technopak Analysis

Comparative Analysis of Competing Countries

An overview of different products exported from the major apparel exporting countries reveals that China and Turkey focus more on finished products including apparel and made-ups. China, despite being the largest producer of textile fibres has only 8.8% share in total fibre exports which is less than India's share of 10% (Source: UN Comtrade) (Exhibit 14). Bangladesh, Vietnam and Sri Lanka also focus primarily in apparel exports and their contribution to textiles exports is comparatively low. Bangladesh, Vietnam and Sri Lanka lack backward integration but they manage to leverage their advantage in low wage labor in manufacturing of basic apparel products.

Exhibit 14: Share of Selected Countries in Global Exports across T&A Value Chain (2014)

| Country | Apparel | Fabric | Yarn | Fibre | Made Ups and Others |
|------------|---------|--------|-------|-------|---------------------|
| China | 36.8% | 41.9% | 21.5% | 8.8% | 33.4% |
| India | 3.5% | 3.4% | 11.6% | 10.0% | 6.3% |
| Bangladesh | 6.0% | 0.1% | 0.8% | 0.3% | 0.9% |
| Pakistan | 0.9% | 2.1% | 3.7% | 0.7% | 3.7% |

| Country | Apparel | Fabric | Yarn | Fibre | Made Ups and Others |
|-----------|---------|--------|------|-------|---------------------|
| Indonesia | 1.6% | 1.1% | 4.6% | 1.5% | 0.6% |
| Turkey | 3.5% | 3.6% | 3.5% | 0.8% | 4.7% |
| Vietnam | 4.5% | 0.7% | 4.6% | 0.6% | 1.2% |

Source: UN Comtrade, Technopak Analysis

Though most of the international buyers, brands and retailers have been sourcing large volumes of their apparel from China, increasing labor cost in China has forced them to explore sourcing destinations beyond China. This has started creating opportunities for other Asian apparel exporting countries like India, Turkey, Pakistan, Bangladesh, Vietnam etc. India is well positioned to tap this opportunity owing to its established reputation as a sourcing country to all the major international players of repute. Conversion of textiles into apparel within India will increase exports value of the country as value added products fetch a higher exports value realization. India is among the top sourcing destinations of cotton based apparel manufacturing. A composite ranking of selected countries in cotton based apparel manufacturing is provided in Exhibit 15:

Exhibit 15: Composite Ranking of Selected Countries in Cotton Based Apparel Manufacturing

| Parameters | China | Bangladesh | India | Pakistan | Vietnam | Sri Lanka | Turkey |
|---------------------------|-------|------------|-------|----------|---------|-----------|--------|
| Composite Ranking | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Raw Material | | | | | | | |
| Labor Cost | | | | | | | |
| Labor Skills | | | | | | | |
| Manufacturing Skills | | | | | | | |
| Infrastructure | | | | | | | |
| Service Levels | | | | | | | |
| Technology | | | | | | | |
| Government Policy Support | | | | | | | |
| Integrated Value Chain | | | | | | | |

Source: Technopak Analysis

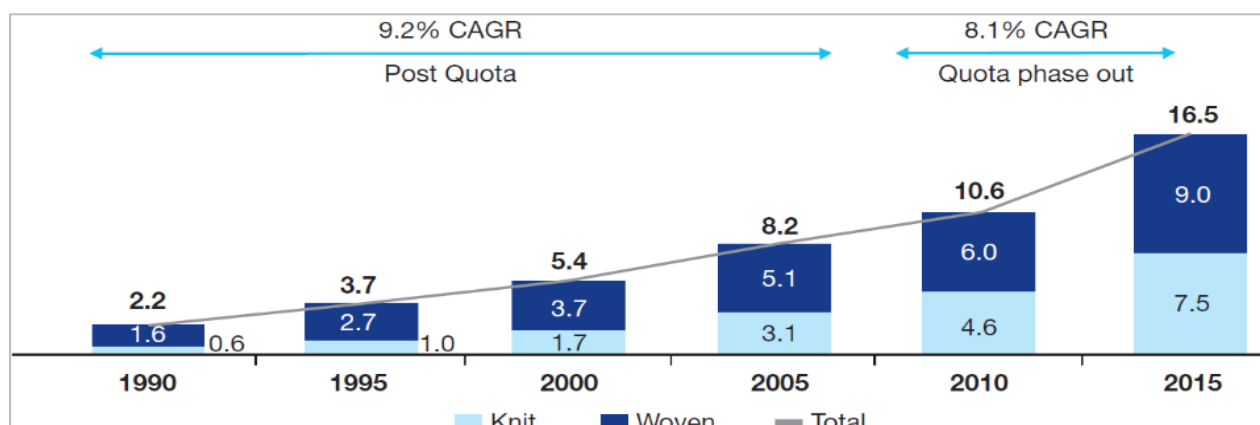
Weakness Strength

Growth Potential of India

India remains a preferable apparel sourcing destination owing to its strengths of having an abundant supply of raw material, vertically integrated supply chain, expertise in value added apparel manufacturing, availability of skilled manpower and well-established relationship with key global buyers.

Historical Trend of India's Apparel Exports: India's apparel exports have increased at a CAGR of 9.2% between 1990 and 2005 and at 8.1% from 2005 to 2014 (Source: UN Comtrade) (Exhibit 16). India has traditionally been exporting more of textiles (fibre, yarn, fabric) than apparel. However, India's focus has shifted to more value addition within the country and exports of finished products rather than exporting raw material and intermediate products.

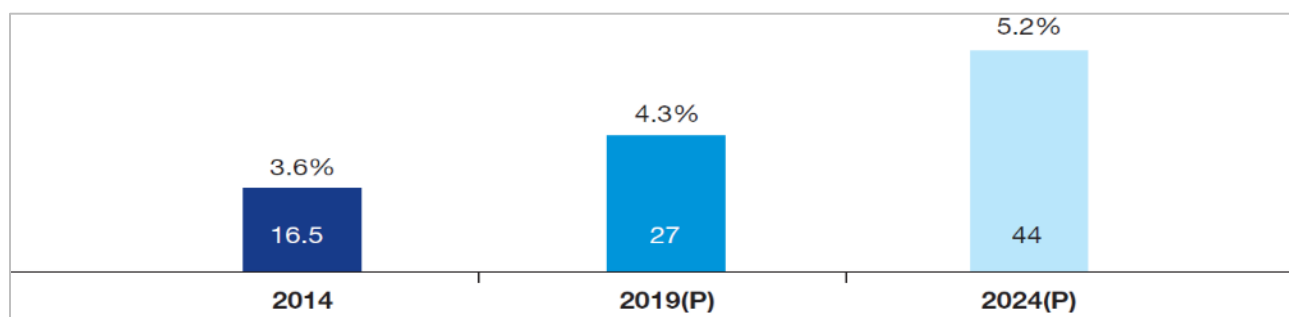
Exhibit 16: Historical Trend of Apparel Exports of India (US\$ billion)



Source: UN Comtrade, Technopak Analysis

Projected Apparel Exports: India's apparel exports are expected to grow at a CAGR of 10% to reach US\$ 44 billion by 2024 (Exhibit 17) due to increasing focus on apparel manufacturing in the country. This will increase India's share in global apparel exports from 3.6% in 2014 to 5.2% in 2024.

Exhibit 17: Projected Trend of Apparel Exports of India (US\$ billion)



Source: Technopak Analysis. Factors considered for forecast: historical growth of India's exports segment-wise, shift in share of India in global exports, Government's thrust areas, trends in exports, economic growth of key markets

Key Growth Drivers for India: The following factors will act as growth drivers for India's apparel exports: (i) increasing manufacturing cost of China that forces brands and retailers to look beyond China; (ii) presence of local sourcing offices of global brands/retailers in India; (iii) ability of India to adhere to compliance norms in comparison to other low-cost countries like Bangladesh, Pakistan etc.; (iv) presence of design driven manufacturers who have offices (or small design team) in Europe and/or the United States that provide such manufacturers better visibility, strong understanding of buyers image and look and help to create client specific design collection/samples and reduce time of sample development and final selection; (v) increasing government focus on converting raw material and intermediate products within India and to export final products which provide higher value realization; and (vi) integrated cotton supply chain.

Government Incentives

The Government of India provides several production and exports related incentives to promote apparel manufacturing and exports of India. The key incentives are discussed below.

Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS): RR-TUFS scheme supports modernization and upgradation of the industry. Under RR-TUFS, the Government provides 5% interest

reimbursement and 10% capital subsidy on specified machinery for apparel units and fabric processing and 5% for knitting and fabric embroidery.

Schemes for Integrated Textiles Parks (SITP): SITP scheme aims to provide the industry world class infrastructure facilities for setting-up their textiles and apparel production units. Under this scheme, the Government of India supports by the way of grant or equity limited to 40% of the project cost subject to a ceiling of ₹40 crore to cover cost of common infrastructure and buildings for production/support activities.

Schemes for Incubation in Apparel Manufacturing (SIAM): The objective of SIAM scheme is to promote new entrepreneurs in apparel production by providing them with an integrated workspace with complete eco-system including ready-to-use play and plug factory building comprising of operations area, packing, office, store, workers' amenities etc.

Schemes for Textile Industry Worker's Accommodation: The Scheme for Textiles Industry Worker's Accommodation aims to provide safe, adequate and conveniently located accommodation for textiles and apparel industry workers in the proximity of high concentration of textiles and apparel industries.

Integrated Skill Development Scheme (ISDS): ISDS aims to address the need for trained manpower for textile and apparel industry through development of a cohesive and integrated framework of training that increases employability of residents and caters to the wide range of skill sets required for the industry. Under this scheme, the Government provides assistance to the extent of 75% of the total cost of the project.

Merchandise Exports from India Scheme (MEIS): MEIS has replaced five different schemes of earlier FTP (Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri. Infrastructure Incentive Scrip and Vishesh Krishi and Gram Udyog Yojana (VKGUY)) for rewarding merchandise exports which had varying conditions (sector specific or actual user only) attached to their use. Rewards for export of notified goods to notified markets under MEIS are payable as percentage of realized FOB value (in free foreign exchange). For most of the apparel products being exported to the United States, Europe, Japan and some other traditional markets the reward rate is 2% of the FOB value.

Interest Subvention Scheme under FTP: Interest Subvention Scheme provides apparel exporters, a better access to subsidised credit, with the government set to reintroduce the interest subvention scheme for the labor-intensive sectors in the coming months. The 3% interest subvention scheme for exports lapsed in April last year, but is expected to be reintroduced within a few months. In the union budget for 2015-16, ₹1,650 crore has been allocated for this.

Duty Drawback on Exports: The Government of India provides duty drawback for exports of both woven and knit apparel. The duty draw back rate on apparel ranges from 4% to 10% with a drawback cap of ₹20 to ₹600 per unit depending on the product category when CENVAT facility has not been availed from 1.3% to 4% with a drawback cap of ₹3 to ₹300 when CENVAT facility has been availed.

The growth of the global textiles and apparel trade has also been driven by various trade agreements. Though India has several trade agreements, CEPA and SAFTA have substantial impact on textiles and apparel industry. In order to liberalize its trade, India has been negotiating trade agreements with a number of countries on an ongoing basis.

Unlike other low cost countries like Bangladesh, Vietnam, Pakistan etc.; India doesn't have the advantages associated with Generalized Scheme of Preferences (GSP) that allows developing country exporters to pay less or no duties on their exports to the developed countries. Out of the major markets of the USA, Europe and Japan; India has preferential access only to the Japan market. Any kind of preferential access or FTA with EU-28 and/or USA has the potential to boost India's apparel exports

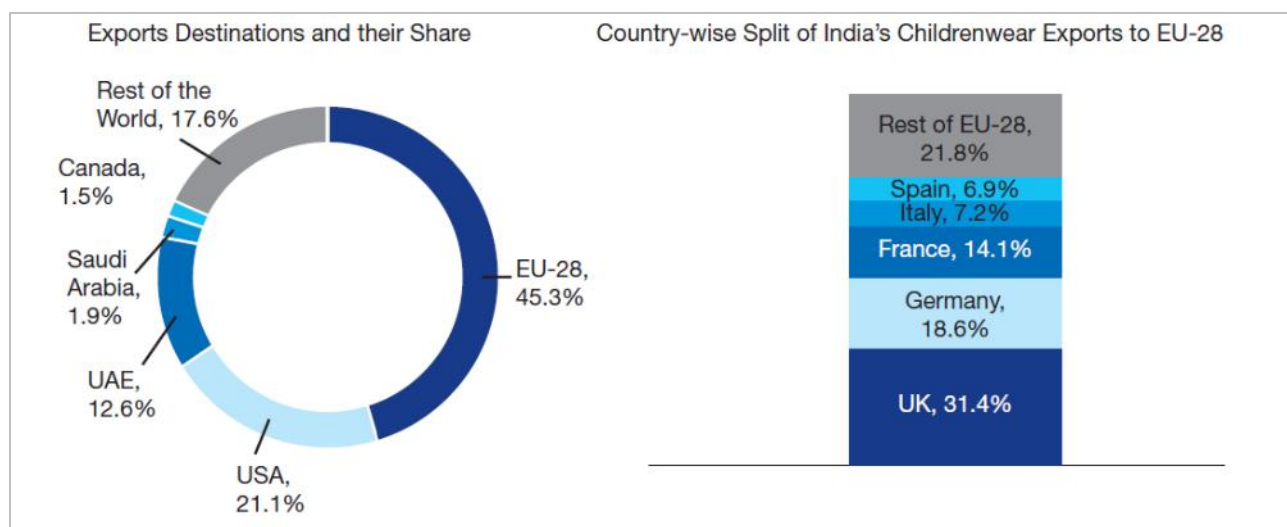
India's Exports of Childrenswear

As discussed earlier, India is among the top sourcing destinations for childrenswear products. Most of the major generic retailers, fashion specialty retailers/brands and childrenswear specific retailers/brands source childrenswear products from India.

India's knit childrenswear exports have grown at an impressive CAGR of 11.2%: India's childrenswear exports have grown at a CAGR of 5% between 2009 and 2014. It is noteworthy that while the growth of woven childrenswear exports of the country have grown only at a CAGR of 1.1%, knits childrenswear exports growth have been at a CAGR of 11.2% between 2009 and 2014. Along with the increasing demand of knits compared to woven, this double digit growth is also attributable to lower base of knits childrenswear exports in 2009 (US\$ 0.9 billion). In 2009 the share of knits to woven in India's childrenswear exports was 37% to 63% in favor of woven, which changed to a ratio of almost 50% to 50% in 2014.

EU-28 and the United States together contribute 66.4% of India's knit childrenswear exports: The share of EU-28 in India's childrenswear exports was 45.3% in 2014 (Exhibit 18). Within EU-28, U.K. is the single largest importer with a share of 31.4% followed by Germany and France with shares of 18.6% and 14.1% respectively. The United States is the single biggest importing country of India's childrenswear with a share of 21.1% followed by the UAE at 12.6% and Saudi Arabia at 1.9%. The UAE is a trading hub that re-exports childrenswear to various countries in the Middle East, Europe, and North Africa etc.

Exhibit 18: Key Export Destinations of India's Childrenswear, 2014 (Value)



Source: Otexa, Euratex, UN Comtrade, Technopak Analysis

Key Players in Childrenswear Exports: Both Indian and international manufacturers compete in the exports market for childrenswear. Some of the key international exporters include Wingloo of China, Gimmel of Singapore, Kitex Garments and S.P. Apparels of India, Urmi Group, Divine Group, Texttown etc. of Bangladesh. Wingloo has a production capacity of 225 million pieces per annum while the production capacity of Gimmel is 195 million pieces per annum (Source: Industry Reports). India based Kitex Garments and S.P. Apparels have production capacity of 165 million pieces and 50 million pieces respectively. Urmi Group of Bangladesh has a production capacity of 22 million pieces per annum and around 15% of the group's exports revenue comes from childrenswear. Divine group has a production capacity of 18 million pieces per annum.

Kitex Garments and S.P. Apparels are leading childrenswear exporters of India: Kitex Garments is the largest childrenswear exporter of India followed by S.P. Apparels. The estimated share of S.P. Apparels in India's knit childrenswear exports for the age group 0 to 8 years was around 8.5% in terms of value. Kitex Garments and S.P. Apparels are also the leading childrenswear manufacturers of India. The other key childrenswear exporters are: Jay Mills, Eastman Exports, SCM Garments, and KPR Mills. Product portfolios, production capacities, key markets and clients of these competitors are provided in Exhibit 19.

Exhibit 19: Competitive Landscape for Childrenswear Exports

| Company Name | Products | Childrenswear Exports Revenue* 2014 | Production Capacity (Million Pieces Per Year) | Exports Markets | Key Brands/ Buyers |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kitex Garments | Infant and Kidswear - Body Suit, Sleepwear, Rompers, Burps, Bibs, Training Pants, | 87 | 165 | U.S., Europe | Kidswear: TCP, Gerber, Babies/Toys R Us, Carter's, Mothercare, Jockey |
| S.P.Apparels Ltd. | Infant and Kidswear- Rompers, T-Shirts, Shorts, Skirts, Frocks | 62 | 50 | Europe | George, TESCO, Crystal Martin, Mother Care, Dunnes Stores, Primark etc. |
| Jay Mills | Infants - Bodysuits, Sleepsuits, Caps, Mittens and Booties, Blankets, Bibs, Hooded Towels, Washcloths, Fitted Sheets for Bassinets, Cradles, Cribs, Cots. Toddlers - T-Shirts, Thermal Nightwear, Long Johns (Pyjama Set) | 52 | 15 (Infant Garments) 3 (Basic T-Shirts) | U.K., U.S., Brazil, France, Sweden | Kappahl Stores - Sweden, Dunnes Store - Ireland, Gerber Childrenswear Inc. - U.S. , Mothercare – U.K. |
| KPR Mills | Menswear, Womenswear and Kidswear across the categories of Casual Wear, Sports Wear, Active Wear, Sleep Wear and Work Wear | 50 | 63 Million Pieces Per Annum. 90, 000 Metres (Yarn) and 27,000 Metres (Fabric) | Europe, U.S. | Around 40 major brands in Europe (Major Market) |
| Eastman Exports | Infant and Kidswear - Rompers, P.J.s, T-Shirts, Shorts, Skirts. Bibs and other Baby Products manufactured according to order | NA | 72 (T-Shirts) 36 (Underwears) | U.S., Europe, Canada, Mexico, Brazil, Hong Kong, Korea, Japan, South Africa, Australia etc. | E.U. - Diesel, Tommy Hilfiger, Guru, Esprit, Fila, Timberland, Mexx Quicksilver, Outrage, Base London, Nike, Calvin Klein, sOliver, Tom Tailor, Vetir. U.S. - Tommy Hilfiger, Carribean Joe, Abercrombie & Fitch, Kappa, Coogi |
| SCM Garments Pvt. Ltd. | Childrenswear - T-Shirts, Babysuits, Frocks, Boy's Shirts | 35 | 2.1 (T-Shirts) 1.6 (Underwear) | U.S., Europe, Canada | Decathlon, TESCO, Carrefour, Lindex, C&A, Hanes Brand, Polo, Ralph Lauren, NEXT, Ciabi, Columbia Sportswear, Bhs, Walmart, Aldi Store, Guess Jeans and Spring Field |

*Only childrenswear revenue, includes both knits and woven

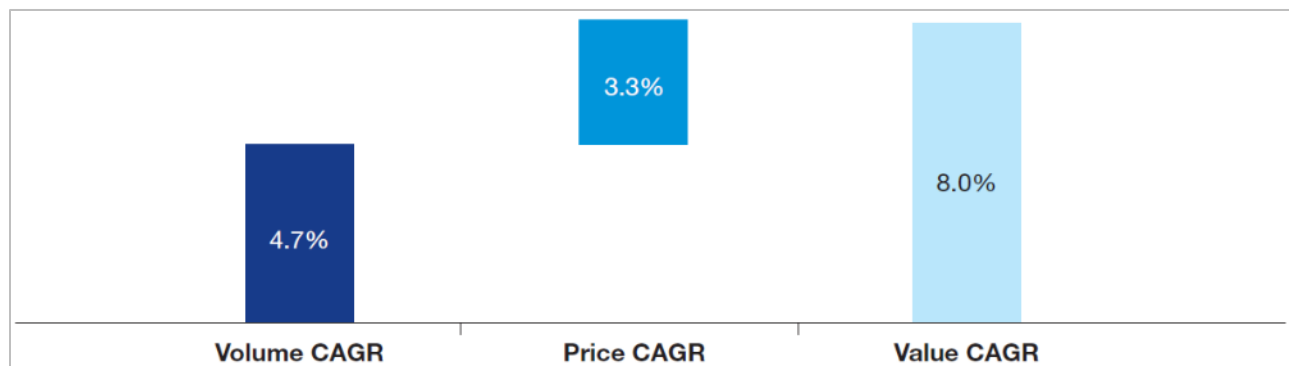
Source: Company Reports and Websites, Industry Sources

Growth Forecast for India's Childrenswear Exports: It is expected that childrenswear exports of India will grow at a CAGR of 7% from 2014 to 2019. This 7% growth of exports will be contributed by both growth in price (3% year-on-year) and growth of volume (4% year-on-year).

India's knit childrenswear exports value is expected to grow at a CAGR of 8% between 2014 and 2019: In accordance with the global trend of increasing preference towards knitwear, growth of India's exports of knit childrenswear will be higher than that of woven childrenswear. Between 2014 and 2019, India's knit childrenswear exports are expected to increase at a CAGR of 8%, while the corresponding value for woven childrenswear will be 6%. The CAGR for volume growth of knit childrenswear exports is projected to be 4.7% and the projected CAGR for per unit price growth is 3.3% (Exhibit 20). The higher growth of knits childrenswear exports indicate towards

brighter growth opportunities for manufactures catering to knits segment in exports market. India's exports volume of knit childrenswear is expected to increase from an estimated volume of 560 million pieces in 2014 to 700 million pieces in 2019.

Exhibit 20: Growth Rate of Exports of Knit Childrenswear, CAGR (2014-19)



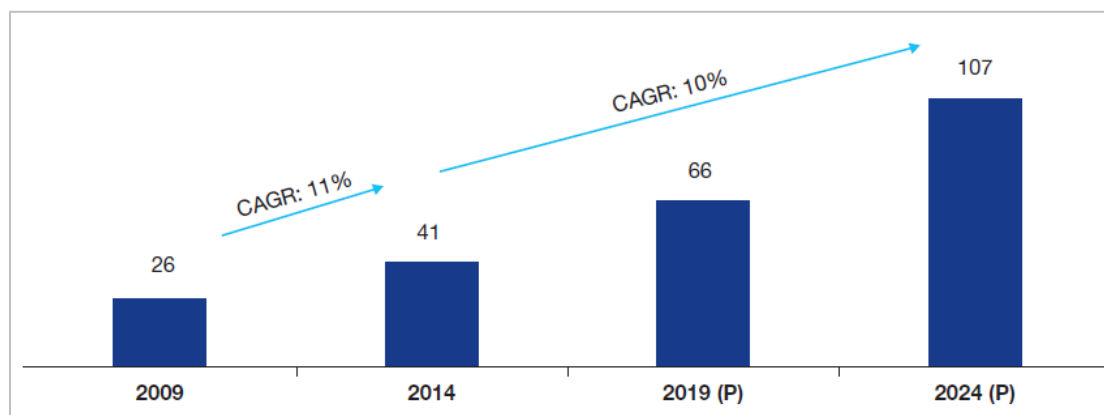
Source: Technopak Analysis

Tirupur is a leading knitwear and knit childrenswear production and exports hub of India: Apparel manufacturing of India is concentrated primarily in eight clusters, i.e., Tirupur, Ludhiana, Bangalore, Delhi/Noida/Gurgaon, Mumbai, Kolkata, Jaipur and Indore. Tirupur, Ludhiana and Kolkata are major hubs for knitwear while Bangalore, Delhi/Noida/Gurgaon, Mumbai, Jaipur and Indore are major centres for woven apparel. Tirupur is also a hub for chemical processing of textiles and apparel. Tirupur based manufacturers have managed to develop a strong reputation in the international market for their ability to supply quality knitwear at a competitive cost. Tamil Nadu accounts for 46% of installed spinning capacity of the country (as of April 2015) which is an added advantage for Tirupur based knitwear manufacturers.

Indian Apparel Market

The total apparel market size in India in 2014 was US\$ 41 billion (₹2,48,250 crore) and the market is expected to grow at a CAGR of 10% to reach US\$ 66 billion (₹3,94,450 crore) in 2019 and US\$ 107 billion (₹6,40,800 crore) in 2024 (Exhibit 21).

Exhibit 21: Indian Apparel Market Size and Growth (US\$ billion)

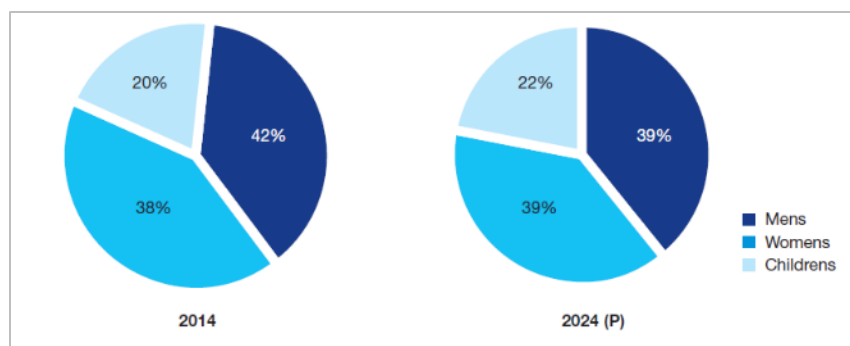


Source: Technopak Analysis. Factors considered for forecast: growth in population, growth in penetration of various categories, price inflation of various categories

The menswear segment was the largest contributor to the total apparel market in India in 2014 with a share of 42% (Exhibit 22). Womenswear and childrenswear contributed 38% and 20% market share respectively to the total

apparel market. By 2024, menswear (CAGR=9.2%, 2014 to 2024) is expected to contribute 39% share to the apparel market, while womenswear's (CAGR=10.4%, 2014 to 2024) contribution is expected to be at par with men's contribution of 39%. Childrenswear (CAGR=10.7%, 2014 to 2024) share of the apparel market is expected to be 22% in 2024. Womenswear and Childrenswear are fast growing segments owing to increase in brand penetration. In 2014, 51.7% contribution to the total childrenswear market came from boys segment and 48.3% from girls segment. As of now, the childrenswear market is dominated by local brands and unorganized players.

Exhibit 22: Market Share of Apparel Segments



Source: Technopak Analysis

Market Growth Drivers

Increasing Income: Rising per capita income in India has a positive impact on the total apparel market. International Monetary Fund estimates that per capital income of India is expected to increase at a CAGR of 8.1% between 2015 and 2020.

Rising Middle Class: The increasing aspirations of the middle class (earning between ₹0.2 million to ₹1 million per year) makes them spend more of their disposable incomes on lifestyle and apparel products. In 2005 India's middle class population was 85 million, while in 2015 it is expected to be 267 million, and 547 million in 2025. The CAGR between 2005 and 2015 is thus expected to be ~12% and CAGR between 2015 and 2025 is expected to be ~7%. Higher education levels and increasing literacy levels, urbanization, increasing household incomes owing to increasing women participation in labor force are some of the key drivers of rising middle class population.

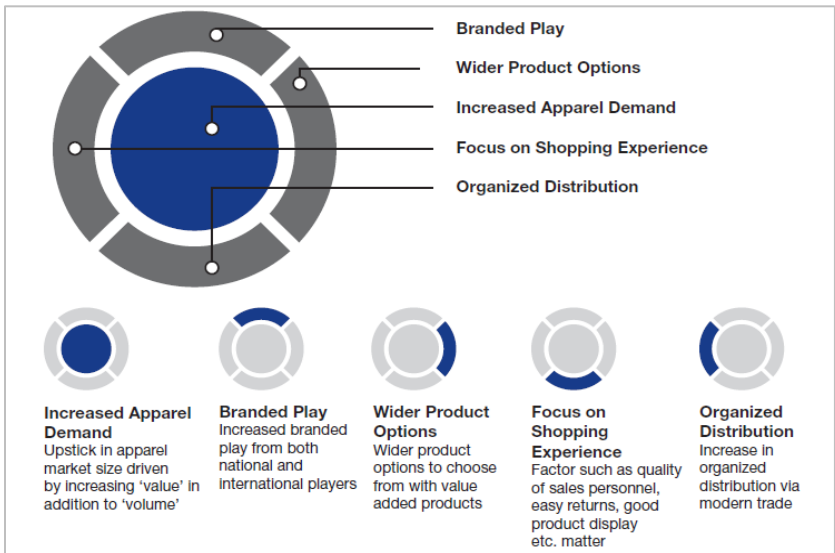
Favorable Demographic Dividend: India is a young country with ~34% of the population between 15 and 34 years of age. This young population having a median age of 27 years is aspirational, technologically updated and more aware. They have high disposable incomes and are willing to spend on apparel brands and products.

Preference for Branded Products and Increase in Corporatized Retail: The growing demand for better quality products from reliable sources has provided an impetus to the growth of branded products in India's apparel market. This, along with the growing aspirations of Indian youth to associate themselves with leading national and international brands has increased the share of branded apparel market in the country. The past decade has seen an influx of international brands into the Indian market. These brands have leveraged the potential for branded apparel, across segments, categories and formats. The share of branded apparel market was 28% of the total market in 2014 (Exhibit 23). It is expected that the share of branded apparel will increase to 33% by 2019.

The Indian consumers are also increasingly preferring organized retail channels that provide better shopping experience. Consequently, the share of organized/corporatized retail in apparel category has increased from 14% in 2009 to 20% in 2014 and is expected to increase to 25% in 2019.

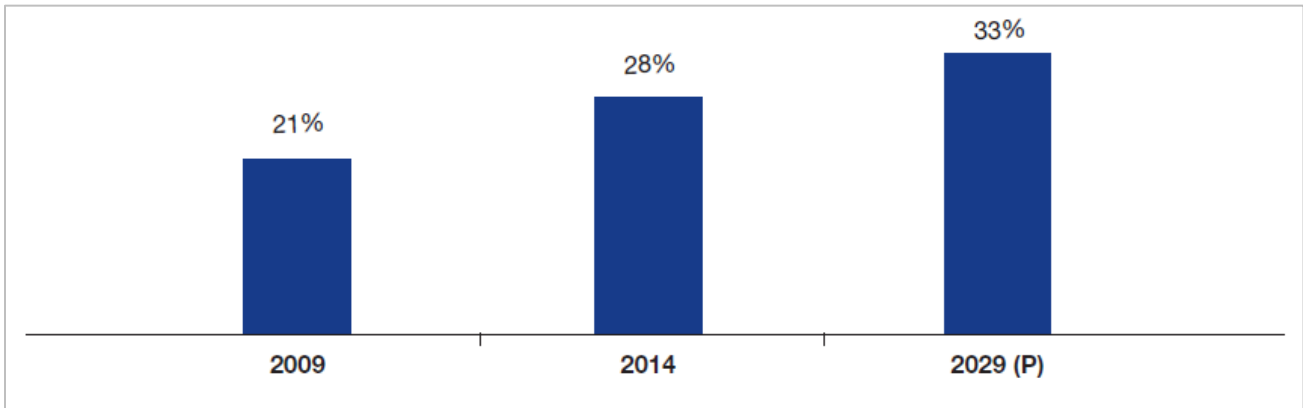
The increasing reach of apparel brands and organized retailers beyond the traditional urban centers of consumption to smaller cities is expected to provide an additional boost to corporatized retail. As a result of this shift to branded products and organized retail, the fashion-conscious consumer of today will witness a wider product range, better shopping experience, more national and international brands to choose from etc. (Exhibit 24).

Exhibit 23: Impact of Corporatized Retail



Source: Technopak Analysis

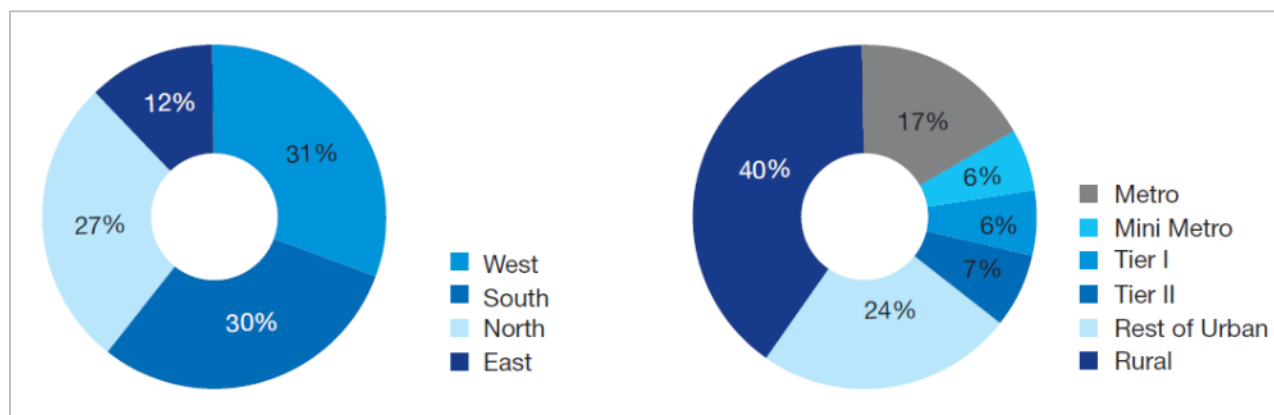
Exhibit 24: Share of Branded Apparel to Total Apparel



Source: Technopak Analysis

Region Wise Distribution of Apparel Market

Exhibit 25: Region-wise* Distribution of Organized Apparel Market, 2014 and City Type-wise Distribution of Apparel Market, 2014



*South includes Andhra Pradesh, Karnataka, Kerala, Pondicherry, Tamil Nadu; West includes Goa, Gujarat, Maharashtra, Madhya Pradesh; North includes Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand; East includes West Bengal, Odisha, Chhattisgarh, Jharkhand and North-East

Source: Technopak Analysis

Key Challenges

Real Estate Costs: High real estate costs in India remain an impending issue. There is a lack of quality retail real estate in India. Malls and popular shopping destinations are limited in number even in metros, mini metros, and tier I and II cities, and cost to rent space is high. Many brands find it difficult to sustain presence over the medium and long-term as a result of this challenge. Real estate rents and space availability are characterized by fragmented ownership, irregular auctions, inappropriate store designs etc.

Shortage of Skilled Manpower: There is a huge scope of improvement in business performance of apparel retailers through deployment of advance management practices related to merchandising, supply chain management, customer relationship management, data analytics etc. However, the industry is facing issues of manpower with right skill sets. There is also a shortage of manpower that could operate in the front-end customer interaction and sales activities. The sector is still at a very nascent stage of corporatization. It is expected that with increasing corporatization and introduction of international players, the opportunities for both internal and external training for the employees will increase substantially. Courses and training modules tailored to specific job requirements is expected to help the industry address the issues of skilled manpower.

Complex Tax Regime: The apparel retail sector faces issues of a complex tax structure with taxes being levied by both state and central governments and the nature and amount of tax varying substantially between states. Multiplicity of applicable taxes by enforcement authorities leads to duplication of taxes at various points in the fashion retail value chain. The most commonly applied taxes include excise duty on domestically produced goods, service tax on any kind of service offered, VAT on goods undergoing interstate sales or purchase, entry tax for goods entering into defined local areas of particular states, octroi and local body tax by certain state governments. Though the Government of India has announced the enforcement of a uniform tax regime in the country through Goods and Services Tax (GST), a specific date for enforcement of GST is yet to be announced.

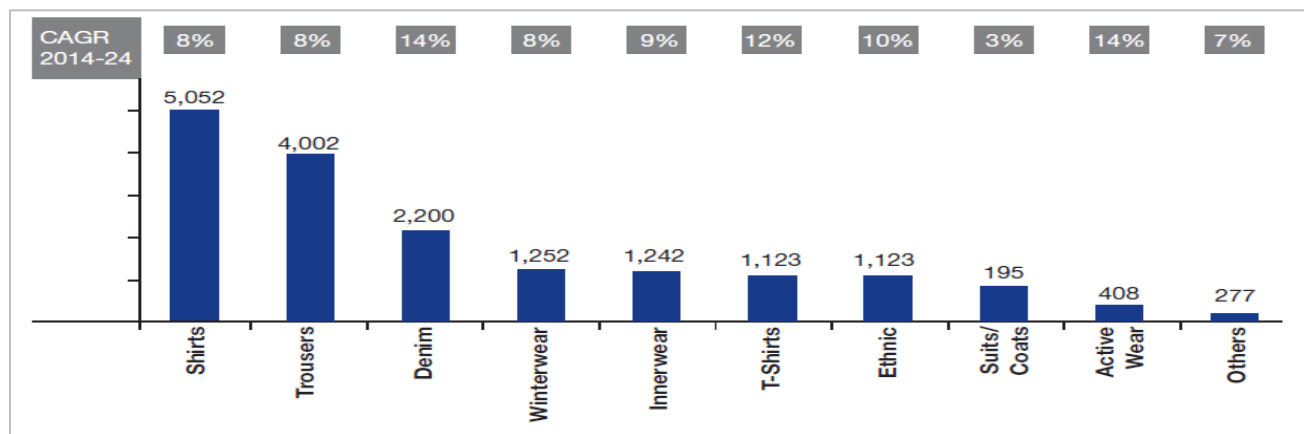
Menswear Market of India

Pegged at US\$ 17.5 billion (₹1,05,050 crore) in 2014, menswear segment contributes the most to the apparel market with a share of 42%. Menswear market of India is expected to grow at CAGR of 9.2% to reach US\$ 42.1 billion (₹2,52,550 crore) in 2024.

The market remains dominated by the traditional product categories like men's shirts and men's trousers which is 29% and 23% of the menswear market respectively, both growing at a CAGR of 8%, followed by denim which is 12% of the menswear market and is growing at CAGR of 14% (Exhibit 26).

The menswear wardrobe has expanded substantially to include activewear as a specific category which is growing at a CAGR of 14%. T-shirts is another high growth category growing at 12%. The current market size of the formal suits, jackets and blazers segment is 5% of the total apparel market and it is expected to grow at a CAGR of 3% over the next decade.

Exhibit 26: Category-wise Market Size and Growth in Menswear (US\$ million)



Source: Technopak Analysis

The share of branded apparel in total menswear market stood at 38% in 2014. While categories like men's activewear have higher propensity towards brands, the market for brands has started demonstrating promising opportunities for hitherto under penetrated categories like men's ethnicwear and winterwear etc. (Exhibit 27).

Preference of Brands

Brand preference in Indian menswear market has been higher than that of womenswear and childrenswear owing to the long presence of various brands in the market and a higher skew of western clothing in menswear market. Along with the higher preference of brands in this segment, the Indian menswear consumer is increasingly factoring in parameters like quality, design and style consciousness, fit and size specification in his apparel purchase decision. Consequently, the demand for private labels and regional branded apparel that offer value for money spent has been increasing over the years. The menswear consumers are best represented by two brand-oriented clusters, namely image-oriented brand seekers and value-oriented brand seekers.

For image oriented brand seekers, who are mostly consumers of super premium and premium price segments, brand is a reflection of their social status and they tend to prefer high-end brands. Awareness of brands is also very high in this segment due to significant overseas travel and propensity for conspicuous consumption.

The consumers of economy and low price segments prefer branded products owing to the assurance of better quality and value of the money spent. Most of the consumers in these segments are value seekers.

Branded Men's Apparel market

Exhibit 27: Category-wise Share of Branded Apparel

| Category | Share of Branded | Opportunity to Build New Brands |
|-------------|------------------|---------------------------------|
| Shirts | 45%-50% | |
| Trousers | 40%-45% | |
| Denim | 40%-45% | |
| Innerwear | 35%-40% | |
| Winterwear | 25%-30% | |
| T-shirts | 25%-30% | |
| Ethnic | 15%-20% | |
| Suits/Coats | 35%-45% | |
| Activewear | 70%-75% | |

Source: Technopak Advisors

Weakness Strength

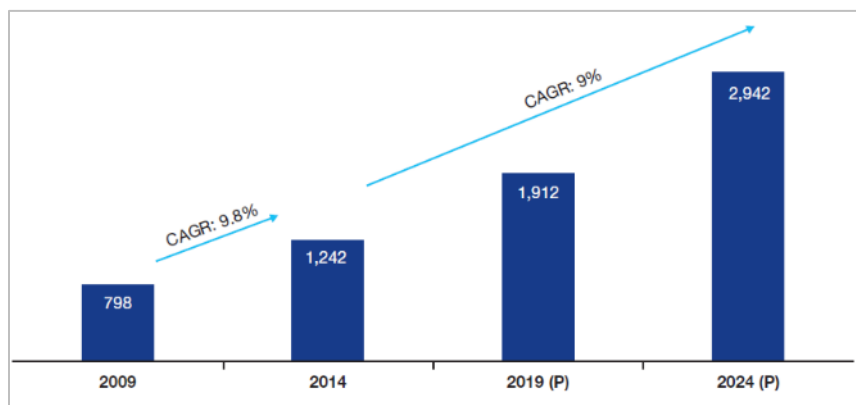
Advertisement Spending and Retail Presence of Key Brands: Most of the menswear brands spend 4% to 5% of their revenue on advertisements. The existing brands in menswear segment are present in all possible formats including EBOs, MBOs, LFSs and online format. While EBOs help brands to display the complete product offering, provide specific services related to the brand and communicate the brand value proposition better, MBOs help brands to enhance their reach and to target a higher number of consumer base.

Brands that have nation-wide presence generally have more than 20 distributors, most of the distributors cater to a single state while sometimes a single distributor handles more than one state. Brands in general appoint a team to work along with distributor and co-ordinate the information flow between company and distributor. A distributor normally caters to 50-60 MBOs and in general, does not keep competing brands in the same price category. Most of the brands cater franchisee owned EBOs through distributors and company owned EBOs directly through the brand.

Men's Innerwear Market

The men's innerwear market is pegged at US\$ 1242 million (₹7,450 crore) and is expected to grow at a CAGR of 9% for the next decade (Exhibit 28). The men's innerwear market is marked by a blend of both domestic and international brands. The brands in menswear segment offer products of various sub-categories including vests, briefs or boxers, basic t-shirts, shorts, pyjamas, sleepwear and activewear.

Exhibit 28: Men's Innerwear Market (US\$ million)



Source: Technopak Analysis

There is a trend for 'brandization' and 'premiumization' in the market and hence average selling prices are increasing over time. The menswear market is sub-divided into super premium, premium, medium, and economy

segments on the basis of product pricing. The super-premium segment has the highest growth rate (CAGR of 18% between 2014 and 2019) followed by the premium segment (CAGR of 13% between 2014 and 2019). Some of the key features of men's innerwear segment are:

- No other apparel category finds substantial high branded adoption from the mass segment as men's innerwear segment. Brands are adopting smart pricing to capture volume penetration in mini metros and Tier 1 cities.
- The definition of core innerwear has expanded to include a wide range of complementing products defined as comfortwear. The comfortwear sub-category is sought at smart pricing and there exists a large gap that is being tapped by core innerwear brands.
- Rapid lifestyle evolution with varied activities is supporting the wide range of complimentary products like basic T-shirts, shorts etc. that are now included in defining innerwear. Further, this added segment attracts a relatively higher average retail price compared to core innerwear.

| Value (INR Cr) | Segments (MRP per product INR) | CAGR, '14-'19 | Brands |
|-------------------|-----------------------------------|------------------|---------------------------------------------------------------------|
| 75 | Super Premium (1,500+) | 18% | Calvin Klein, TOMMY HILFIGER, f c u k, LEVITS, EA ARMANI, HUGO BOSS |
| 1,190 | Premium (501-1,500) | 13% | Jockey, Hanes, ACUSOE, ChromozonE, MACROMAN |
| 2,310 | Mid (301-500) | 11% | AMUL, MACHO, ecot, RUPA, Dollar, LUX, vip |
| 3,875 | Economy (<300) | 5% | Unbranded / Pvt. Label |

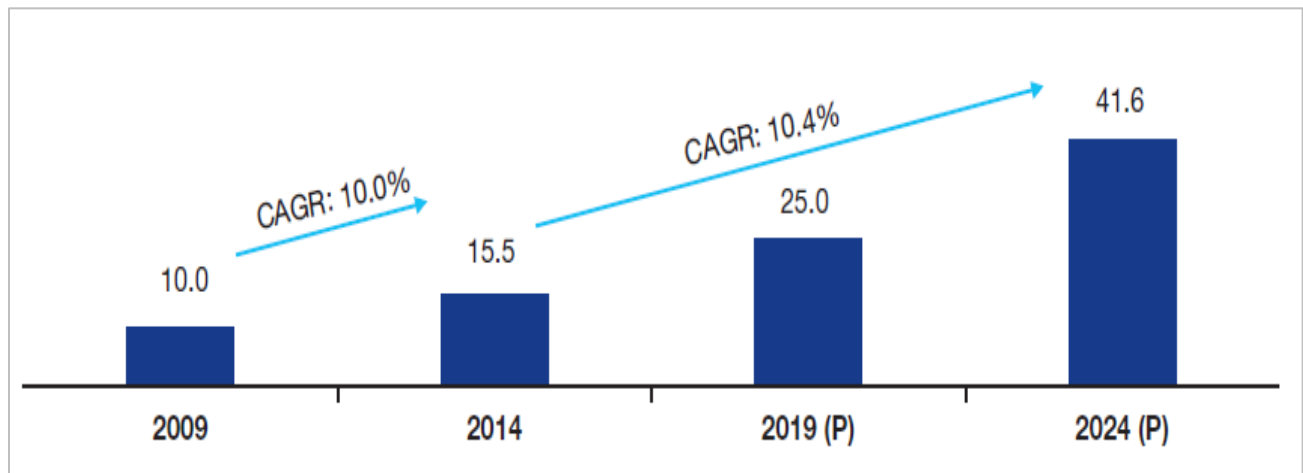
Womenswear Market

While womenswear has a majority share in the overall apparel market of the globe and all leading western markets, in India the share of womenswear is less than that of menswear. The share of womenswear stands at 51% in the United States, 54% in Europe whereas it is only 38% in India.

However with changing social structures, evolving economic landscape and higher income levels of women there is a substantial shift in the tastes and preferences of Indian women and the womenswear segment is taking confident strides towards a higher share and a more sophisticated market. The Indian womenswear market is predominantly unorganized but due to the pervasion of world fashion and organized brands and retailers, the womenswear market is slowly moving towards a more organized structure.

The US\$ 15.5 billion (₹93,080 crore) womenswear market of India is expected to grow at a CAGR of 10.4% to reach US\$ 41.6 billion (₹2,49,710 crore) in 2024 (Exhibit 29). It is expected that the share of womenswear will equalize with the share of menswear in 2024.

Exhibit 29: Womenswear Market in India (US\$ billion)



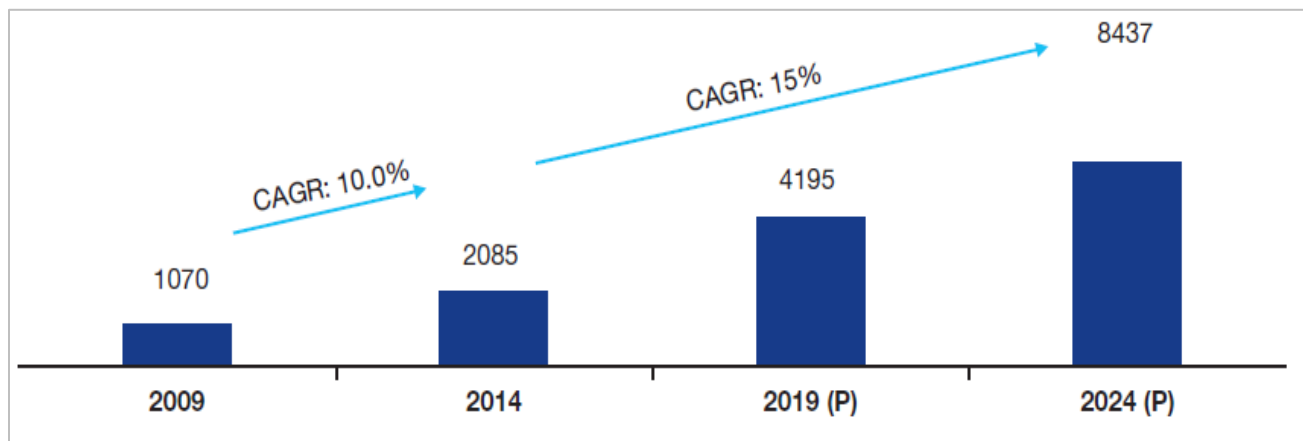
Source: Technopak Analysis

Women's Innerwear Market

Emerging as one of the fastest growing categories, women's innerwear is poised to grow at a CAGR of 15% to reach at US\$ 8,437 million (₹50,610 crore) in 2024 from US\$ 2,085 million (₹12,510 crore) in 2014 (Exhibit 30). Women's innerwear purchasing decisions are more need-based in comparison to men with availability of much more variations, permutations and combinations.

With the acceptance of e-tailing in India, a lot of the major innerwear brands which are not available in physical stores are now being purchased through the web. Brand aggregating websites are adding more allure to the prospect of online shopping due to the discounts and deals offered.

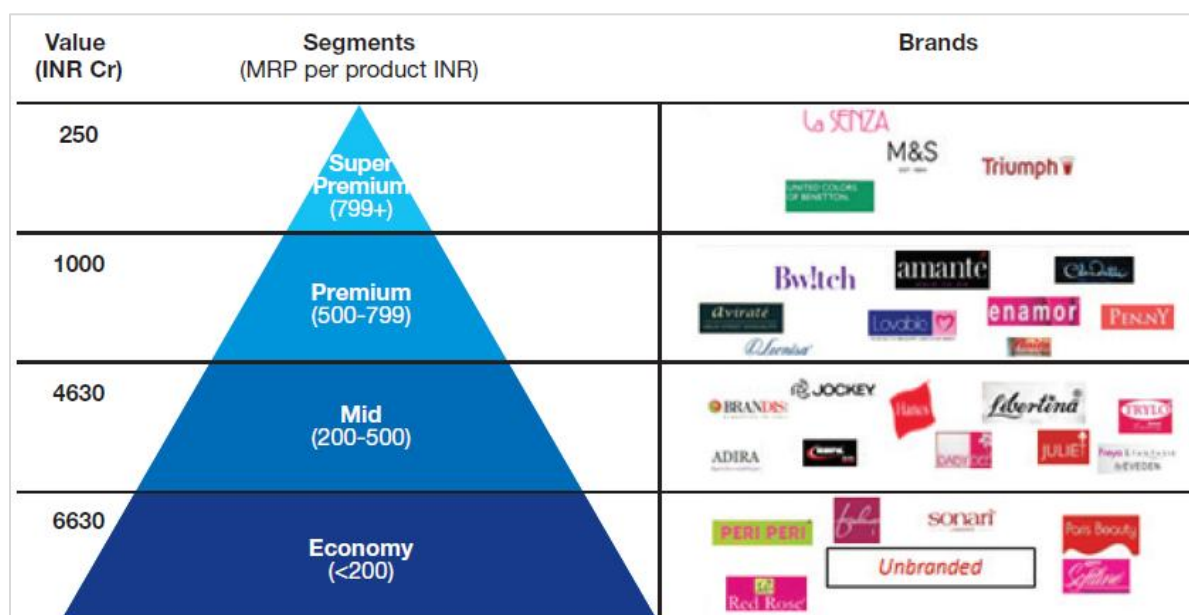
Exhibit 30: Women's Innerwear Market in India (US\$ million)



Source: Technopak Analysis

The women's innerwear segment is also predominantly unorganized (~ 80% as compared to ~70% in for men's) and dominated by unbranded products. However, the market is witnessing increasing presence of more national and international brands tilting the market dynamics in favour of branded and organized players. Exhibit 31 provides price positioning of key innerwear brands.

Exhibit 31: Price Positioning of Women's Innerwear Brands



Source: Technopak Report

Opportunities and Challenges for Apparel Manufacturers/Brands

Opportunities in Exports Market

- Manufacturing of value added cotton products and strengthening chemical processing industry
- Losing competitiveness of China due to increasing input factor costs
- Establishing India as a design led sourcing hub with superior ability to meet compliance norms
- Leveraging integrated supply chain of manufacturers to provide end-to-end solution to brands/importers through assistance in product development, designing and supply chain management

Opportunities in Domestic Market

- Growing apparel market with revival of economic condition of the country
- Increasing preference of branded products in both menswear and womenswear segment
- Improving consumer awareness about fashion statement and fashion brands
- Improving acceptance of modern retail channels and online retailing which help brands to reach consumer with ease
- Under penetrated branded market in smaller cities and rural areas

Challenges in Exports market

- Cost competitiveness of low wage manufacturing countries like Bangladesh, Vietnam and East African countries
- Dependencies on economic situation of major exports markets, especially in Europe where some countries have been facing economic crises
- Increasingly stringent quality and safety norms for childrenswear apparel
- Preferential access to least developed countries through GSP scheme

Challenges in Domestic market

- Strong competition from private labels and unbranded products in the economy segment of the market
- Entrance of many national and international brands trying to cater to the same segment of consumers

OUR BUSINESS

Overview

We are a leading manufacturer and exporter of knitted garments for infants and children in India. These are manufactured at our integrated facilities that allow us to provide end-to-end garment manufacturing services from greige fabric to finished products. We also manufacture and retail menswear garments in India under the brand 'Crocodile'. We believe our core competency lies in our clear understanding of the specifications of knitted garments in the infants and children category, the buying preferences of our customers and our ability to deliver products of a consistent high quality that meet the product specifications and stringent compliance requirements of our international customers. Our long-standing relationship with our major customers has been one of the most significant factors contributing to our growth.

Our Company is led by our Promoters, who are first generation entrepreneurs and have over the years grown the business of the Company to become the second largest exporter among manufacturers of knitted garments for infants and children in India in terms of revenue in the Fiscal Year 2014. (*Source: Technopak Report*) Our export business for knitted garments for infants and children constitutes a significant portion of our business. 88.09%, 84.62%, 79.84% and 83.20% of our total revenues for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively, were generated by our business of export of knitted garments products for infants and children (including duty drawback and other export incentives). Our product range for knitted garments for infants and children includes body suits, sleep suits, tops and bottoms. For Fiscal Year 2015, we exported approximately 29.15 million pieces of knitted garments for infants and children directly to our international customers, including TESCO and Primark. We also manufacture and retail menswear garments in India under the brand 'Crocodile' pursuant to a sub-license granted to us by one of our Subsidiaries, CPPL. For more information in relation to the sub-license, see the section "*History and Certain Corporate Matters – Summary of Certain Agreements – Other Material Agreements*" on page 143. We are considering the launch of products in the women's essential garments category under the 'Natalia' brand owned by our Company, subject to compliance with applicable law.

Our facilities are equipped to provide various products within the garments manufacturing production chain to our customers. Our business consists of two main divisions – (i) garments division (for manufacture and export of knitted garments for infants and children); and (ii) retail division (for manufacture, distribution and marketing of products in India under the brand name 'Crocodile').

We have two Subsidiaries, Crocodile Products Private Limited ("CPPL") and S.P. Apparels (UK) (P) Limited ("SPUK"). CPPL, which is a joint venture between our Company and Crocodile International Pte. Ltd. ("CIPL"), is engaged in the business of, *inter alia*, establishing and managing units to manufacture, trade, deal, import and export garments and has entered into a technology license agreement with CIPL for the exclusive manufacture, distribution and marketing of menswear products under the trademark 'Crocodile' in India. We sell the 'Crocodile' branded products through a sales and distribution network that includes 31 exclusive brand outlets, of which 27 are company owned operated stores and four are franchise stores, and third-party e-commerce platforms. We also have agreements with distributors in relation to the sale, marketing and distribution of 'Crocodile' products. SPUK was incorporated in 2014 to explore possible marketing opportunities and engage in trading activities with new customers in the United Kingdom, Ireland and other European countries. SPUK has a design studio and has hired experienced designer consultants that provide design support services to our customers. SPUK also provides after sales service to our customers for any technical and other grievance.

Our 20 operating manufacturing facilities and the manufacturing facility at Kavindapadi which we are in the process of establishing, are located in and around the region of Avinashi, Tamil Nadu, India and within a radius of approximately 125 kilometres of our Registered Office. The wide range of infrastructure and machinery at our facilities for production of yarn, dyeing of fabric, sewing, cutting, printing, embroidery and finishing of garments enable us to service our customers by fulfilling multiple bulk orders in a timely manner. Our design, testing, fitment and quality inspection laboratory helps us in delivering products of high quality that comply with the stringent standards set by our customers. The proximity of our manufacturing facilities and our integrated set-up allows us to optimize our operations and service for our customers in a timely manner.

Our strong focus on quality has helped us become the preferred vendor of choice for certain of our large international customers. In recognition of our high quality of manufacturing operations, we have been awarded the 'Gold Supplier Award' by TESCO in 2013, 'Values Award' by TESCO in 2011-12 and 'Trading Fairly Award' for setting benchmarks in Tirupur for compliance with labor standards, investing in workers and supporting community projects by TESCO in 2009.

In November 2014, we received safety awards from the Directorate of Industrial Safety and Health, Government of Tamil Nadu for the least number of accidents during the calendar years 2011 and 2010.

On a restated consolidated basis, we generated total revenues of ₹1,245.28 million, ₹4,792.33 million, ₹4,520.73 million and ₹4,288.91 million for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively. We recorded a net profit of ₹67.44 million, ₹101.58 million, ₹66.67 million and ₹23.64 million for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively.

Our Competitive Strengths

Our operating history in the garments manufacturing business has helped us gain significant expertise and makes us well-positioned to maintain our status as one of the largest exporters among manufacturers of knitted garments for infants and children. We believe that the following strengths enable us to compete successfully in our market:

We have a key customer base with reputed international brands

Our long-standing relationship with our major customers has been one of the most significant factors contributing to our growth. Our commitment to quality and customer service practices have been strong contributing factors to our robust customer relations. Over the years, we have steadily developed a robust base of international retailers of garments for infants and children, including with reputed established brands with global operations such as TESCO and Primark. Even though we do not have any long-term supply agreements with them, we have continually received repeat business from many of our international customers and are proud to be a preferred vendor for certain of our customers. This indicates their level of confidence in our ability to understand latest trends and ensure timely delivery of quality products.

We are one of the leading manufacturers for export of knitted garments for infants and children in India

Over the years, we have developed the expertise to concurrently manage multiple large orders as well as developed a diversified product range which has helped our Company to grow into one of the leading manufacturers of knitted garments for infants and children in India.

We currently operate 20 manufacturing facilities in and around the region of Avinashi, Tamil Nadu, India with advanced plant and machinery. We also have integrated facilities for embellishments such as designing, embroidery, printing, sewing and cutting of the garments. Our manufacturing operations are supported by a wide range of infrastructure facilities. As of September 28, 2015, we owned 4,727 sewing machines, seven cutting machines, 79 embroidery machines, 17 printing machines, 16,896 spindles and 22 dyeing machines.

We produced approximately 8.71 million, 31.06 million, 31.95 million and 35.55 million pieces of knitted garments for infants and children in the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively. With our current and expected economies of scale, we consider ourselves to be one of the few integrated garment manufacturing companies of knitted garments for infants and children in India.

Our ability to set-up units that are integrated with our operations allows us to scale-up our operations

In addition to manufacturing of garments, our key strength is our ability to set-up and provide all necessary facilities at various units and efficiently manage such units from a centralized location that has helped us to efficiently scale-up our operations in a short period of time. We have the experience of setting-up units that are integrated with our manufacturing and production operations and at present have 20 such manufacturing facilities. Such experience of setting-up these units could enable us to set-up new facilities at any viable location in India that is in close proximity to the sources of raw materials and labor.

We benefit from our specialization in the manufacture of garments for infants and children

We specialize in the manufacture and export of knitted garments for infants and children. This is a highly challenging segment in the knitted garments industry as it is labor-intensive and it is imperative to follow stringent safety procedures and maintain high quality standards. Further, this segment requires more variety and small batch size orders to cater to the growth need of infants and children which increases the complexity of manufacturing in comparison to other knitted garments. There are severe restrictions and stringent requirements on the use of chemicals, dyes and other additives in the manufacture of knitted garments for infants and children. Infants and children could be susceptible to infection if the quality of chemicals and dyes used in such garments does not comply with the prescribed restrictions. Therefore, our customers require us to maintain extremely rigorous and strict checks on compliance with all necessary quality and safety standards. We exercise stringent quality control checks consisting of inspection and testing of cotton, yarn, fabric, trims and packing materials and of each piece of garment for metal bits/needle tips/sharp edges/broken needles prior to packing. Our experience in the garments manufacturing industry and proven ability to manufacture knitted garments for infants and children adhering to such quality standards enables us to capitalize on growth opportunities in the garments manufacturing industry of knitted garments for infants and children both in Indian and other international markets.

We have strong in-house design, testing, fitment and quality inspection facilities

Our core competency lies in our understanding of our customers buying preferences and behaviour along with the stringent quality and compliance requirements of this industry. This is supplemented by our dedicated design and merchandising team located at our Corporate Office in India and design consultants hired by our Subsidiary, SPUK. We have a team of professionals, including designers, who are supported by the latest technology for developing products and styles which are based on prevalent fashion trends. We have the necessary facilities and expertise to create and implement design specifications and requirements of our customers.

Design development, sampling and fitment form an integral part of our operations and are considered as an effective tool for converting customer's need into a finished product. Further, we have set-up testing laboratories that are accredited by the National Accreditation Board for Testing and Calibration Authorities, Department of Science and Technology, India. Over the last few years, in keeping with the trend of increasing process outsourcing, our customers rely on our laboratories for testing fabrics and finished products before they are sold at their stores. We have in-house facilities that help us and our customers save time and costs and provide us with a competitive advantage over other manufacturers.

We have an experienced management team led by our Promoters and key management personnel

Our management team is well-qualified and experienced in the garments industry and has played a key role in the sustained growth of our operations. Our team led by the Chairman and Managing Director Mr. P. Sundararajan has successfully managed the various phases of expansion, growth and consolidation of our business and operations and has 31 years of experience in the garments industry. The Chief Executive Officer of the garments division of our Company, Mrs. P.V. Jeeva, has been associated with our Company since July 1, 1986 and has approximately 30 years of experience in the textile and apparel industry. Our management is also supported by an experienced and technically qualified execution team. Mr. V. Shankar Raam, the Chief Operating Officer of the retail division (EBO) of our Company, has approximately 21 years of experience in the fields of finance, accounts and marketing and Mr. V. Harihara Subramaniam, who is Business Head (Wholesale) of the retail division of our Company, has approximately 13 years of experience in the field of marketing.

Our Strategy

Our business strategy is as set forth below.

Enhancing existing capacities and improving operational efficiencies

We have continuously invested in infrastructure at our manufacturing facilities and over the years have been able to maintain a high level of quality. We have set aside ₹701.60 million from the proceeds of this Offer towards

enhancing our capacities in various production processes and increasing the level of backward integration. For more information on the proposed enhancements to our capacities, see the section “*Objects of the Offer – Details of the Objects of the Fresh Issue – Expansion and modernization of our manufacturing facility at Valapady, Salem, Tamil Nadu*” on page 78. Such enhanced capacity and backward integration should lead to a reduction of cost and wastage and create savings on account of packing and transportation of yarn for intermediate transfer to a knitting facility. Further, with the addition of the knitting facility, we will be able to achieve complete backward integration of our operations. This will help us to increase quality control in the production process, achieve better production planning for deliveries and higher level of customization of capacities leading to increased operational efficiencies.

Deepening our product penetration with existing customers and increasing our customer base

As a global trend, several top brands and retailers are increasingly emphasizing on in-house product development and designing by manufacturing companies. Our in-house testing facilities, product development and designing team along with the stringent quality checks differentiates us from our competitors. Our accredited testing laboratories, along with a professional design team has led to some of our customers outsourcing their testing, inspection and design functions to us. Furthermore, our Subsidiary SPUK has also started conducting fitment tests for certain of our customers on their behalf. These value added services not only help us become a preferred vendor for certain of our customers, but could also help us in increasing revenues.

We intend to continue developing and strengthening our existing relationship with our customers for knitted garments for infants and children. We are focusing on deepening our relationship with existing customers and increasing our customer base by increasing the range of products we manufacture and supply to them. We intend to diversify and expand our customer base globally.

Strengthening our Retail presence

Growing aspiration levels of people in Tier II, III and IV cities in India along with rising brand awareness and higher disposable income makes these smaller urban areas as focal points for our expansion. We intend to capitalize on this opportunity to grow our menswear products under the ‘Crocodile’ brand. Our first phase of expansion will be through company owned and operated stores that would demonstrate the demand of the locations where we plan to increase our presence. We also plan to enhance the presence and sale of the ‘Crocodile’ products in these areas through exclusive brand outlets and multi-brand outlets. Currently, most of our company owned and operated stores, exclusive brand outlets and multi-brand outlets are situated in Tamil Nadu, Andhra Pradesh and Karnataka. Pursuant to our growth strategy and to further increase our presence, we are proposing to expand in 18 states in India through setting-up of company owned and operated stores.

We are considering the launch of products in the women’s essential garments category under the ‘Natalia’ brand owned by our Company, subject to compliance with applicable law. Based on our interaction with customers, as well as on industry reports, we believe there are opportunities for growth in this category and propose to leverage our manufacturing capabilities and scale of operations to take advantage of such opportunities.

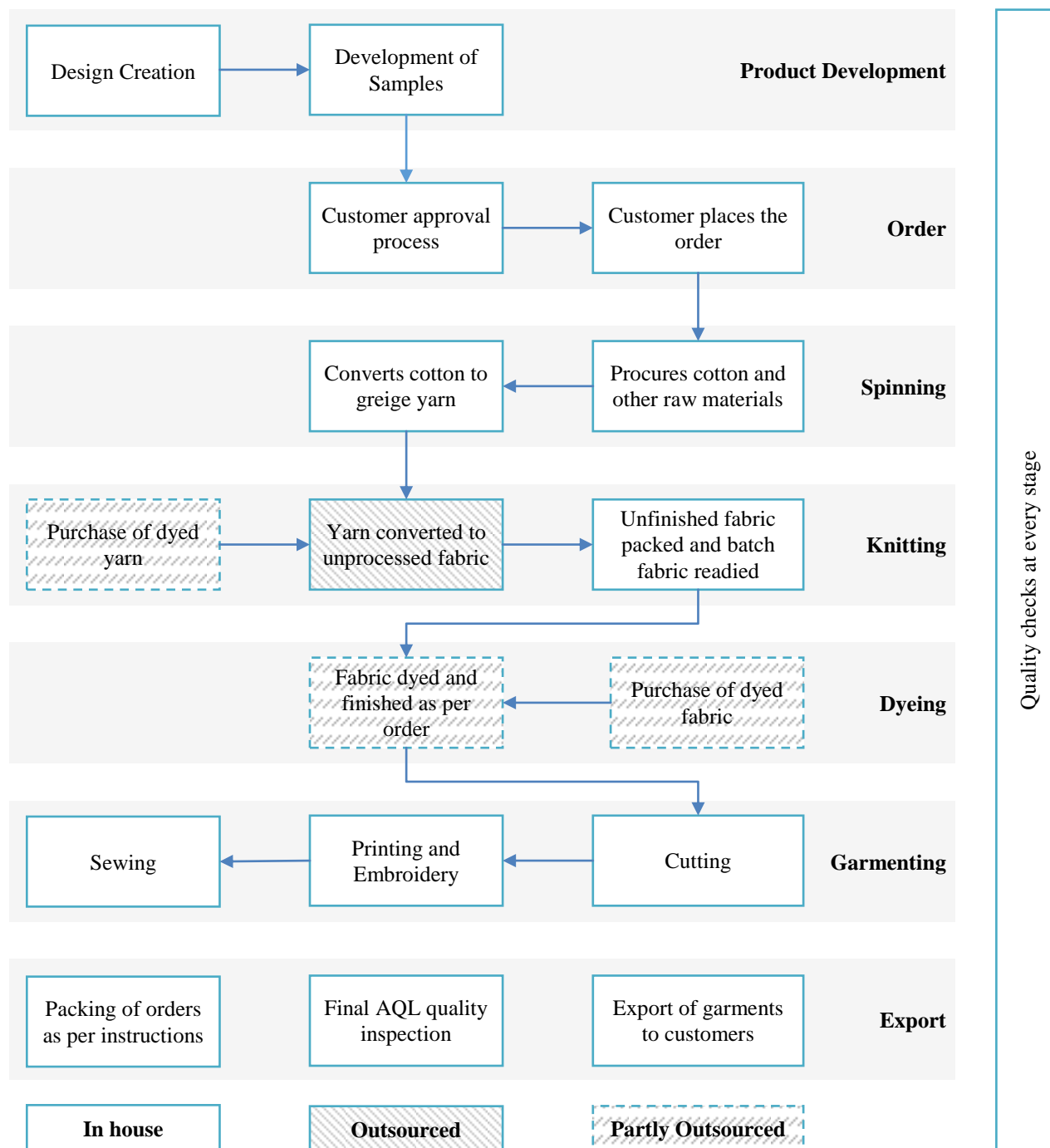
Invest in infrastructure and technology

Our Company believes in making investments for continuously achieving higher levels of excellence in its products and implement dynamic and diverse specifications of our customers. We have invested significantly in equipping our manufacturing facilities with the latest and specialized infrastructure and modern technology. We have installed the Eton conveyor system that automates the sewing assembly line and control workflows through productivity measurement. We also employ advanced semi-automated storage and retrieval system (ASRS) for efficient warehouse/inventory management. We have installed the Orgatex software system that automates the processes related to dyeing. We want to continue to work towards the upgradation and modernization of our infrastructure and technology. We intend to set-up a warehouse for our retail operations to support the expanded distribution network.

Our Operations - Garments Division

Products and Production Process

Our garments division undertakes the activity of manufacturing of knitted garments for infants and children including body suits, sleep suits, tops and bottoms, the bulk of which we export to global customers. The existing production process in relation to our knitted garments for infants and children is set forth below.



The production process for manufacture of knitted garments for infants and children begins with the design and development of pre-production samples by our Company. The placement and confirmation of an order by a customer follows an approval by the customer of existing pre-production samples.

Pursuant to placement of the order, cotton and other raw materials are procured and then the process of spinning *i.e.*, conversion of cotton to greige yarn is commenced, following which the process of knitting yarn into fabric is undertaken and then the batched fabric is sent for dyeing. The dyed yarn and dyed fabric required for the above process is purchased by us. The process of spinning and dyeing of fabric is partially outsourced by us to certain contract manufacturers/third parties and we completely outsource the process of knitting yarn into fabric. On receipt of the fabric and other raw materials, our quality assurance team conducts a pre-production inspection. Following the approval of the quality of materials, the garment is produced, which involves the following production elements: cutting, printing, embroidery, sewing, in-line quality control, ironing, packing and final inspection. Following production and packing, the goods are then exported. Each stage of production is monitored by our quality assurance team to ensure conformity with the requirements of our customers.

Plant and Machinery

We own specialized and modern textile and garments production plant and machinery which is comparable to plant and machinery used internationally in the textile and garments manufacturing industry. As of September 28, 2015, we owned 4,727 sewing machines, seven cutting machines, 79 embroidery machines, 17 printing machines, 16,896 spindles and 22 dyeing machines. Most of our machinery is imported from overseas in order to take advantage of the latest technology in the manufacturing process. Most of our plant and machinery is managed, maintained and operated internally, which reduces the costs of outsourcing maintenance. We also have annual maintenance contracts for certain machinery like embroidery, cutting, spreaders, plotters and Eton conveyor system to ensure the efficient and uninterrupted operations of our machines. For details of key machinery required by our Company that we propose to purchase by utilizing the Net Proceeds, see the section “*Objects of the Offer – Details of the Objects of the Fresh Issue – Expansion and modernization of our manufacturing facility at Valapady, Salem, Tamil Nadu*” on page 78.

Raw Materials

Cotton is the primary raw material that we use in producing yarn. We also purchase additional specialized yarn, yarn and fabric for our knitted garments business. There are several textile manufacturers based in Tirupur who supply specialized yarn, yarn and fabric hence we are not dependent on any particular supplier for our raw material requirements. While cotton prices are largely driven by market forces, we have significant expertise in sourcing due to our historical presence in the cotton yarn business.

Utilities

Each of our manufacturing facilities have a sanctioned load capacity from the Tamil Nadu Generation and Distribution Corporation Limited. We have also set-up captive power generating plants in certain of our manufacturing facilities that are registered with the Department of Electrical Inspector and Electricity Tax, Government of Tamil Nadu. As standby arrangement for power, we use diesel operated generator sets at nine facilities which are registered under the Indian Electricity Rules, 1956. To meet our washing and sanitary requirements, we consume water supplied to us by the municipal corporation or available through borewells. We have set-up an in-house effluent treatment plant for recycling water by treating the waste water that is discharged during washing activity and removing the impurities that are added during the washing activity. Four of our facilities have the necessary authorization for transport and storage of hazardous wastes to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal.

Facilities

Our 20 operating manufacturing facilities are located at various locations in the state of Tamil Nadu at Avinashi, Cheyur, Gobichettipalayam, Koduvai, Neelambur, Palangarai, Palladam, Perundurai, Puliampatti, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, Vellitirupur and Mylapadi. We are also in the process of establishing an additional manufacturing facility at Kavindapadi.

The location of our facilities in India gives us significant savings in production, labor and transportation costs and helps us to utilize skilled labor and key technical personnel across all of our facilities. In addition, all of our operations are within a radius of approximately 125 kilometers of our Registered Office which is near Tirupur, and

Tirupur is regarded as a leading hub in India for knitted garments for children and exports (*Source: Technopak Report*). This provides us with convenient access to all raw materials, trims etc. in addition to machinery supplies and replacement parts. Further, our facilities are located in proximity of an international airport which is convenient for our customers.

For more information on our manufacturing facilities, see the section “*Our Business – Properties*” on page 124.

Customers

Our principal customers include leading international retailers (including large format stores) like TESCO and Primark. All our major customers have global presence through their stores located around the world. Our focus has been on customers in Europe as retailers based there prefer suppliers that are able to offer end-to-end garments manufacturing services from the design to the manufacture of the garments. Our integrated set-up enables better price realizations. Going forward, we will continue to focus on existing customers in Europe as well as new customers globally.

We are the preferred vendor for knitted garments for infants and children for certain of our international customers. Our Company usually books orders for a period of three to six months in advance to ensure flexibility due to changing fashion preferences. Our international customers provide us with multiple repeat orders which are a strong indicator of their confidence in us.

Our focus is to diversify and expand our customer base globally. Further, we do not have any long-term contracts with our customers and our dealings with them are on a per transaction basis. For more information, see the section “*Risk Factors – Internal Risks – Risks Related to our Business – Export of knitted garments for infants and children constitutes a significant portion of our business for which we do not have long-term sales contracts*” on page 13.

Capacity

We currently operate 20 manufacturing facilities, which are located in or near the region of Avinashi, Tamil Nadu, India. As of September 28, 2015, we owned 4,727 sewing machines, seven cutting machines, 79 embroidery machines, 17 printing machines, 16,896 spindles and 22 dyeing machines. Manufacturing of garments is a labor-intensive process and we are highly dependent upon our employees. Every product which our Company manufactures has manual intervention throughout the production process and is dependent upon the skills and turnaround time of each employee. As of September 30, 2015, we had 8,499 full-time employees at our garments division.

Marketing and Business Development

We provide our services for the manufacture of readymade knitted garments for infants and children to customers primarily in the international market. We employ a very customer-driven approach to business development and service that is strongly oriented to the customer’s specifications and satisfaction. Each customer is assigned a specific team that oversees merchandising, sampling, production, logistics, and development of the finished product, quality management and customer satisfaction. We have a dedicated sales team which handles business development and relationship management for our garments business. Our sales team visits customers periodically and deals directly with them or their representatives.

Our new customer additions are made mainly through referrals from our existing customers and direct enquiries. Generally, most global garments retailers and sourcing/third party agents maintain buying offices in India and directly solicit relationships with Indian garments manufacturers. We also identify potential global retailers suitable for our products and approach them for new business.

Our Subsidiary, SPUK explores possible marketing opportunities and engages in trading activities with new customers in the United Kingdom, Ireland and other European countries. SPUK also provides after sales service to our customers for any technical and other grievance.

Export Obligations and Benefits

The EPCG scheme in India facilitates import of capital goods at a zero customs duty. Pursuant to the EPCG scheme, we have an obligation to export an amount equal to six times the duty we save. We further benefit from several incentives provided to the textiles sector by the Government of India, which include Revised Restructured Technology Upgradation Fund Scheme, subsidized working capital finance, duty drawback, export performance certificate and merchandise exporter from India Scheme. For more information, see the section “*Regulations and Policies – Textile Sector Regulations and Policies*” on page 131.

Our Operations - Retail Division

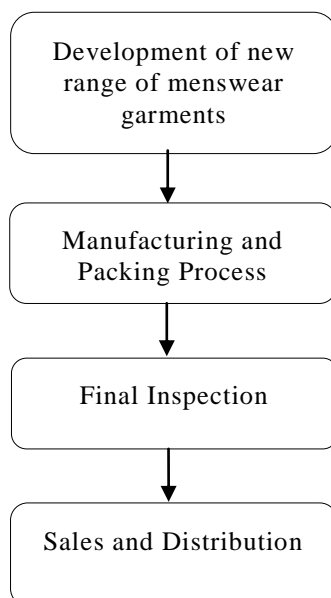
Our retail division undertakes manufacturing activities in relation to the ‘Crocodile’ brand of products.

Pursuant to the terms of the technology license agreement dated April 26, 1994, as amended, our Subsidiary, CPPL has been provided an exclusive license by CIPL (valid until July 31, 2021) to manufacture, distribute and market products in India under the ‘Crocodile’ brand for adult menswear limited to shirts, polo shirts, t-shirts, trousers, jeans, sweaters, jackets and adult men’s innerwear limited to vests, briefs, boxer shorts in India. Under the above technology license agreement, CPPL is required to pay royalty to CIPL at the specified rate based on the total net sales of ‘Crocodile’ products by CPPL and/or its authorized sub-licensee for the entire period of the license.

Pursuant to an agreement dated March 31, 2015, CPPL has exclusively sub-licensed the right to manufacture, distribute and market products under the ‘Crocodile’ brand in India as mentioned above to our Company commencing from October 1, 2015 until July 31, 2021. Under such sub-license agreement, our Company is required to pay royalty to CPPL at the specified rate based on the total net sales of ‘Crocodile’ products by our Company.

Production Process

The existing business model in relation to the ‘Crocodile’ brand of products is set forth below.



Our retail division undertakes manufacturing activities in relation to the ‘Crocodile’ brand. Pursuant to the terms of the technology license agreement, as amended, our Subsidiary, CPPL has been provided a license by CIPL to manufacture products under the ‘Crocodile’ brand and trade in such products in India. Further, CPPL has exclusively sub-licensed the right to manufacture, distribute and market products under the ‘Crocodile’ brand in

India to our Company commencing from October 1, 2015 until July 31, 2021 pursuant to an agreement dated March 31, 2015.

The production process for manufacture of menswear garments under the 'Crocodile' brand begins with the development of a range of clothing by our retail division for the relevant season based on prevailing trends. Our management and sales teams finalize the price, quantity and budget for the range. The range is then manufactured by us by outsourcing certain aspects of the manufacturing on a job-work basis to contract manufacturers.

We maintain a close check and control over each stage of the production process and conduct quality checks at every stage until the finished products have been received at our Company's warehouse. Final quality inspection and packing is conducted at our warehouse before the products are sent for distribution to various company owned and operated stores, franchisee owned and operated stores, exclusive brand outlets, multiple brand outlets, large format stores and other channels. The products are exclusively manufactured by the contract manufacturers for our Company and they are not permitted to sell these products.

Products – 'Crocodile' Brand

We manufacture a broad range of menswear garments under the brand 'Crocodile' consisting of shirts, polo shirts, t-shirts, trousers, jeans, sweaters, jackets and men's innerwear consisting of vests, briefs, boxer shorts and socks.

Retail Stores, Distribution Network and Customers

We sell the 'Crocodile' branded products through a sales and distribution network that includes 31 exclusive brand outlets, of which 27 are company owned operated stores and four are franchise stores, and third party e-commerce platforms. We also have agreements with distributors in relation to the sale, marketing and distribution of 'Crocodile' products.

We execute agreements to lease the space for operating our stores and with franchisees. The customers for our retail operations in relation to the 'Crocodile' brand also include large format stores and multi brand outlets.

Marketing and Business Development

We have a sales and distribution network to sell the 'Crocodile' branded products in brick and mortar stores and third party e-commerce platforms. We plan to enhance the presence and sale of the 'Crocodile' products through new company owned and operated stores and franchise stores, exclusive brand outlets and multi-brand outlets.

We provide all marketing and branding material to all our business partners including to the franchisees and advertise through various media for 'Crocodile' products.

Personnel

We are focused on the recruitment, training and retention of our employees. As of September 30, 2015, we had 8,499 full-time employees at our garments division and 36 full-time employees at our retail division.

We provide free transportation facilities, accommodation and meals at subsidized rates to most of our employees. We also focus extensively on our employees' training and skills development. We emphasize on training our employees in occupational health and safety procedures as an integral part of our operations. We have policies in relation to fire safety and health of our employees, the hours of work to be put in by the employees, non-employment of child labor at our facilities, handling of grievances, abuse and harassment of employees and practice of equal opportunities for employees.

Properties

Our Registered Office is located at 39-A, Extension Street, Kaikattipudur, Avinashi, Tirupur Dist., Tamil Nadu - 641 654, India, which is leased by the Promoters to the Company. We have acquired various properties for our business and operations. We believe that our existing properties are adequate for our current requirements and that

additional space can be obtained on commercially reasonable terms to meet our future requirements as they arise. The following table lists the properties owned by us:

| S. No. | Property | Total Area | Purpose |
|--------|----------------------------------------------------------------------------------------------|---------------|------------------------------------------------------|
| 1. | Valapady, Salem Attur Main Road, Valappady, Salem | 9.06 acres | Spinning unit |
| | | 1.19 acres | Spinning unit |
| 2. | Pongupalayam, Tirupur Fairlands Township, Pongupalayam Panchayat, Tirupur District | 4,000 sq. ft. | Vacant land not being used as part of our operations |

In addition to the above owned properties, we have taken the following properties on lease for our business operations:

| S. No. | Property | Lessor | Term | Total Area | Purpose |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Avinashi 39-A, Extension Street, Kaikattipudur, Avinashi and 245/1 and 246/2B, Extension Street, Avinashi | Mrs. S. Latha | 29 years from April 1, 2015 | 8.17 acres | Registered Office, administration, manufacturing of garments and operation of company owned and operated store for sale of 'Crocodile' branded products |
| | | Mr. P. Sundararajan and Mrs. S. Latha | 29 years from November 30, 2006 | 2.98 acres | Manufacturing of garments |
| 2. | Avinashi 4/1, Extension Street, S.F. Nos.229/1 and 230/3, Avinashi | Mr. P. Sundararajan and Mrs. S. Latha | 29 years from November 30, 2006 | 10.64 acres | Manufacturing of garments |
| 3. | Palangarai No.5/407-6, N.H.-47 Main Road, Palangarai Village, Avinashi | Mr. P. Sundararajan and Mrs. S. Latha | 29 years from November 30, 2006 | 3.37 acres | Manufacturing of garments |
| | | Mr. P. Sundararajan | 29 years from April 1, 2015 | 1.11 acres | Manufacturing of garments |
| 4. | Neelambur No1/477-A, Avinashi Main Road, Neelambur, Coimbatore | Mr. P. Sundararajan and Mrs. S. Latha | 29 years from November 30, 2006 | 11.75 acres | Manufacturing of garments |
| 5. | Thekkalur S.F.No. 565/1 and 565/2, Kovai Main Road, Thekkalur | Mr. P. Sundararajan | 29 years from November 1, 2015 | 5.28 acres | Manufacturing of garments, printing and embroidery units |
| 6. | Samichettipalayam S.F.Nos.647/1C and 647/2, and No.378-D, Samichettipalayam, Gudalur Village, Gudalur Panchayath, Coimbatore Taluk, Coimbatore District | Poornam | Five years from February 1, 2011 | Land – 1.85 acres Building – 22,000 sq. ft. | Manufacturing of garments |
| 7. | Sathyamangalam Athani Road, Near Government Hospital, M.Kumarapalayam, Sathyamangalam | Hindu Gavara Kula Sangam | Three years from January 1, 2013 | 8,740 sq. ft. | Manufacturing of garments |
| 8. | Sathyamangalam No.93/2, (Old No.21), Malaiyadipudur Village, | Mr. P. Sundararajan | 20 years from June 1, 2010 | Three acres | Manufacturing of garments |

| S. No. | Property | Lessor | Term | Total Area | Purpose |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------------|
| | Sathyamangalam Taluk | | | | |
| 9. | SIPCOT Perundurai Plot Nos.C-30,31,32, SIPCOT Industrial Growth Centre, Perundurai, Erode District | SIPCOT | 99 years from July 28, 2003 (Plot C-31 and C-32) 99 years from May 25, 2005 (Plot C-30) | 2.98 acres | Manufacturing of garments |
| 10. | SIPCOT Perundurai Plot No.PP 1, Phase II, SIPCOT Industrial Growth Centre, Perundurai, Erode District | SIPCOT | 99 years from April 15, 2005 | 25 acres | Dyeing unit |
| 11. | Cheyur S.F.No.299-2B/2, Cheyur Village, Avinashi Taluk, Tirupur District | Mr. P. Karuppasamy | Five years from February 1, 2015 | 18,330 sq. ft. | Manufacturing of garments |
| 12. | Gobichettipalayam Dharapuram Road, Modachur, Gobichettipalayam, Erode District | Mr. M.M. Ramu | Three years from November 9, 2013 | 13,920 sq. ft. | Manufacturing of garments |
| 13. | Gobichettipalayam S.F.Nos.52/11 and 52/12, Erode-Gobichettipalayam Main Road, Polavakalipalayam, Gobichettipalayam, Erode District | Mr. M.S. Loganathan | Three years from March 7, 2014 | 9,833 sq. ft. | Manufacturing of garments |
| 14. | Palladam SF.No. 271/1, Muthandipalayam Pirivu, Chettipalayam Road, Karadivavi Post Office, Palladam Taluk | Mr. M.Srihari | Three years from August 1, 2014 | 17,500 sq. ft. | Manufacturing of garments |
| 15. | Sulthanpet SF.No.694/3,4 (A, B and C Block) Varapatti, Sulthanpet Main Road, Sulthanpet Post, Suler taluk, Coimbatore District | Mrs. S. Sarala and Mr. V. Srinivasan | Three years from December 1, 2013 | 20,496 sq. ft. | Manufacturing of garments |
| 16. | Koduvai S.F.No.258/2, South Avinashipalayam Village, Koduvai, Tirupur District | Mr. A. Myilvaghnan | Three years from August 15, 2014 | 16,222 sq. ft. | Manufacturing of garments |
| 17. | Vellitirupur S.F. No.275/1,2 Velli Tirupur Post, Patlur Village and Panchayat, Ammapettai Union, Bhavani Taluk, Erode District | Mr. S. Venkatachalapathy | Three years from July 1, 2013 | 12,900 sq. ft. | Manufacturing of garments |
| 18. | Puliyampatti S.F.No.37/1B, Masthi Palayam, Irumbarai Village, Mettupalayam Taluk, Coimbatore District | Mrs. D. Kalpanadevi | Three years from May 1, 2014 | 10,496 sq. ft. | Manufacturing of garments |
| 19. | Mylampadi S.F. No.231/7, Mylampadi Village, Bhavani Taluk, Erode District | Mr. P Jagathesan | Three years from January 1, 2015 | Building – 10,015 sq. ft. Land – 1.07 acres | Manufacturing of garments |
| 20. | Kavindapadi | Mrs. V. Sumathi, Mr. A.P. Arumugam and Mr. K.D. | Five years from | 9,947 sq. ft. | Manufacturing of garments |

| S. No. | Property | Lessor | Term | Total Area | Purpose |
|--------|--------------------------------------------------------------------------------------------------------|-----------|------------------|------------|---------|
| | S.F.No. 450/1, No. 179 – B&C, Main Road, Kavindapadi Pudur, Kavindapadi, Bhavani Taluk, Erode District | Jaganthan | December 1, 2015 | | |

Our retail division has also taken the following properties on lease in relation to the operation of company owned and operated stores for the sale of ‘Crocodile’ brand:

| S. No. | Property | Total Area |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Cross Cut Vasu Building, Ambassador Corner, 306 Crosscut Road, Coimbatore 641 012 | 600 sq. ft. |
| 2. | Avinashi 39-A, Extension Street, Kaikattipudur, Avinashi | 8.17 acres, for the entire property located at 39-A, Extension Street, Kaikattipudur, Avinashi that also includes the Registered Office, administration, and a manufacturing facility for manufacturing of garments |
| 3. | Brookfields Shop No.F-7A, First Floor, T.S. Nos.1422/1 and 1423/38 of Annupurpalayam Village, Ward No.8, 67-71, Krishnaswamy Road, Coimbatore 641 001 | 868 sq. ft. |
| 4. | Tristar 652, Ground Floor, Avinashi Road, Coimbatore 641 037 | 750 sq. ft. |
| 5. | Kalapatti 9/42, Nehru Nagar, Kalapatti Main Road, Coimbatore 641 014 | 480 sq. ft. |
| 6. | Saravanampatty 95/1C, Sathy Road, Saravanampatty, Coimbatore 641 035 | 615 sq. ft. |
| 7. | Karamadai JJ Plaza, Indira Nagar, Teachers Colony, 33/2, Mettupalayam Road, Karamadai, Coimbatore District | 498.75 sq. ft. |
| 8. | Thudiyalur Door No.8/216, Sri Ayanagara Maruthi Complex, Mettupalayam Main Road, Viswanathapuram, Thudiyalur, Coimbatore 641 034 | 400 sq. ft. |
| 9. | Express Avenue Shop No.SL-11, Lower Ground Floor, Express Avenue, No.49, 50L, Whites Road, Royapettah, Chennai 600 014 | 993.60 sq. ft. |
| 10. | Anna Nagar Old No.C-52, New No.1, Muva Arcade, Ground Floor, 1 st Main Road, Anna Nagar East, Chennai 600 102 | 450 sq. ft. |
| 11. | Sangli Shop No.1A, First Floor, SFC Mega Mall, M.G. Road, Sangli, Maharashtra | 700 sq. ft. |
| 12. | Vanasthalipuram Shop No.3 (Survey Nos.52 to 57, 69 and 70), Prashanth Nagar colony, Saheb Nagar Kurdh Village (Ward no.5 of L.B. Nagar Circle), Hayathnagar Mandal, Ranga Reddy District | 500 sq. ft. |
| 13. | West Mambalam 37, Brindavan Street, West Mambalam, Chennai 600 033 | 471 sq. ft. |
| 14. | Tuticorin Door No.21-D/2, WGC Road, Tuticorin 628 002 | 640 sq. ft. |
| 15. | T. Nagar | 480 sq. ft. |

| S. No. | Property | Total Area |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| | Shop No.1 & 2, Ground Floor, Door No.14, Dr. Nair Road, Shopping Complex, T Nagar, Chennai 600 017 | |
| 16. | Vijayawada Unit No.1F-10-11, First Floor, PVP Square Mall, Door No.39-1-57, Mogalraipuram, M.G. Road, Vijayawada – 520 010 | 576 sq. ft. |
| 17. | R.S. Puram Door No.195, West Thiruvengataswamy Road, R.S. Puram, Coimbatore 641 002 | 950 sq. ft. |
| 18. | Puducherry No.104, Ground Floor, Mission Street, Puducherry 605 001 | 283 sq. ft. |
| 19. | Erode Ground Floor, No.283, Brough Road. Erode 638 001 | 500 sq. ft. |
| 20. | Valasarawakkam Door No. Old No.28/New No.77, Arcot Road, Valasarawakkam, Chennai 600 087 | 640 sq. ft. |
| 21. | Mysore Shop No.6-B, Ground Floor, D-Devraj URS Road, Mysore 570 001 | 770 sq. ft. |
| 22. | Karaikudi Site No.137-A, Ground Floor, Door No.127/1, 100 Feet Road, Karaikudi 630 001 | 700 sq. ft. |
| 23. | Karur No.156-1, Coimbatore Road, Karur 639 002 | 1000 sq. ft. |
| 24. | Kammanahalli 414, Ground Floor, 4 th Main, 2 nd Block, HRBR layout, Kalyana Nagar, Bangalore 560 043 | 565 sq. ft. |
| 25. | Salem Reliance Mega, 229/1, 5 Junction Road, Meyyanur, Unit No.41, Block No.5 Meyyanur Village, Salem 636 004 | 492 sq. ft. |
| 26. | AS Rao Nagar Plot No.5, Ground Floor, Gayatri Arcade, Tyagaraya Nagar, 1-19-69/5/1, A.S. Rao Nagar, Kapra Municipality, Hyderabad 500 062 | 740 sq. ft. |
| 27. | R.T. Nagar No.2, Ground Floor, P&T Colony, Gangenahalli, R.T. Nagar Main Road, Bangalore 560 032 | 950 sq. ft. |

Quality assurance, laboratory accreditations and certifications

We are particular in complying with the specifications provide by our customers. We adhere to the highest standards of quality for our products. We exercise stringent quality control checks consisting of inspection and testing of fabric, greige and processed yarn, trims, accessories, packing materials and of each piece of garment for metal bits/needle tips/sharp edges prior to packing. We check every piece of garment produced at our manufacturing facilities prior to it being packed. All individual pieces of garments are also physically inspected to ensure that no defective/damaged pieces are delivered to our customers. We have hired employees to monitor the quality of our products. We are proud of the fact that we consistently and regularly meet all necessary quality standards of our customers.

One of our laboratories (Laboratory – I) located at Avinashi, Tamil Nadu, India has also been awarded the certificate of accreditation by the National Accreditation Board for Testing and Calibration Authorities, Department of Science and Technology, India for being in compliance with the standards under ISO/IEC 17025:2005 in the discipline of chemical testing and mechanical testing (valid until July 25, 2017). We have received several certifications and

accreditations for maintaining strict quality control in our various manufacturing processes, including ISO 9001:2008 systems certification (valid until July 2, 2017).

We have also received the 'F&F Gold Supplier Award' by TESCO in 2013, 'Values Award' by TESCO in 2011-12 and 'Trading Fairly Award' for setting benchmarks in Tirupur for compliance with labor standards, investing in workers and supporting community projects by TESCO in 2009. We have also been awarded the Safety Award by the Directorate of Industrial Safety and Health, Government of Tamil Nadu for the least number of accidents in the years 2010 and 2011.

Technology and Infrastructure

We have made significant investments in establishing modern manufacturing facilities. We have implemented and installed the Eton conveyor production system (which automates the sewing assembly line and controls workflow through productivity measurement), automatic assembly line, advanced semi-automated storage and retrieval system (ASRS) for efficient warehouse/inventory management and the Orgatex software system for automation of the processes related to dyeing. We currently operate 20 manufacturing facilities in and around the region of Avinashi, Tamil Nadu, India with advanced plant and machinery. We also have integrated facilities for embellishments such as designing, embroidery, printing, sewing and cutting of the garments. Our manufacturing operations are supported by a wide range of infrastructure facilities. As of September 28, 2015, we owned 4,727 sewing machines, seven cutting machines, 79 embroidery machines, 17 printing machines, 16,896 spindles and 22 dyeing machines.

Competition

We are among the leading childrenwear manufacturers and the second largest exporters of knitted garments for infants and children in India. (*Source: Technopak Report*)

The garments manufacturing industry, globally and in India is highly fragmented and competitive, with a large number of small and medium sized manufacturers having a local presence in South Asia, China and India. With the elimination of export quotas as of January 1, 2005 under the World Trade Organization (WTO), competition in the garments exporting market has increased dramatically, including competitive pressure from additional low cost manufacturers in countries such as Vietnam, Pakistan and Bangladesh. No single country dominates the garments industry either in the Indian or international markets and our competitors range from large multinational enterprises with substantial resources to niche manufacturers. In order to be competitive in the export market of knitted garments for infants and children, we intend to continue to leverage our increasing capacity, cost efficient production and operational capabilities and maintain and develop strong relationship with our existing customers and new customers, respectively.

The retail sector in the garments industry is also highly and increasingly competitive. In relation to our 'Crocodile' brand, we compete primarily on the basis of brand image, style and quality. In order to be competitive in the menswear garments segment, we must continue to develop and market our 'Crocodile' brand, innovate rapidly to respond to changing fashion trends and customer preferences, and offer our retail customers with a wide variety of high quality menswear garments at competitive prices.

Intellectual Property

Our intellectual property rights include the trademark registration for 'Natalia' and 'CDL'. In addition, we have applied for the trademark registration for our Company logo.

Further, pursuant to the terms of the technology license agreement dated April 26, 1994, as amended, our Subsidiary, CPPL has been provided an exclusive license by CIPL (valid until July 31, 2021) to manufacture, distribute and market products in India under the 'Crocodile' brand for adult menswear limited to shirts, polo shirts, t-shirts, trousers, jeans, sweaters, jackets and adult men's innerwear limited to vests, briefs, boxer shorts in India. Under the above technology license agreement, CPPL is required to pay royalty to CIPL at the specified rate based on the total net sales of 'Crocodile' products by CPPL and/or its authorized sub-licensee for the entire period of the license.

Pursuant to an agreement dated March 31, 2015, CPPL has exclusively sub-licensed the right to manufacture, distribute and market products under the 'Crocodile' brand in India as mentioned above to our Company commencing from October 1, 2015 until July 31, 2021. Under such sub-license agreement, our Company is required to pay royalty to CPPL at the specified rate based on the total net sales of 'Crocodile' products by our Company.

Insurance

We maintain insurance policies in respect of our business, operations, products and workforce. We have obtained fire and special perils insurance policies for our manufacturing facilities and the company owned and operated stores in relation to the 'Crocodile' brand to cover material loss of, or damage to, buildings, plant and machinery, furniture and other physical assets. We maintain separate electronic equipment insurance coverage in relation to several of our manufacturing premises, including our Registered Office and a marine turnover insurance policy which provides transit insurance coverage to cover the safety of our products in transit. We also maintain a money insurance policy in respect of our Registered Office, a group personal accident policy in respect of certain of our manufacturing facilities and company owned and operated stores in relation to the 'Crocodile' brand, employee fidelity policy in respect of certain of the company owned and operated stores in relation to the 'Crocodile' brand, and directors and officers liability insurance. We have obtained what we consider to be adequate insurance for our business, operations, products and workforce and that we consider to be consistent with other garments manufacturers in India.

Corporate Social Responsibility

We focus on various corporate social responsibility programs and initiatives like organization of free eye screening camps in association with Aravind Eye Hospitals and Postgraduate Institute of Ophthalmology, Madurai, Tamil Nadu, India and providing financial support to Tirupur Auxilium Salesian Sisters Society, Marialaya and Kovai Auxilium Salesian Sisters Society, Marialaya – rehabilitation homes for street and working girls. Further, we comply with applicable health, safety, labor and environmental legislation and other requirements in our operations. We also emphasize on training in occupational health and safety procedures as an integral part of our operations.

REGULATIONS AND POLICIES

The following description is a summary of certain key regulations and policies prescribed by the Government which are applicable to our Company and are currently in force. The information detailed in this section has been obtained from publications available in the public domain. The description of the regulations set out below may not be exhaustive, and are only intended to provide general information to the investors, and is neither designed nor intended to substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.

Textile Sector Regulations and Policies

National Textile Policy, 2000

The Government of India, in November 2000, announced the National Textile Policy (the “**NTP-2000**”) with the objective of helping the textile industry attain global standing in the manufacture and export of clothing. In furtherance of these objectives, the NTP-2000 placed strategic importance on technological upgradation, enhancement of productivity and quality, product diversification and strengthening the raw material base of the country.

The Government of India, in July 2014, submitted a draft of a new national textile policy, the Vision, Strategy and Action Plan for Indian Textile and Apparel Sector (2024) (“**Draft NTP**”) with the objective of achieving US\$300.0 billion exports and 20% share of the global trade in the textile sector by 2024-25. The Draft NTP also seeks to attempt a structural transformation pursuant to which India would become a net exporter of finished products. In this process, the textile sector is expected to get investments of approximately US\$180.0 billion to US\$200.0 billion and create 35 million additional jobs.

Certain strategic initiatives envisaged under the Draft NTP are set forth below:

- (a) facilitating rapid growth through large scale capacity additions with economies of scale including increase in man-made fibre production;
- (b) providing an investment allowance of 15% across the entire textile and apparel manufacturing value chain for the next ten years irrespective of the investment amount;;
- (c) setting-up a privately managed Government seeded equity fund to provide equity for start-ups, whereby equity is provided without seeking management control; setting-up mega textile parks which will receive around US\$5.0 billion per year of fresh investment;
- (d) promoting skill development initiatives by providing tax relief for the fees paid by the apparel and textile sector firms to professional agencies for skill development;
- (e) diversification of export products and markets, five-year tax holidays recommended to companies on the export of specific finished goods such as apparel, made-ups and technical textiles (designated by the Ministry of Textiles, GoI), if they sustain export growth over 25% annually;
- (f) permitting foreign direct investment in single brand and multi-brand retail for apparel brands owned and controlled by Indians subject to such investment receiving approval from the FIPB;
- (g) improving irrigation and agricultural practices, development of organic or coloured cotton and a system of third party cotton certification that would improve cotton yields;
- (h) introducing user friendly labor laws suited to the present conditions; and
- (i) promoting innovation, research and development.

Revised Restructured Technology Upgradation Fund Scheme

The Ministry of Textiles, Government of India, launched a Technology Upgradation Fund (“**TUF**”) scheme for the textile and jute industry for a five year period from April 1, 1999 to March 31, 2004. It was subsequently extended in 2004 and 2007 with modifications. It was further restructured with effect until March 31, 2012 and extended until March 31, 2013. On October 4, 2013, the Ministry of Textiles provided the financial and operational parameters and implementation mechanism for the Revised Restructured-TUF (“**RR-TUF**”) scheme for the 12th Five Year Plan period *i.e.* until March 31, 2017. The total budget outlay of the RR-TUF scheme for the spinning sector is approximately ₹119,528 million and 10% of the approved outlay for new sanctions is earmarked for MSMEs.

The TUF scheme provided for interest reimbursement of 5% on the interest charged by a lending agency for financing of a project of technology upgradation in conformity with the TUF scheme. Pursuant to the RR-TUF scheme, in cases of standalone spinning units, the interest reimbursement is 2% for new stand alone/replacement/modernization of spinning machinery and 5% for spinning units with forward integration and matching capacity in weaving/knitting/processing/garmenting. The RR-TUF scheme also provides for 5% interest reimbursement and 10% capital subsidy for specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles.

The RR-TUF scheme is monitored by an inter-ministerial steering committee constituted under the chairmanship of the minister of textiles. Only loans sanctioned on or after April 1, 2012 are eligible for grant of benefits under this scheme.

Export Promotion Capital Goods (“EPCG”) Scheme

The EPCG scheme under the Import-Export Policy 2015-20 allows import of capital goods at zero customs duty with an obligation to export an amount at least equal to six times the duty saved on capital goods and to be fulfilled in six years from the date of issue of authorization. Second hand capital goods are not permitted to be imported under EPCG scheme.

Export Performance Certificate

The Apparel Export Promotion Council (“**AEPC**”) issues Export Performance Certificates to eligible exporters who are registered with the AEPC as a manufacturer exporter or merchant exporter and who have past export turnover in the previous financial year. The exporter can make an application for the issuance of an Export Performance Certificate in the manner prescribed by the AEPC. The exporter is eligible to import certain eligible items for use in the manufacture of textile garments for exports, for example, pursuant to the Customs Notification No. 10/2015 dated March 1, 2015 issued by the Ministry of Finance, GoI, the AEPC will allow duty free import of embellishments of up to 5% of the FOB value realized on exports for eligible exporters of textile garments.

Further, concessions on imports of eligible items up to the extent of 5% of the FOB value realized on exports of ready-to-wear garments during the preceding financial year can be availed.

Our Company is registered with the AEPC and has been issued an Export Performance Certificate which is valid until March 31, 2016.

Duty Drawback Scheme

The Duty Drawback scheme, framed pursuant to the Customs Act, 1962 and the Central Excise Act, 1944, enables exporters to obtain a refund of the excise and customs duty payable on the import of raw materials that are used in the manufacture of exported goods, subject to certain conditions. The scheme was enacted in order to make such exporters’ products more competitive in the international market.

The Department of Revenue, Government of India, announced a revision in the All Industry Drawback Rates on November 17, 2014 with effect from November 22, 2014. The revised Drawback Schedule covers more than 3,900 entries presently. With respect to apparel items, the drawback rates have also been given on the basis of the composition of textiles, and differ for when Central Value Added Tax facility has been obtained.

Merchandise Exporter from India (“MEI”) Scheme

Pursuant to the Foreign Trade Policy (2015-2020), the MEI scheme has replaced five earlier schemes and was introduced to offset infrastructure inefficiencies and associated costs in export of goods, especially those having high export intensity, employment potential and able to enhance our export competitiveness. The basis for calculation of the reward under the MEI scheme is on the FOB value of exports realized in free foreign exchange or on the FOB value of exports mentioned in the shipping bill, whichever is less, unless otherwise specified. With effect from June 1, 2015, the MEI scheme mandatorily requires a declaration of intent to be endorsed on the shipping bills (except free shipping bills) to be eligible to claim any reward under the MEI scheme.

The Textiles Committee Act, 1963

The Textiles Committee Act, 1963, has established the Textiles Committee with the primary objective of ensuring standard quality of textiles both for internal marketing and export purposes and the manufacture and use of standard type of textile machinery. Its functions include the promotion of textiles and textile exports, research in technical and economic fields, establishing standards for textiles and textile machinery and setting-up of laboratories for the testing of textile. Additionally, the Textiles Committee regulates the imposition of cess on textile and textile machinery that is manufactured in India.

The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978

The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, provides for the levy and collection of an additional duty of excise on certain textiles and textile related articles.

Other Regulations

Labor Laws

Our operations are subject to compliance with certain labour and industrial laws, including, but not limited to the following:

- the Child Labour (Prohibition and Regulation) Act, 1986;
- the Contract Labor (Regulation and Abolition) Act, 1970;
- the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- the Employees’ State Insurance Act, 1948;
- the Factories Act, 1948;
- the Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957;
- the Industries (Development and Regulation) Act, 1951;
- the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- the Maternity Benefit Act, 1961;
- the Minimum Wages Act, 1948;
- the Payment of Bonus Act, 1965;
- the Payment of Gratuity Act, 1972;
- the Payment of Wages Act, 1936;
- the Tamil Nadu Industrial Establishment (National and Festival Holidays) Act, 1958; and
- the Workmen’s Compensation Act, 1923.

Safety and Environmental Laws

Our operations are also subject to certain safety and environmental legislations, including but not limited to the following:

- the Air (Prevention and Control of Pollution) Act, 1981;
- the Environment (Protection) Act, 1986;

- the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
- the Water (Prevention and Control of Pollution) Act, 1974; and
- the Water (Prevention and Control of Pollution) Cess Act, 1977.

Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government and the FEMA and the circulars and notifications issued thereunder.

The consolidated FDI Policy Circular of 2015 issued by the DIPP, which took effect from May 12, 2015, as amended (“**Consolidated FDI Policy**”), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP.

The transfer of shares from an Indian resident to a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and such transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within applicable sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI and the RBI.

Foreign Trade (Development and Regulation) Act, 1992

In India, exports and imports are regulated by the Foreign Trade (Development and Regulation) Act, 1972 (the “**Foreign Trade Act**”). Under the Foreign Trade Act, every importer and exporter must obtain an ‘Importer Exporter Code’ from the Director General of Foreign Trade or from any other duly authorized officer. The Director General of Foreign Trade or an authorized officer can suspend or cancel a licence issued for export or import of goods in accordance with the Foreign Trade Act, after giving the licence holder a reasonable opportunity of being heard.

Intellectual Property Laws

India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. These enactments provide for the protection of intellectual property by imposing civil and criminal liability for infringement. In addition to the domestic laws, India is a party to several international intellectual property treaties and conventions including the Patent Co-operation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, the International Convention for the Protection of Literary and Artistic Works adopted at Berne in 1886, the Universal Copyright Convention adopted at Geneva in 1952, the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations 1961 and as a member of the World Trade Organization is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights, 1995.

Our Company and our Subsidiary, CPPL, have applied for trade mark registrations for the various brands and logos used in our business which are subject to the provisions of the Trade Marks Act, 1999.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of the Company

Our Company was incorporated in Avinashi, Tamil Nadu as S.P. Apparels Limited, a public limited company under Part IX of the Companies Act, 1956, pursuant to a certificate of incorporation dated November 18, 2005 that was issued following an application to convert M/s S.P. Apparels, a partnership firm into a company. The partnership firm was originally formed pursuant to a partnership deed dated December 14, 1988. Subsequently, pursuant to a partnership deed dated November 7, 2005, the partnership was further reconstituted by the declaration of the partnership as a joint stock company. The joint stock company was thereafter converted into a public limited company pursuant to a certificate of incorporation dated November 18, 2005.

Our Company has eight Shareholders, as on the date of filing of this Draft Red Herring Prospectus. For further information, see the section “*Capital Structure – Notes to Capital Structure – Shareholding Pattern of our Company*” on page 67.

Our Registered and Corporate Office is located at 39-A, Extension Street, Kaikattipudur, Avinashi 641 654, Tirupur District, Tamil Nadu, India.

Conversion of Partnership Firm into our Company

Our Company was formed pursuant to the conversion of a partnership firm, M/s S.P. Apparels, (the “**S.P. Partnership**”) into a joint stock company under Part IX of the Companies Act, 1956. The S.P. Partnership was constituted by P. Velusamy, P. Subramaniam, P. Kanakarajan and P. Sundararajan pursuant to a partnership deed dated December 14, 1988 for the purpose of purchase, sale and export of cloth, textiles and garments. Subsequently, pursuant to partnership deeds dated July 19, 1989, April 1, 1999, April 1, 2002, certain persons retired and certain other persons were admitted to the S.P. Partnership, including S. Latha who was admitted to the S.P. Partnership with effect from April 1, 2002. Subsequently, pursuant to a partnership deed dated April 1, 2004, P. Sundararajan and S. Latha decided to continue the S.P. Partnership for the purpose of manufacturing, purchase, export and sale of garments, fabric, yarn and other textile goods. Subsequently, pursuant to a partnership deed dated September 19, 2005, V. Senthil, S. Santha, P. Velusamy, V. Padmini and P. Ashokaraman were admitted as parties to the S.P. Partnership. Subsequently, pursuant to a partnership deed dated November 7, 2005, the S.P. Partnership was further reconstituted by the declaration of the S.P. Partnership as a joint stock company and all the assets and liabilities of the S.P. Partnership were taken over by our Company. Further, the erstwhile partners of the S.P. Partnership were issued Equity Shares in our Company in the manner set out below:

| S. No. | Name of the Partner | Number of Equity Shares | Amount (in ₹) |
|--------|---------------------|-------------------------|-------------------|
| 1. | P. Sundararajan | 3,975,000 | 39,750,000 |
| 2. | S. Latha | 1,000,000 | 10,000,000 |
| 3. | V. Senthil | 5,000 | 50,000 |
| 4. | S. Shantha | 5,000 | 50,000 |
| 5. | P. Velusamy | 5,000 | 50,000 |
| 6. | V. Padmini | 5,000 | 50,000 |
| 7. | P. Ashokaraman | 5,000 | 50,000 |
| | Total | 5,000,000 | 50,000,000 |

Changes in the Registered Office

The Registered Office of our Company is situated at Tirupur District, Tamil Nadu. The details of the change in the registered office of our Company since incorporation are as below:

| Effective Date | Details of Change | Reason for Change |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| November 27, 2015 | The registered office of our Company was changed from 39A, Extension Street, Kaikattipudur, Avinashi, Coimbatore District, Tamil Nadu – 636 007, India to 39A, Extension Street, | Pursuant to the Gazette Notification No. G.O. (Ms) No. 618 dated October 24, 2008 issued by the Revenue Department, Government of Tamil Nadu, |

| Effective Date | Details of Change | Reason for Change |
|----------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| | Kaikattipudur, Avinashi, Tirupur District, Tamil Nadu – 641 654, India. | the registered office of our Company became a part of the newly formed district of Tirupur. |

Main Objects of our Company

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

1. *“To carry on all or any of the business as manufacturers, traders, importers, exporters, retailers, makers, designers, stockists, distributors, consignors, consignees, agents, factors of and/or otherwise deal in hosiery goods readymade garments, made-ups, towels, knit wears, home textile and fabrics of all descriptions made out of cotton, man made fibres and silks.*
2. *To manufacture, spin, weave, prepare, bleach, dye, print or in any other any to manipulate Cotton, Cotton Yarn, Silk, Artificial silk, Staple Fibre, Rayon, Polyester, Wool, Nylon, acrylic, jute, milange, Synthetic and other fibrous substances or blended varieties thereof and to deal in, sell, purchase or otherwise trade in all or any of the above products and to carry on the business of cotton spinning mill, staple fibre and other fibrous substances, spinning mills, weaving mills, cotton ginning and pressing.*
3. *To carry on business as drapers and dealers of furnishing fabrics in all its branches, as customers, ready made dress and mantle makers, silk mercers, makers and suppliers of clothing, lingerie and trimmings of every kind, furriers, drapers, haberdashers, milliners, hosiers, gloves, lace makers, feather dressers, felt makers dealers in and manufacturers of yarns and fabrics.*
4. *To carry on all of the business of processing, Scouring, Sizing, Bleaching, Colouring, dyeing, texturising, Calendaring, Printing, Mercerising and finishing, buying, selling, importing, exporting cotton, linen, wool, Silk, Artificial silk, Rayon, Chemical, Synthetic, Yarn, Fabric, textiles, and textile substances of all kind.”*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out as well as to carry on the activities for which the funds are being raised in the Offer.

Amendments to the Memorandum of Association

| Date of Shareholders' resolution | Nature of Amendment |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 25, 2006 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorized share capital of our Company from ₹100,000,000 divided into 10,000,000 Equity Shares to ₹210,000,000 divided into 21,000,000 Equity Shares. |
| October 28, 2006 | The following clause B.45 was added to the ancillary objects clause of our Memorandum of Association: <i>“To generate, purchase, accumulate supply and distribute electric energy through wind mills and otherwise and supply electrical and other non – conventional methods and other energy to factories, workshop and other places”</i> |
| December 2, 2006 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorized share capital of the Company from ₹210,000,000 divided into 21,000,000 Equity Shares to ₹230,000,000 divided into 23,000,000 Equity Shares. |
| March 21, 2007 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorized share capital of the Company from ₹230,000,000 divided into 23,000,000 Equity Shares to ₹330,000,000 divided into 33,000,000 Equity Shares. |
| May 15, 2008 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorized share capital of the Company from ₹330,000,000 divided into 33,000,000 Equity Shares to ₹360,000,000 divided into 36,000,000 Equity Shares. |
| May 28, 2011 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorized share capital of the Company from ₹360,000,000 divided into 36,000,000 Equity Shares to ₹400,000,000 divided into 20,000,000 Equity Shares and 20,000,000 10% Redeemable Preference Shares. |
| July 22, 2013 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorized share capital of |

| Date of Shareholders' resolution | Nature of Amendment |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | the Company from ₹400,000,000 divided into 20,000,000 Equity Shares and 20,000,000 Redeemable Preference Shares to ₹472,500,000 divided into 20,000,000 Equity Shares, 20,000,000 10% Redeemable Preference Shares and 7,250,000 6% CCPS. |
| September 30, 2015 | Clause V of the Memorandum of Association was amended to reflect the change in the authorized share capital of the Company from ₹472,500,000 divided into 20,000,000 Equity Shares, 20,000,000 Redeemable Preference Shares and 7,250,000 6% CCPS to ₹472,500,000 divided into 27,250,000 Equity Shares and 20,000,000 Redeemable Preference Shares of ₹10 each. |

Major Events

The table below sets forth some of the key events in the history of our Company:

| Calendar Year | Event |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1989 | Started export operations as a partnership firm |
| 1998 | Set-up our own manufacturing facility at Neelambur |
| 2001 | Commissioning of the first wind energy generator |
| 2003 | Set-up first in-house embroidery facility at Thekkalur |
| 2004 | Set-up our flagship factory at Avinashi with full garment conversion process (from cutting to packing) |
| 2005 | Conversion of the partnership firm to our Company |
| 2005 | Set-up first in-house printing facility at Avinashi |
| 2005 | Commissioning of our own dyeing plant at SIPCOT, Perundurai |
| 2006 | Investment by NYLIM India Fund II in our Company pursuant to the SSSA |
| 2006 | Acquisition of majority shareholding in CPPL pursuant to a share transfer agreement dated May 24, 2006 and a memorandum of understanding dated May 24, 2006 executed among CIPL, CPPL, our Company and Shivarams Associates Private Limited |
| | Addenda to the Technology License Agreement dated May 16, 2006 executed by our Subsidiary, CPPL with Crocodile International Pte Limited in 1996, for the use of the 'Crocodile' brand |
| 2007 | Acquisition of the 'Natalia' brand pursuant to an agreement dated February 20, 2007 |
| 2007 | Amalgamation of S.P. TexFab Private Limited with our Company pursuant to a Scheme of Amalgamation sanctioned by the High Court of Madras with effect from March 21, 2007 |
| 2008 | Amalgamation of Sri Balaji Bakkiam Spinning Mills with our Company pursuant to a Scheme of Amalgamation sanctioned by the High Court of Madras with effect from May 13, 2008 |
| 2008 | Acquisition of our retail division from CPPL, on a going concern basis |
| 2009 | Reschedulement of term loan facilities from State Bank of Mysore and State Bank of Indore. The facility availed from State Bank of Indore has been repaid by our Company subsequently. |
| 2010 | Formulation and implementation of a foreign exchange policy for our Company |
| 2011 | Sale of wind mills owned by our Company to Maple Renewable Power Private Limited pursuant to a slump sale agreement dated December 23, 2011 |
| 2013 | Investment by Euro Asia pursuant to the Investment Agreement |
| 2014 | Incorporation of a wholly-owned subsidiary, SPUK in the United Kingdom |
| 2014 | Reschedulement of term loan facility from Andhra Bank |
| 2015 | Execution of the Sub-Licensing Agreement with our Subsidiary, CPPL to manufacture, distribute and market products under the 'Crocodile' brand |
| 2015 | Transfer of 12 retail stores by Poornam to our Company pursuant to the Slump Sale Agreement |

Other Details regarding our Company

For details of our Company's corporate profile, business, marketing, the description of our activities, services, products, market segment, the growth of our Company, exports and profits due to foreign operations and country-wise analysis, standing of our Company in relation to prominent competitors with reference to our products and services, environmental issues, technology, market, capacity built-up, major suppliers, major customers and geographical segment, see the sections "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 116 and 256, respectively.

For details of the management of our Company and its managerial competence, see the section “*Our Management*” on page 144.

Capital raising activities through equity or debt

For details regarding our capital raising activities through equity and debt, see the sections “*Capital Structure*” and “*Financial Indebtedness*” on pages 63 and 278, respectively.

Injunctions or restraining order against our Company

Except as disclosed in the section “*Outstanding Litigation and Material Defaults*” on page 293, there are no injunctions or restraining order against the Company.

Guarantees provided by our Promoters

None of our Promoters are offering the Equity Shares held by them as part of the Offer. In any event, other than the guarantees given to our lenders and as disclosed in the section “*Financial Indebtedness*” on page 278, our Promoters have not given any guarantees to third parties that are outstanding as on the date of filing of this Draft Red Herring Prospectus.

Financial and Strategic Partners

As of the date of filing of this Draft Red Herring Prospectus, NYLIM India Fund II and CIPL are financial and strategic partners of our Company, respectively. NYLIM India Fund II holds 1,800,000 Equity Shares pursuant to the SSSA. CIPL has granted a license to our Subsidiary, CPPL in relation to the ‘Crocodile’ brand. For further information, see the section “*History and Certain Corporate Matters – Summary of Certain Agreements – Other Material Agreements*” on page 143.

Changes in the activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years which may have had a material effect on the profits and loss account of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

Defaults or rescheduling of borrowings from financial institutions/banks and conversion of loans into equity

No defaults have been called by any financial institution or bank in relation to borrowings from financial institutions or banks. For details of our financing arrangements, see the section “*Financial Indebtedness*” on page 278. Further, except as disclosed below, none of our loans have been rescheduled or been converted into Equity Shares.

Pursuant to a letter dated January 29, 2014, Andhra Bank approved the restructuring of the term loan ₹168,300,000 availed by our Company, subject to certain terms and conditions including payment by the Company of ₹200,000 towards the request for reschedulement and our Company undertaking to make accelerated payment of the loan if demanded by Andhra Bank, in the event of better performance. Our Company has agreed to repay the amount outstanding to Andhra Bank under this facility in 24 quarterly instalments by March 2021.

Pursuant to a letter dated June 30, 2009, State Bank of Mysore approved the restructuring of certain term loans availed by our Company, subject to the rate of interest being increased by 1.25% on all such rescheduled term loans and our Company undertaking not to make any further investments in fixed assets without the prior approval of State Bank of Mysore.

Credit Rating

We have obtained the following ratings from ICRA Limited in August 2015:

| Instruments | Amounts (in ₹ million) | Rating Action |
|-----------------------------------|------------------------------|----------------------------------------------------|
| Long-term: term loan facilities | 483.00 (revised from 445.00) | Upgraded to [ICRA]BB from [ICRA]D; Outlook: Stable |
| Long-term: fund based facilities | 200.00 (revised from 340.00) | |
| Short-term: fund based facilities | 1150.00 | Upgraded to [ICRA]A4 from [ICRA]D |

In upgrading our rating, ICRA Limited has considered the improvement in the financial profile of our Company during Fiscal Year 2015 reflected by an increase in operating profits and cash flows leading to regularization of debt servicing by us.

Lock-outs and strikes

There have been no lock-outs or strikes at any of the units of our Company or the Subsidiaries.

Time and cost overruns

Our Company has not experienced any time or cost overruns in relation to any of its projects.

Details regarding acquisition of business/undertakings, mergers, amalgamations and revaluation of assets

Scheme of amalgamation of S.P. Texfab Private Limited with our Company and their respective shareholders

Pursuant to a resolution dated December 2, 2006 adopted by our Board, our Company filed a scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956, as amended before the High Court of Madras for the merger of S.P. Texfab Private Limited, which was a wholly-owned subsidiary of our Company, with our Company (the “**Texfab Scheme**”). The Texfab Scheme was sanctioned by the High Court of Madras by an order dated March 1, 2007, pursuant to which S.P. Texfab Private Limited was dissolved with effect from April 1, 2006 and its entire business, assets, loans and advances, liabilities, contracts, employees etc. were transferred to our Company. Further, the equity shares held by our Company and its nominees in S.P. Texfab Private Limited were cancelled and the authorized share capital of S.P. Texfab Private Limited was combined with the authorized share capital of our Company.

Scheme of amalgamation of Sri Balaji Bakkiam Spinning Mills Limited Limited with our Company and their respective shareholders

Pursuant to a resolution dated December 17, 2007 adopted by our Board, our Company filed a scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956, as amended before the High Court of Madras for the merger of Sri Balaji Bakkiam Spinning Mills Limited, which was a wholly-owned subsidiary of our Company, with our Company (the “**Bakkiam Scheme**”). The Bakkiam Scheme was sanctioned by the High Court of Madras by an order dated April 23, 2008, pursuant to which Sri Balaji Bakkiam Spinning Mills Limited was dissolved with effect from April 1, 2007 and its entire business, assets, loans and advances, liabilities, contracts, employees etc. were transferred to our Company. Further, the equity shares held by our Company and its nominees in Sri Balaji Bakkiam Spinning Mills Limited were cancelled and the authorized share capital of Sri Balaji Bakkiam Spinning Mills Limited was combined with the authorized share capital of our Company. Pursuant to the Bakkiam Scheme, our Company acquired the spinning facility of Sri Balaji Bakkiam Spinning Mills Limited.

For details on the slump sale agreements executed by our Company, see the section “*History and Certain Corporate Matters – Summary of Certain Agreements – Other Material Agreements*” on page 143.

For details on the acquisition of certain of our Subsidiaries, see the section “*History and Certain Corporate Matters – Summary of Certain Agreements – Acquisition Agreements*” on page 143.

Except as stated above, our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation or revaluation of assets.

Awards, Certifications and Recognitions

We have received the following awards, certifications and recognitions:

| Calendar Year* | Award/Certification/Recognition |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2006 | Awarded "Outstanding New Vendor" by The Children's Place (Disney Store, North America) |
| 2007 | Received 'Worldwide Responsible Apparel Production' certification |
| 2009 | Recognized as 'Star Export House' by the Government of India |
| 2009 | Awarded "Trading Fairly Award" by TESCO for setting benchmarks in Tirupur for labor standards compliance, investing in workers and supporting community projects |
| 2010 | Awarded "Tamil Nadu State Government Safety Award 2010" by the Directorate of Industrial Safety and Health, Government of Tamil Nadu for the least number of accidents |
| 2011 | Awarded "Tamil Nadu State Government Safety Award 2011" by the Directorate of Industrial Safety and Health, Government of Tamil Nadu for the least number of accidents |
| 2011 | Awarded "Best Newcomer" by Marks & Spencer Children's Suppliers Awards 2011 |
| 2011 - 2012 | Awarded "Values Award" by TESCO |
| 2013 | Awarded "F&F Gold Rated Supplier 2013" by TESCO |
| 2013 | Received laboratory accreditation ISO/IEC 17025:2005 by the National Accreditation Board for Testing and Calibration Authorities, Department of Science and Technology, India |
| 2014 | Received ISO 9001:2008 systems certification |
| 2014 | Received laboratory testing accreditation by one of our customers |

* The calendar year pertains to the year for which the award, certification or recognition was given to our Company.

Holding Company

We have no holding company.

Our Subsidiaries

Our Company has the following Subsidiaries:

1. Crocodile Products Private Limited; and
2. S.P. Apparels (UK) (P) Limited.

None of the Subsidiaries (i) is listed on any stock exchange in India or abroad; (ii) has become a sick company under the meaning of the SICA; or (iii) is under winding-up. There are no accumulated profits or losses of the Subsidiaries not accounted for by our Company.

Unless otherwise stated, the information below is as of the date of this Draft Red Herring Prospectus.

1. *Crocodile Products Private Limited*

Corporate Information:

Crocodile Products Private Limited ("CPPL") was incorporated under the Companies Act, 1956 on March 21, 1994. The registered office of CPPL is located at 39-A, Extension Street, Kaikattipudur, Avinashi 641 654, Tirupur District, Tamil Nadu, India.

CPPL is engaged in the business of, *inter alia*, establishing and managing units to manufacture, trade, deal, import and export garments and to enter into joint venture agreements with CIPL for the manufacture and marketing of products under the trade mark 'Crocodile'.

Capital Structure:

The authorized share capital of CPPL is ₹70,000,000 divided into 700,000 equity shares of face value of ₹100 each. The issued, subscribed and paid-up share capital of CPPL is ₹38,000,000 divided into 380,000 equity shares of face value of ₹100 each.

Shareholding Pattern:

| S. No. | Name of Shareholder | Number of equity shares | Percentage of issued capital |
|--------|-----------------------------------|-------------------------|------------------------------|
| 1. | S.P. Apparels Limited | 266,000 | 70% |
| 2. | Crocodile International Pte. Ltd. | 114,000 | 30% |
| | Total | 380,000 | 100% |

2. S.P. Apparels (UK) (P) Limited

Corporate Information:

S.P. Apparels (UK) (P) Limited (“SPUK”) was incorporated under the [U.K.] Companies Act, 2006 on November 10, 2014. The registered office of SPUK is located at 49, Queens Road, Blaby, Leicester, Leicestershire, LE84EH, England. SPUK was incorporated in 2014 to explore possible marketing opportunities and engage in trading activities with new customers in the United Kingdom, Ireland and other European countries.

Capital Structure:

The issued, subscribed and paid-up share capital of SPUK is GBP 90,000 divided into 90,000 equity shares of face value of GBP 1 each.

Shareholding Pattern:

| Name of Shareholder | Number of equity shares | Percentage of issued capital |
|-----------------------|-------------------------|------------------------------|
| S.P. Apparels Limited | 90,000 | 100% |
| Total | 90,000 | 100% |

Revenue or Profit or Asset Contribution

There is no Subsidiary which has contributed more than 5% of revenue or profits or assets of our Company on a consolidated basis in the last period of Restated Financial Statements included in this Draft Red Herring Prospectus, *i.e.*, for the three month period ended June 30, 2015.

Significant Sale/Purchase between Subsidiaries and our Company

Except as disclosed in the section “*Related Party Transactions*” on page 164, none of our Subsidiaries is involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

Common Pursuits

Except as disclosed in the sections “*Our Business*” and “*Related Party Transactions*” on pages 116 and 164 respectively, there are no common pursuits between our Company and the Subsidiaries.

Business Interest between our Company and the Subsidiaries

Except as disclosed in the sections “*Our Business*” and “*Related Party Transactions*” on pages 116 and 164 respectively, none of the Subsidiaries have any business interest in our Company.

Associates

Our Company holds more than 20% of the total share capital of Gayathri Sustainable Energies India Private Limited (“**Gayathri Sustainable Energies**”). However, our Company does not have significant influence over Gayathri Sustainable Energies and we have no power to participate in or control the financial and/or operating policy decisions of Gayathri Sustainable Energies and therefore, it has not been included as our associate company under relevant Accounting Standards. Gayathri Sustainable Energies may be considered as our associate company pursuant to the Companies Act, 2013.

Our Company has entered into a power purchase agreement with Gayathri Sustainable Energies for the purchase of 10.5 million units of power per annum at a tariff determined with reference to the base tariff charged by Tamil Nadu Generation and Distribution Company Board.

Summary of Certain Agreements

In this section, unless otherwise defined or the context requires otherwise, defined terms used in the descriptions below have the meanings given to such terms under the respective agreements.

Subscription and Shareholders’ Agreements

1. *Share Subscription and Shareholders’ Agreement among our Company, the Promoters and NYLIM India Fund II dated October 26, 2006 and as amended pursuant to the Amendment Agreement dated December 23, 2015 (the “SSSA”)*

Pursuant to the SSSA, NYLIM India Fund II was issued 1,800,000 Equity Shares of our Company constituting 10.71% of the Equity Share capital of our Company, for an aggregate consideration of ₹360 million. For more information, see the section “*Capital Structure – Notes to Capital Structure – Details of the build-up of Equity Share capital held by the Selling Shareholder in our Company*” on page 67.

The SSSA provides certain rights to NYLIM India Fund II, including (i) tag-along rights in the event of transfer of Equity Shares by our Promoters as long as NYLIM India Fund II holds not less than 5% of the Equity Shares and if the Promoters propose to transfer any of their Equity Shares aggregating to 10% or more of the Equity Share capital of our Company and (ii) certain anti-dilution rights. NYLIM India Fund II also has the right to appoint one nominee Director to our Board and on every Committee of the Board, until the admission of the Equity Shares to the official list of a recognized stock exchange (“**Listing**”), who is not liable to retire by rotation.

In addition, certain reserved matters require the affirmative written consent of NYLIM India Fund II. The reserved matters include, *inter alia*

- change of business of our Company or any member of the Company group;
- any change in capital structure of our Company or our Subsidiaries;
- creation of new subsidiaries or affiliates (as defined in the SSSA), or entering into any joint venture, partnership or technology transfer agreements;
- alteration of the Memorandum of Association or the Articles of Association of our Company or its Subsidiaries;
- incurring indebtedness, which may result in our Company’s long term debt to equity ratio exceeding 2.5:1 and the total debt to equity ratio exceeding 3.5:1; and
- issuance of employee stock options and/or sweat equity or similar schemes in respect of our Company or its Subsidiaries.

Pursuant to the terms of the SSSA, all of these above preferential rights will automatically terminate with effect from the date of Listing and commencement of trading of our Equity Shares on the Stock Exchanges.

2. *Investment Agreement dated March 18, 2013 between Euro Asia Agencies Limited and our Company*

Pursuant to the Investment Agreement, Euro Asia was issued 7,249,454 6% CCPS which would be converted into Equity Shares at a price of ₹210 per CCPS after a period of 36 months from the date allotment but within a period of 60 months of allotment. Pursuant to a resolution of the Board dated June 26, 2015 and the waiver by Euro Asia of the 36 months conversion period pursuant to a letter dated April 2, 2015, the CCPS were converted into 345,212 Equity Shares. Further, pursuant to the letter dated April 2, 2015, the Investment Agreement was terminated. For more information, see the section “*Capital Structure – Notes to Capital Structure – Preference Share Capital*” on page 64.

Acquisition Agreements

1. *Share Transfer Agreement dated May 24, 2006 among Shivarams Associates Private Limited, Venkatesh Sivaraman, our Company and CPPL and Memorandum of Understanding dated May 24, 2006 among CIPL, CPPL, Shivarams Associates Private Limited and our Company (together, the “CPPL Agreements”)*

Pursuant to the CPPL Agreements, our Company purchased 114,000 equity shares of CPPL constituting 60.14% of the equity share capital of CPPL from Shivarams Associates Private Limited. Pursuant to the terms of the CPPL Agreements, management control of CPPL was transferred to our Company and our Company agreed to invest ₹130,000,000 in CPPL over a period of three years from June 2006. Further, our Company is subject to the rights and obligations imposed on Shivarams Associates Private Limited under the technology license agreement dated April 26, 1994, as amended from time to time, pursuant to which CIPL granted a license to CPPL to use the ‘Crocodile’ brand in India. For details on the terms of the technology license agreements applicable to our Company, see the section “*History and Certain Corporate Matters – Summary of Certain Agreements – Other Material Agreements*” on page 143.

Other Material Agreements

1. *Slump Sale Agreement dated July 31, 2015 between our Company and Poornam Enterprises Private Limited (“the “Slump Sale Agreement”)*

Certain of our company owned and operated stores in relation to the ‘Crocodile’ brand were taken on lease by Poornam. Pursuant to the Slump Sale Agreement, Poornam has transferred its retail business to our Company including such properties and certain liabilities (including the term loan availed by Poornam from Muthoot Fincorp Limited to the extent of ₹30 million) with effect from August 1, 2015. For further details, see the section “*Financial Indebtedness*” on page 278.

2. *Sub-License Agreement dated March 31, 2015 between our Company and CPPL*

Pursuant to the terms of the technology license agreement dated April 26, 1994, as amended, our Subsidiary, CPPL has been provided an exclusive license by CIPL (valid until July 31, 2021) to manufacture, distribute and market products in India under the ‘Crocodile’ brand for adult menswear limited to shirts, polo shirts, t-shirts, trousers, jeans, sweaters, jackets and adult men’s innerwear limited to vests, briefs, boxer shorts in India. Under the above technology license agreement, CPPL is required to pay royalty to CIPL at the specified rate based on the total net sales of ‘Crocodile’ products by CPPL and/or its authorized sub-licensee for the entire period of the license.

Pursuant to an agreement dated March 31, 2015, CPPL has exclusively sub-licensed the right to manufacture, distribute and market products under the ‘Crocodile’ brand in India as mentioned above to our Company commencing from October 1, 2015 until July 31, 2021. Under such sub-license agreement, our Company is required to pay royalty to CPPL at the specified rate based on the total net sales of ‘Crocodile’ products by our Company.

OUR MANAGEMENT

Board of Directors

Under the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. Currently our Company has eight Directors.

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

| Name, Designation, Term, DIN, Occupation, Nationality and Address | Age (in years) | Other Directorships/Partnerships |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. P. Sundararajan <i>Designation:</i> Chairman and Managing Director <i>Term:</i> Five years from November 21, 2015 <i>DIN:</i> 00003380 <i>Occupation:</i> Business <i>Nationality:</i> Indian <i>Address:</i> 192, East Sambandam Road R.S. Puram Coimbatore – 641 002 Tamil Nadu India | 59 | Private Companies: 1. Crocodile Products Private Limited 2. Poornam Enterprises Private Limited Foreign Companies: 1. S.P. Apparels (UK) (P) Limited Partnerships: 1. S.P. Lifestyles |
| Mrs. S. Latha <i>Designation:</i> Executive Director <i>Term:</i> Five years from August 16, 2011 <i>DIN:</i> 00003388 <i>Occupation:</i> Business <i>Nationality:</i> Indian <i>Address:</i> 192, East Sambandam Road R.S. Puram Coimbatore – 641 002 Tamil Nadu India | 51 | Private Companies: 1. Crocodile Products Private Limited Partnerships: 1. S.P. Lifestyles |
| Mr. S. Chenduran <i>Designation:</i> Whole-time Director <i>Term:</i> Five years from April 1, 2015 <i>DIN:</i> 03173269 <i>Occupation:</i> Business <i>Nationality:</i> Indian <i>Address:</i> 192, East Sambandam Road R.S. Puram Coimbatore – 641 002 Tamil Nadu India | 26 | Private Companies: 1. Poornam Enterprises Private Limited Partnerships: 1. S.P. Lifestyles |

| Name, Designation, Term, DIN, Occupation, Nationality and Address | Age (in years) | Other Directorships/Partnerships |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. V. Sakthivel <i>Designation:</i> Non-Executive, Independent Director <i>Term:</i> Five years from March 30, 2015 <i>DIN:</i> 00005720 <i>Occupation:</i> Chartered Accountant <i>Nationality:</i> Indian <i>Address:</i> No. 186 C Lakshmi Road Salem – 636 004 Tamil Nadu India | 66 | Private Companies: 1. Crocodile Products Private Limited 2. S.P. Spinning Mills Private Limited 3. S.P. Superfine Cotton Mills Private Limited |
| Mr. Srinivas Chidambaram <i>Designation:</i> Nominee, Non-Executive Director <i>Term:</i> Not liable to retire by rotation <i>DIN:</i> 00514665 <i>Occupation:</i> Professional <i>Nationality:</i> Indian <i>Address:</i> S-283, Ground Floor Greater Kailash – II New Delhi – 110 048 India | 49 | Private Companies: 1. Financial Software and Systems Private Limited 2. Jacob Ballas Capital India Private Limited 3. Trianz Holdings Private Limited Public Companies: 1. Religare Finvest Limited 2. SRL Limited |
| Mr. P. Yesuthasan <i>Designation:</i> Non-Executive, Independent Director <i>Term:</i> Five years from September 30, 2015 <i>DIN:</i> 00767702 <i>Occupation:</i> Forex Consultant <i>Nationality:</i> Indian <i>Address:</i> 4-B, Cross Street Srinagar Colony Chennai Tamil Nadu – 600 015 | 69 | Private Companies: 1. Phaeros IT India Private Limited 2. Gist Advisory Private Limited 3. Bloom Plantation and Resort Private Limited 4. Flourish Plantation Resort Private Limited Public Companies: 1. Tamilnad Mercantile Bank Limited |
| A.S. Anandkumar <i>Designation:</i> Independent, Non-Executive Director <i>Term:</i> Five years from November 13, 2015 <i>DIN:</i> 00058292 <i>Occupation:</i> Business <i>Nationality:</i> Indian <i>Address:</i> 502, Glen Egle | 68 | Private Companies: 1. Value Vision Consultants Private Limited 2. V V Corporate Financial Services Private Limited 3. Chakee Capital Management Private Limited Public Companies: 1. Shaily Engineering Plastics Limited 2. Sujana Towers Limited |

| Name, Designation, Term, DIN, Occupation, Nationality and Address | Age (in years) | Other Directorships/Partnerships |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------|
| Tata Colony Parel Tank Road, Parel Mumbai – 400 012 Maharashtra India | | |
| G. Ramakrishnan <i>Designation:</i> Independent, Non-Executive Director <i>Term:</i> Five years from November 13, 2015 <i>DIN:</i> 06552357 <i>Occupation:</i> Retired IAS Officer <i>Nationality:</i> Indian <i>Address:</i> No. 10, 11 th Avenue Ashok Nagar Chennai – 600 083 Tamil Nadu India | 70 | Private Companies: 1. DNP Motors Private Limited 2. NDVN Properties Private Limited |

Relationship between the Directors

| Name of the Director | Relationship |
|----------------------|----------------------------------------------|
| Mrs. S. Latha | Wife of Mr. P. Sundararajan |
| Mr. S. Chenduran | Son of Mr. P. Sundararajan and Mrs. S. Latha |

Except as stated above, none of the Directors are related to each other.

Arrangement or Understanding with Major Shareholders

Mr. P. Sundararajan has been appointed as the Managing Director of our Company pursuant to the resolution of the Shareholders dated September 30, 2015.

One of our Directors, Mr. Srinivas Chidambaram, has been nominated to the Board by our Shareholder, NYLIM India Fund II, pursuant to the SSSA. For further details, see the section “*History and Certain Corporate Matters – Summary of Key Agreements – Shareholders Agreements*” on page 142.

Except as stated above, none of the Directors have been appointed pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others.

Brief Biographies

1. *Mr. P. Sundararajan*

Mr. P. Sundararajan is the Chairman and Managing Director of our Company. He was appointed as a Director on November 18, 2005, as the Managing Director of our Company on November 21, 2005, and was re-appointed as the Managing Director of our Company with effect from November 21, 2015. He holds a Bachelor of Science degree from the Bangalore University. Mr. Sundararajan has approximately 31 years of experience in the textile and apparel industry. He is currently the managing director of Crocodile Products Private Limited and a director of Poornam Enterprises Private Limited. He is also the managing partner of S.P. Lifestyles. He was also a partner in certain other partnership firms carrying on business in the purchase and sale of cloth, since 1983.

2. *Mrs. S. Latha*

Mrs. S. Latha is an Executive Director. She was appointed as a non-executive Director on November 18, 2005, and was re-appointed as an Executive Director with effect from August 16, 2006. She has completed education up to higher secondary school. She has approximately 24 years of experience in the textile and apparel industry. She is currently a director of Crocodile Products Private Limited. She is currently a partner in the partnership firm, S.P. Lifestyles. She was also a partner in a partnership firm carrying on business in the purchase and sale of cloth since 1991.

3. *Mr. S. Chenduran*

Mr. S. Chenduran is a Whole-time Director. He was appointed as a Director of our Company on March 30, 2015. He holds a Masters of Science in Business and Management from the University of Strathclyde, United Kingdom. He has approximately three years of experience in the textile and apparel industry. He is currently the director of operations for the processing division of our Company and is involved in promoting retail sales and development of digital marketing of the products of our Company. He is currently a director of Poornam Enterprises Private Limited and a partner in the partnership firm, S.P. Lifestyles.

4. *Mr. V. Sakthivel*

Mr. V. Sakthivel is an Independent, Non-Executive Director of our Company. He was appointed as a Director of our Company on January 30, 2006 and was appointed as an Independent Director of our Company on March 30, 2015. He holds a Bachelor of Commerce degree from the University of Madras. He is a qualified Chartered Accountant and Certified Information Systems Auditor. He has approximately 40 years of experience in the fields of commerce and accountancy. He has previously worked with Thriveni Earth Movers Private Limited as the director of finance.

5. *Mr. Srinivas Chidambaram*

Mr. Srinivas Chidambaram is a Nominee, Non-Executive Director of our Company. He was appointed as a Director of our Company on November 15, 2006 and was reappointed as a Nominee Director on July 24, 2013. He holds a Bachelor of Commerce degree from the University of Kerala. He is a qualified Chartered Accountant. He has approximately 26 years of experience mainly in the fields of financial services and investment related activities. He joined Jacob Ballas Capital Private Limited in 2005 and is currently its managing director. He has previously worked with SRF Limited, SRF Finance Limited, HSBC Private Equity Management Mauritius Limited, HSBC Private Equity Asia Limited, Hong Kong and DSL Software Limited.

6. *Mr. P. Yesuthasen*

Mr. P. Yesuthasen is an Independent Director of our Company. He was appointed as a Director of our Company on August 28, 2015. He holds a Masters of Business Administration degree from Cass Business

School, London and a Master of Arts degree in Public Administration from Madras Christian College. He has approximately 40 years of experience in the field of banking. He is currently a whole-time director of Pheros IT India Private Limited. He has previously worked with the Reserve Bank of India.

7. Mr. A.S. Anandkumar

Mr. A.S. Anandkumar is an Independent Director of our Company. He was appointed as a Director of our Company on November 13, 2015. He holds a Masters of Science degree in Mathematics from the University of Madras. He is also a certified Associate of the Indian Institute of Bankers. He has approximately 43 years of experience in the field of banking. He is currently the managing director of Value Vision Consultants Private Limited. He has previously worked with Meghraj Financial Services (India) Private Limited, India Securities Limited and the State Bank of India.

8. Mr. G. Ramakrishnan

Mr. G. Ramakrishnan is an Independent Director of our Company. He was appointed as an Independent Director of our Company on November 13, 2015. He holds a post-graduate degree from St. John's College, Palayamcottai. He has approximately 38 years of experience in government service, including as Collector, Cuddalore and Villupuram District, Secretary to the Chief Minister, State Information Commissioner (RTI) and Trustee of the Sriram Education Trust (appointed by the High Court of Madras).

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the Stock Exchanges.

None of our Directors is or was a director of any listed company which has been or was delisted from any recognized stock exchange in India.

No relative of any of the Directors has been appointed to an office or place of profit in our Company or its Subsidiaries.

Terms of Appointment of the Executive Directors

Mr. P. Sundararajan

Mr. P. Sundararajan was appointed as the Managing Director of our Company with effect from November 21, 2005 for a period of five years pursuant to a resolution adopted by our Shareholders on November 21, 2005. He was reappointed as the Managing Director of our Company for a period of five years pursuant to a resolution adopted by our Shareholders on September 30, 2015.

The following are the terms of remuneration of Mr. P. Sundararajan as the Managing Director of our Company with effect from November 21, 2015:

| Particulars | Remuneration |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Salary | ₹700,000 per month plus other employee benefits of our Company, including contribution to provident fund, superannuation fund or annuity fund and gratuity as per the rules of our Company |
| Commission | - |
| Perquisites | <ul style="list-style-type: none"> • Company maintained car with driver for official and personal use • Free landline telephone facility at residence with free mobile telephone facility |
| Others | <ul style="list-style-type: none"> • Leave and encashment of unavailed leave as per the rules of our Company • Reimbursement of entertainment expenses actually and properly incurred in the course of business of our Company |

Mrs. S. Latha

Mrs. S. Latha was appointed as an Executive Director of our Company with effect from August 16, 2006 pursuant to a resolution adopted by our Shareholders on August 16, 2006. She was reappointed as an Executive Director of our Company for a period of five years from August 16, 2011 pursuant to a resolution adopted by our Shareholders on September 30, 2011.

The following are the terms of remuneration of Mrs. S. Latha as the Executive Director of our Company:

| Particulars | Remuneration |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Salary | ₹300,000 per month plus contribution to provident fund, superannuation fund or annuity fund and gratuity as per the rules of our Company |
| Commission | Subject to the provisions of the Companies Act, as determined by the Board at the end of each financial year |
| Perquisites | <ul style="list-style-type: none"> • Accommodation or house rent allowance • Reimbursement of utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, medical reimbursement/allowance, club fees, leave travel concession, medical and accident insurance in accordance with our Company's policies • Company maintained car with driver for official and personal use • Telecommunication facilities at residence |
| Others | • Leave and encashment of unavailed leave as per the rules of our Company |

Mr. S. Chenduran

Mr. S. Chenduran was appointed as a Whole-time Director of our Company for a period of five years with effect from April 1, 2015 pursuant to a resolution adopted by our Shareholders on March 30, 2015.

The following are the terms of remuneration of Mr. S. Chenduran as an Executive Director of our Company:

| Particulars | Remuneration |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Basic Salary | ₹100,000 per month plus other employee benefits of our Company, including contribution to gratuity as per the rules of our Company |
| Commission | - |
| Perquisites | <ul style="list-style-type: none"> • Provision of car for use on Company's business • Free landline telephone facility at residence along with free mobile and telephone facility |
| Others | <ul style="list-style-type: none"> • Encashment of leave at the end of his tenure • Reimbursement of entertainment expenses actually and properly incurred in the course of business of our Company |

Payment or Benefit to Directors

Except as disclosed in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the Executive Directors except the normal remuneration for services rendered as a Director of our Company.

The sitting fees/other remuneration paid to the Directors for Fiscal 2015 are as follows:

1. Remuneration to Executive Directors:

The aggregate value of remuneration paid to the Executive Directors of our Company during Fiscal 2015 is as follows:

| S. No. | Name of Director | Sitting Fees Paid (₹ in million) |
|--------|---------------------|----------------------------------|
| 1. | Mr. P. Sundararajan | Nil |
| 2. | Mrs. S. Latha | Nil |
| 3. | Mr. S. Chenduran | Nil |

2. **Remuneration to Non- Executive Directors:**

The details of the sitting fees and other payments paid to the Non-Executive Directors of our Company during Fiscal 2015 are as follows:

| S. No. | Name of Director | Sitting Fees Paid (₹) |
|--------|--------------------------|-----------------------|
| 1. | Mr. Srinivas Chidambaram | Nil |
| 2. | Mr. V. Sakthivel | 80,000 |
| 3. | Mr. P. Yesuthasen | Nil |
| 4. | Mr. A.S. Anandkumar | Nil |
| 5. | Mr. G. Ramakrishnan | Nil |

No remuneration has been paid, or is payable, to the Directors by the Subsidiaries.

Loans to Directors

There are no loans that have been availed by the Directors from our Company that are outstanding as on the date of this Draft Red Herring Prospectus.

Service Contracts entered into with the Directors

Our Company has not entered into any service contracts, pursuant to which, the Directors are entitled to benefits upon termination of employment.

Bonus or Profit-Sharing Plan with the Directors

None of our Directors are a party to any bonus or profit sharing plan by our Company.

Shareholding of the Directors

The Articles of Association do not require the Directors to hold any qualification Equity Shares in our Company. The following are the details of the shareholding of the Directors as of the date of this Draft Red Herring Prospectus:

Equity Shares

| S. No. | Name of the Director | No. of Equity Shares Held | % of Pre-Offer Share Capital |
|--------|----------------------|---------------------------|------------------------------|
| 1. | Mr. P. Sundararajan | 119,800,00 | 69.87 |
| 2. | Mrs. S. Latha | 3,000,000 | 17.50 |
| 3. | Mr. S. Chenduran | 5,000 | 0.03 |
| | Total | 14,985,000 | 87.40 |

Redeemable Preference Shares

| S.No. | Name of the Director | No. of RPS Held |
|-------|----------------------|-------------------|
| 1. | Mr. P. Sundararajan | 10,000,000 |
| 2. | Mrs. S. Latha | 10,000,000 |
| | Total | 20,000,000 |

For details of shareholding of our Directors in the Subsidiaries, see the section “*History and Certain Corporate Matters – Our Subsidiaries*” on page 140.

Borrowing Powers of the Board

In accordance with the Articles of Association, subject to the provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014, the directors may from time to time at their discretion, by resolution adopted at the meeting of the Board, accept deposit from the Shareholders or public or others either in advance or calls, or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company not exceeding the aggregate of the paid-up Share Capital of the Company and its reserves. Provided, however, where the monies to be borrowed, together with the monies already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aforesaid aggregate, the Directors shall not borrow such monies without the consent of the Company in a general meeting by means of special resolution. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, redeemable debentures or debenture-stock, or any mortgage, or other tangible security on the undertaking or the whole or any part of the property of the Company (both present and future).

Pursuant to a special resolution of the Shareholders adopted at the annual general meeting held on September 30, 2014, the Board has been authorized to borrow, from time to time, for the purposes of the businesses of the Company either in Indian currency and/or in foreign currency, as may be deemed necessary, up to an aggregate amount of ₹6,000 million apart from temporary loans obtained from the Company's bankers in the ordinary course of business, exceeding the paid-up share capital, free reserves and securities premium account of our Company.

As on the date of filing of this Draft Red Herring Prospectus, the overall borrowings of our Company do not exceed the overall limit as specified under Section 180(1)(c) of the Companies Act, 2013. The Board, may, from time to time, at its discretion, borrow money in accordance with the provisions of the Companies Act, 2013.

Corporate Governance

The provisions of the Listing Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance. The Board and the committees have been constituted in compliance with the Companies Act and the Listing Regulations.

The Board functions either as a full board or through various committees constituted to oversee specific areas. Our Company's executive management periodically provides the Board with detailed reports on its management.

Currently the Board has eight Directors, of which the Chairman is an executive Director. In compliance with the requirements of the Listing Regulations, we have three executive Directors, including one woman Director and five non-executive Directors, including four independent Directors, on the Board.

Committees of the Board

The Committees of the Board include the following committees constituted in accordance with the Listing Regulations and the Companies Act, 2013:

1. Audit Committee

The members of the Audit Committee are:

1. Mr. V. Sakthivel (Chairman and Independent Director);
2. Mr. A.S. Anandkumar (Independent Director); and
3. Mr. P. Yesuthasen (Independent Director)

The Audit Committee was constituted by the Board at its meeting held on March 27, 2006. The Audit Committee was last reconstituted by the Board at its meeting held on December 28, 2015. The terms of

reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations.

Pursuant to the Listing Regulations, the powers of the Audit Committee also include the power to:

- a. Investigate any activity within its terms of reference;
- b. Seek information from any employee;
- c. Obtain outside legal or other professional advice; and
- d. Secure attendance of outsiders with relevant expertise, if it considers necessary.

Pursuant to the Listing Regulations, the Audit Committee will mandatorily review the following information:

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

The Audit Committee is required to meet at least four times in a year under the Listing Regulations.

2. *Finance and Bank Account Committee*

The members of the Finance and Bank Account Committee are:

1. Mr. P. Sundararajan (Chairman);
2. Mrs. S. Latha; and
3. Mr. S. Chenduran.

The Finance and Bank Account Committee was constituted by the Board at its meeting held on January 25, 2007. The Finance and Bank Account Committee was last reconstituted by the Board at its meeting held on June 26, 2015.

3. *Borrowing Committee*

The members of the Borrowing Committee are:

1. Mr. P. Sundararajan (Chairman);
2. Mr. S. Chenduran; and
3. Mr. V. Sakthivel (Independent Director).

The Borrowing Committee was constituted by the Board at its meeting held on May 12, 2008. The Borrowing Committee was last reconstituted by the Board at its meeting held on June 26, 2015.

4. *Nomination and Remuneration Committee*

The members of the Nomination and Remuneration Committee are:

1. Mr. G. Ramakrishnan (Chairman and Independent Director);
2. Mr. V. Sakthivel (Independent Director); and
3. Mr. P. Yesuthasen (Independent Director).

The Nomination and Remuneration Committee was constituted by the Board at its meeting held on July 27, 2007. The Nomination and Remuneration Committee was last reconstituted by the Board at its meeting held on December 28, 2015. The terms of reference of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations.

5. *Stakeholders Relationship Committee*

The members of the Stakeholders Relationship Committee are:

1. Mr. V. Sakthivel (Chairman and Independent Director);
2. Mrs. S. Latha; and
3. Mr. S. Chenduran.

The Stakeholders Relationship Committee was constituted by the Board at its meeting held on June 26, 2015. The Stakeholders Relationship Committee was last reconstituted by the Board at its meeting held on November 13, 2015. The terms of reference of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations.

6. *Corporate Social Responsibility Committee*

The members of the Corporate Social Responsibility Committee are:

1. Mr. P. Sundararajan (Chairman);
2. Mrs. S. Latha; and
3. Mr. V. Sakthivel (Independent Director).

The Corporate Social Responsibility Committee was constituted by the Board at its meeting held on June 25, 2014. The Corporate Social Responsibility Committee was last reconstituted by the Board at its meeting held on November 13, 2015. The terms of reference of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Companies Act, 2013.

7. *Vigil Mechanism Committee*

The members of the Vigil Mechanism Committee are:

1. Mr. V. Sakthivel (Chairman and Independent Director);
2. Mr. P. Sundararajan; and
3. Mr. S. Chenduran.

The Vigil Mechanism Committee was constituted by the Audit Committee at its meeting held on June 25, 2014. The Vigil Mechanism Committee was reconstituted on November 13, 2015. The terms of reference of the Vigil Mechanism Committee are in accordance with the Listing Regulations.

8. *Risk Management Committee*

The members of the Risk Management Committee are:

1. Mr. P. Sundararajan (Chairman); and
2. Mr P. Yesuthasen (Independent Director); and
3. Mr. S. Chenduran.

The Risk Management Committee was constituted by the Board at its meeting held on August 28, 2015. The terms of reference of the Risk Management Committee are in accordance with the Listing Regulations.

9. *Allotment Committee*

The members of the Allotment Committee are:

1. Mr. P. Sundararajan (Chairman);
2. Mrs. S. Chenduran; and
3. Mr. V. Sakthivel (Independent Director).

The Allotment Committee was constituted by the Board at its meeting held on August 28, 2006. The Allotment Committee was last reconstituted by the Board at its meeting held on November 13, 2015.

10. *Investment Committee*

The members of the Investment Committee are:

1. Mr. P. Sundararajan (Chairman);
2. Mr. S. Chenduran; and
3. Mr. V. Sakthivel (Independent Director).

The Investment Committee was constituted by the Board at its meeting held on June 26, 2015.

In addition, the Board has also constituted an IPO Committee consisting of Mr. P. Sundararajan (Chairman), Mr. V. Sakthivel and Mr. S. Chenduran, on December 28, 2015, which is authorized to do all such acts, deeds and things as may be required in connection with the IPO activities.

Interest of Directors

All 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, reimbursement of expenses payable to them. Further, the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by them with any company in which they hold directorships or any partnership firm in which they are partners.

All the Directors may also be deemed to be interested to the extent of Equity Shares or other securities, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Offer in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares or other securities.

Except as stated in the section “*Our Business – Properties*” on page 124, the Directors have no interest in any property acquired or leased by our Company within two years from the date of this Draft Red Herring Prospectus or proposed to be acquired or leased by our Company as of the date of this Draft Red Herring Prospectus.

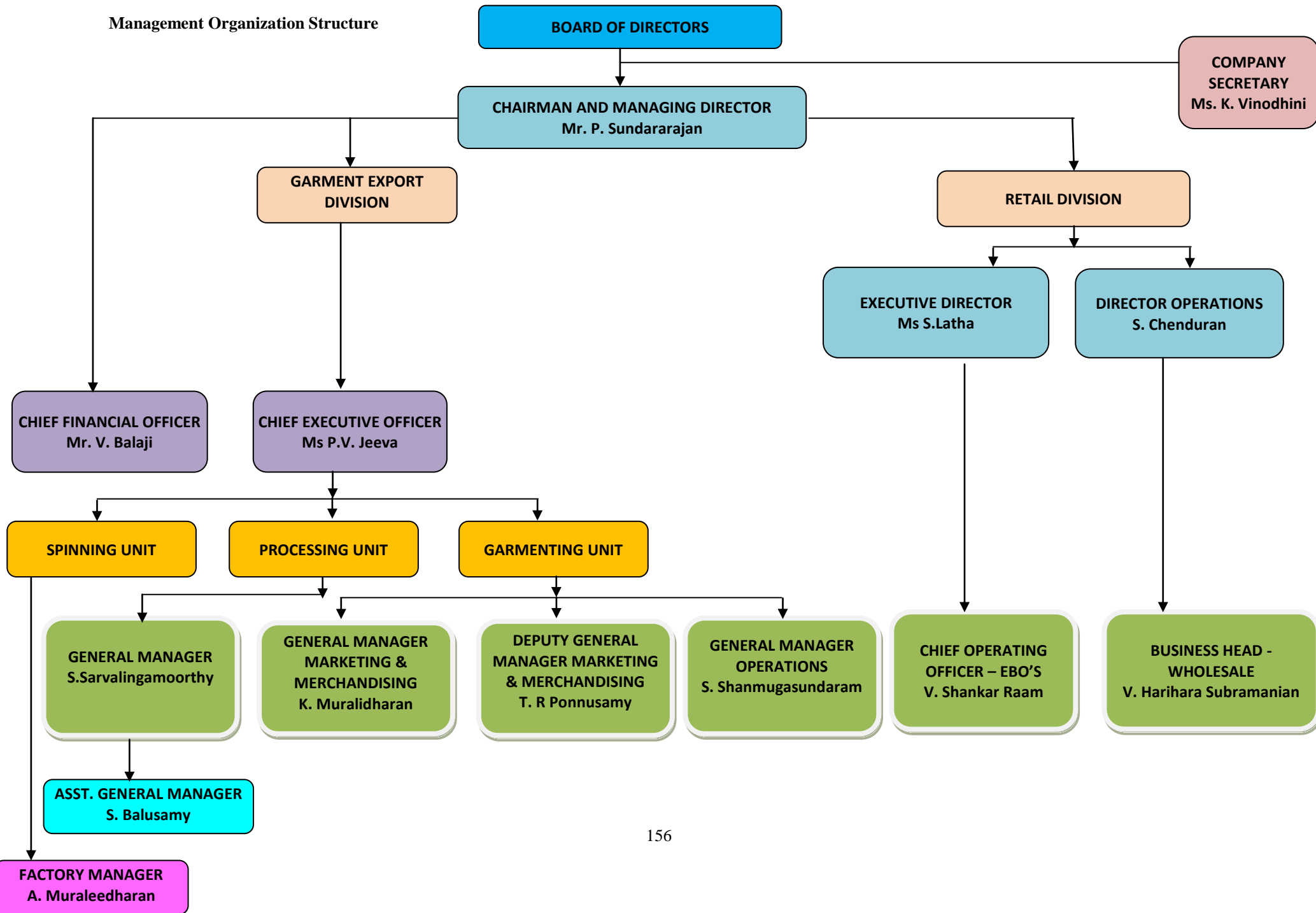
Except as stated in the sections “*Capital Structure*” and “*Our Promoter, Promoter Group and Group Entities*” on pages 63 and 160, respectively, the Directors do not have any other interest in the promotion of our Company.

Except as stated in the sections “*Related Party Transactions*” and “*Financial Indebtedness*” on pages 164 and 278 and described herein, the Directors do not have any other interest in our business.

Changes in the Board during the Last Three Years

| Name | Date of Appointment/Cessation | Reason |
|--------------------------|-------------------------------|-----------------------|
| Mr. Srinivas Chidambaram | July 24, 2013 | Change in designation |
| Mrs. S. Shantha | March 5, 2015 | Resignation |
| Mr. S. Chenduran | March 30, 2015 | Appointment |
| Mr. V. Sakthivel | March 30, 2015 | Change in designation |
| Mr. V. Senthil | March 30, 2015 | Appointment |
| Mr. P. Yesuthasen | August 28, 2015 | Appointment |
| Mr. P. Velusamy | September 30, 2015 | Resignation |
| Mr. P. Ashokaraman | September 30, 2015 | Resignation |
| Mr. V. Senthil | November 13, 2015 | Resignation |
| Mr. A.S. Anandkumar | November 13, 2015 | Appointment |
| Mr. G. Ramakrishnan | November 13, 2015 | Appointment |

Management Organization Structure



Key Management Personnel

The details of the key management personnel, in addition to the Managing Director of our Company, Executive Director of our Company and Whole-time Director of our Company, as of the date of this Draft Red Herring Prospectus are as follows:

- ***Mrs. P.V. Jeeva***

Mrs. P.V. Jeeva, aged 48 years, is the Chief Executive Officer of the garments division of our Company. She has been associated with our Company since July 1, 1986. She holds a diploma in textile processing from GRG Polytechnic College, Coimbatore. She has approximately 30 years of experience in the textile and apparel industry. The remuneration paid to her during Fiscal Year 2015 was ₹3.02 million.

- ***Mr. V. Balaji***

Mr. V. Balaji, aged 46 years, is the Chief Financial Officer of our Company. He has been associated with our Company since May 2, 2012. Mr. Balaji is a qualified Chartered Accountant. He has 16 years of experience in the field of finance and accounts. The remuneration paid to him during Fiscal Year 2015 was ₹1.19 million.

- ***Ms. K. Vinodhini***

Ms. K. Vinodhini, aged 28 years, is the Company Secretary and Compliance Officer of our Company. She has been associated with our Company since December 17, 2015. She holds a Bachelor of Commerce degree from Bharatiar University. She is a qualified Company Secretary. She has over one year of experience in the field of company secretarial functions. Prior to joining our Company, Ms. K. Vinodhini was the company secretary of Thriveni Earth Movers Private Limited from 2010 to 2011. She has not been paid remuneration during Fiscal Year 2015.

- ***Mr. V. Shankar Raam***

Mr. V. Shankar Raam, aged 48 years, is the Chief Operating Officer of the retail division (EBO) of our Company. He has been associated with our Company since July 1, 2015. Mr. Shankar Raam holds a Bachelor of Commerce degree from CBM College, Bharatiyar University and a Master of Business Administration degree from the IIBM Institute of Business Management. Prior to joining our Company, Mr. Shankar Raam was the chief financial officer INMARK Retail Private Limited. Prior to that, he had worked with S. Kumars Nationwide Limited, Indus League, Gokaldas Intimatewear Private Limited, Harrisons Malayalam Limited and Mafatlal SA Intex Limited. He has approximately 21 years of experience in the fields of finance, accounts and marketing. He has not been paid remuneration during Fiscal Year 2015.

- ***Mr. V. Harihara Subramaniam***

Mr. V. Harihara Subramaniam, aged 46 years, is the Business Head (Wholesale) of the retail division of our Company. He has been associated with our Company since February 9, 2015. Mr. Subramaniam holds a Bachelor of Commerce degree from the University of Madras and a Master of Business Administration degree from Bharatidasan University. Prior to joining our Company, he has worked at Hindustan Coca-Cola Marketing Company Private Limited, Seven-Up Bottling Company PLC and Pearl Beverages Limited. He has approximately 13 years of experience in the field of marketing. The remuneration paid to him during Fiscal Year 2015 was ₹0.30 million.

- ***Mr. K. Muralidharan***

Mr. K. Muralidharan, aged 48 years, is the General Manager (Marketing and Merchandising) of the garments division of our Company. He has been associated with our Company since January 6, 1993. Mr.

Muralidharan holds a diploma in mechanical engineering from VLB Janaki Ammal Polytechnic, Coimbatore. He has approximately 22 years of experience in the field of marketing. The remuneration paid to him during Fiscal Year 2015 was ₹0.85 million.

- ***Mr. T.R. Ponnusamy***

Mr. T.R. Ponnusamy, aged 41 years, is the Deputy General Manager (Marketing and Merchandising) of the garments division of our Company. He has been associated with our Company since September 23, 1996. Mr. Ponnusamy holds a Bachelor of Commerce degree from Bharatiar University, Coimbatore. Prior to joining our Company, he has worked with Carona Knit Wear. He has approximately 21 years of experience in the field of marketing. The remuneration paid to him during Fiscal Year 2015 was ₹0.97 million.

- ***Mr. S. Shanmugasundaram***

Mr. S. Shanmugasundaram, aged 40 years, is the General Manager (Operations) of the garments division of our Company. He has been associated with our Company since November 12, 2003. Mr. Shanmugasundaram holds a Bachelor of Technology in textile technology degree from PSG College of Technology, Coimbatore and a Diploma in Management, a Post-Graduate Diploma in Management Marketing and a Post-Graduate Diploma in Management from the Indira Gandhi National Open University. He has approximately 18 years of experience in textile industry. Prior to joining our Company, Mr. S. Shanmugasundaram was the Service Engineer in Textile Machinery Division of Voltas Limited. The remuneration paid to him during Fiscal Year 2015 was ₹0.89 million.

- ***Mr. S. Sarvalingamurthi***

Mr. S. Sarvalingamurthi, aged 55 years, is the General Manager (Processing) of the garments division of our Company. He has been associated with our Company since December 21, 2007 and with Poornam since August 16, 2004. Mr. Sarvalingamurthi holds a Bachelor of Engineering degree in Electrical and Electronic Engineering from Anna University. He is an associate member of the Institution of Engineers (India). Prior to joining our Company, he has worked with Nile Soft Drinks Bottling Factory, JM Bottlings Private Limited, Pepsi Cola International Overseas Limited in Sudan, Dee Cee Bottlers Private Limited, Chennai Bottling Company Limited and Tamil Nadu Alloy Foundry Company Limited. He has approximately 37 years of experience in the fields of engineering, manufacturing and operations. The remuneration paid to him during Fiscal Year 2015 was ₹1.19 million.

- ***Mr. S. Balusamy***

Mr. S. Balusamy, aged 38 years, is the Assistant General Manager (Processing) of the garments division of our Company. He has been associated with our Company since December 15, 2006. Mr. Balusamy holds a Bachelor of Technology in degree in Textile Engineering from the Karnataka State Open University and a Diploma in Industrial Relations and Personnel Management and a Diploma in Production Management from the Indian Institute of Management and Technology. He also holds a Diploma in Textile Processing from the State Board of Technical Education and Training. Prior to joining our Company, he has worked with PT Sapta Jaya Textilindo in Indonesia, Defiance Knitting Industries Private Limited, Somany Evergreen Knits Limited and B.J. Textile Processing Limited. He has approximately 20 years of experience in the field of manufacturing and processing. The remuneration paid to him during Fiscal Year 2015 was ₹0.75 million.

- ***Mr. A. Muraleedharan***

Mr. A. Muraleedharan, aged 57 years, is the Factory Manager (Spinning) of the garments division of our Company. He has been associated with our Company since December 12, 2007. Mr. Muraleedharan holds a diploma in textile technology from the State Board of Technical Education and Training. Prior to joining our Company, he has worked with Soundararaja Mills Limited, K.K.P Textiles, K.R.V. Spinning Mills Private Limited, Sambandam Spinning Mills Limited, Shanmugavel Mills Limited, Sree Rajendra Mills

Limited, Soundaraja Mills Limited and Dhanalakshmi Mills Limited. He has approximately 36 years of experience in the spinning industry. The remuneration paid to him during Fiscal Year 2015 was ₹0.49 million.

All the key management personnel are permanent employees of our Company.

None of the above-mentioned key management personnel are related to each other and neither are they related to our Promoters or Directors. There are no arrangements or understanding with major Shareholders, customers, suppliers or others, pursuant to which any of the key management personnel were selected as members of our senior management.

Shareholding of Key Management Personnel

Except our Directors, none of the key management personnel are Shareholders.

Loans to Key Management Personnel

No loans have been given to any key management personnel of our Company.

Bonus or Profit-Sharing Plan of the Key Management Personnel

There is no profit-sharing plan for the key management personnel of our Company. Our Company makes bonus payments based on their performance, which is in accordance with their terms of appointment.

Interests of Key Management Personnel

The key management personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and the Equity Shares held, if any. The key management personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

Except as disclosed, none of the key management personnel has been paid any consideration of any nature from our Company, other than their remuneration.

Other than as disclosed in the section “*Related Party Transactions*” on page 164, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors.

Changes in the Key Management Personnel

The changes in the key management personnel in the last three years are as follows:

| Name | Designation | Date of Change | Reason for Change |
|--------------|-------------------|-------------------|-------------------|
| S. Sathiya | Company Secretary | November 13, 2015 | Resignation |
| K. Vinodhini | Company Secretary | December 17, 2015 | Appointment |

Payment or Benefit to Officers of our Company

Except as stated otherwise in this Draft Red Herring Prospectus and any statutory payments made by our Company, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company’s officers except remuneration of services rendered as Directors, officers or employees of our Company.

OUR PROMOTERS, PROMOTER GROUP AND GROUP ENTITIES

Promoters

Mr. P. Sundararajan and Mrs. S. Latha are the Promoters of our Company.



For a complete profile of Mr. P. Sundararajan, *i.e.*, his age, residential address, educational qualifications, professional experience, positions/posts held in the past and other directorships and special achievements, see the section “*Our Management – Board of Directors – Brief Biographies*” on page 147.

His driving license number is TN27 19760000522 and his voter identification number is FJT2405280.



For a complete profile of Mrs. S. Latha, *i.e.*, her age, residential address, educational qualifications, professional experience, positions/posts held in the past and other directorships and special achievements, see the section “*Our Management – Board of Directors – Brief Biographies*” on page 147.

Her driving license number is TN37 19900006589 and her voter identification number is FJT2405298.

Our Company confirms that the permanent account number, bank account number and passport number of our Promoters will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Interest of Promoters and Common Pursuits

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective shareholding in our Company and the dividend payable, if any, and other distributions in respect of the Equity Shares and Redeemable Preference Shares held by them and interest payable on unsecured loan borrowed by our Company from the Promoters. For further information on shareholding of our Promoters in our Company and the borrowings of our Company from the Promoters, see the sections “*Capital Structure*” and “*Financial Indebtedness – Details of Unsecured Borrowings of our Company*” on pages 63 and 289, respectively.

Further, Mr. P. Sundararajan is the Managing Director and Mrs. S. Latha is an executive Director of our Company and may be deemed to be interested to the extent of their remuneration and other compensation provided by our Company. For further details, see the section “*Our Management – Terms of Appointment of Executive Directors*” on page 148.

Except for the related party transactions entered into by our Company as disclosed in this Draft Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangements which are not in the ordinary course of business during the preceding two years from the date of this Draft Red Herring Prospectus or proposes to enter into any such contract in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them. For further details of related party transactions, see the section “*Related Party Transactions*” on page 164.

Except as stated in the section “*Our Business – Properties*” on page 124, our Promoters have no interest in any property acquired within the two years from the date of this Draft Red Herring Prospectus or proposed to be acquired or leased by our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by them or by such firm or company in connection with the promotion or formation of our Company.

Our Promoters do not have any direct interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as disclosed in the section “*Related Party Transactions*” on page 164, our Promoters are not related to any debtors of our Company.

Payment of benefits to our Promoters or Promoter Group

Except as stated in the sections “*Related Party Transactions*”, “*Our Management*”, “*Dividend Policy*” and “*Our Promoters, Promoter Group and Group Entities*” on pages 164, 144, 165 and 160, respectively, there has been no payment of benefits to our Promoters or Promoter Group during the two years preceding the date of filing of this Draft Red Herring Prospectus, nor is there any intention to pay or given any benefit to our Promoters or Promoter Group.

Confirmations

None of our Promoters have been declared as a wilful defaulter by the RBI or any other government authority. Further, there are no violations of securities laws committed by any of our Promoters in the past and no proceedings for violation of securities laws are pending against them.

None of our Promoters and Promoter Group entities have been debarred from accessing or operating in capital markets under any order or direction passed by the SEBI or any other regulatory or governmental authority.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of this Draft Red Herring Prospectus against any of our Promoters.

None of our Promoters is and has been a promoter, director or person in control of any other company which is debarred from accessing or operating in capital markets under any order or direction passed by the SEBI or any other regulatory or governmental authority.

None of our Promoters are interested in any entity which holds any intellectual property rights that are used by our Company.

Companies with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves as a promoter from any company during the three years preceding the date of this Draft Red Herring Prospectus

Promoter Group

In addition to the Promoters named above, the natural persons who form part of our Promoter Group are set forth below:

| S. No. | Name of the Individual | Relationship with our Promoters |
|--------|------------------------|---------------------------------|
| 1. | S. Chenduran | Son of our Promoters |
| 2. | S. Shantha | Daughter of our Promoters |
| 3. | P. Subramaniam | Brother of Mr. P. Sundararajan |
| 4. | P. Velusamy | Brother of Mr. P. Sundararajan |
| 5. | P. Ashokaraman | Brother of Mr. P. Sundararajan |
| 6. | R. Agilamani | Sister of Mr. P. Sundararajan |

| S. No. | Name of the Individual | Relationship with our Promoters |
|--------|------------------------|---------------------------------|
| 7. | M.A. Ramasamy | Father of Mrs. S. Latha |
| 8. | R. Akilamani | Mother of Mrs. S. Latha |
| 9. | R. Senthil Kumar | Brother of Mrs. S. Latha |
| 10. | R. Uma Maheswari | Sister of Mrs. S. Latha |
| 11. | R. Sudha | Sister of Mrs. S. Latha |

The companies forming part of the Promoter Group are set forth below:

1. Poornam Enterprises Private Limited
2. S. P. Apparels Hong Kong Company Limited
3. S. P. Superfine Cotton Mills Private Limited
4. Perumal Spinning Mill Private Limited

The partnership forming part of the Promoter Group are set forth below:

1. S. P Life Style
2. Consue Apparels
3. Four Seasons International
4. Agil Intimates
5. Quality Cottons

The Hindu Undivided Families forming part of our Promoter Group are set forth below:

1. M. A. Ramasamy HUF
2. P. Subramaniam HUF
3. P. Velusamy HUF
4. P. Ashokaraman HUF

Other entities forming part of our Promoter Group are set forth below:

1. Sree Kumaar Textile Corporation
2. Sree Kumaar Texind Corporation

While Mr. P. Shanmugam, Mr. P. Kanagarajan (the brothers of our Promoter, Mr. P. Sundararajan), Mrs. M. Kanagavalli (the sister of our Promoter, Mr. P. Sundararajan) and Mrs. K. Chitra (the sister of our Promoter, Mrs. S. Latha), or an entity in which they may have an interest, are members of our Promoter Group (as defined under Regulation 2(1)(zb) of the SEBI ICDR Regulations) due to their relation with our Promoters, we have not been able to obtain any information or undertakings from such persons or entities, as the case may be, as is customarily obtained in offerings in the nature of the Offer. As such, this Draft Red Herring Prospectus does not contain any information or undertakings in relation to Mr. P. Shanmugam, Mr. P. Kanagarajan, Mrs. M. Kanagavalli and Mrs. K. Chitra or any entity in which they may have an interest. These persons or entities will also not be considered as part of our Promoter Group in any future filings by our Company with the Stock Exchanges or other governmental or regulatory authorities or for compliance under the SEBI Act or any regulations issued thereunder including the SEBI ICDR Regulations, the SEBI Takeover Regulations and the Listing Regulations.

Group Entities

Our Board has confirmed that there are no companies that are covered by Accounting Standard 18 and no other companies that are considered material by our Board for identification as 'Group Entities' in terms of the SEBI ICDR Regulations and disclosure in this Draft Red Herring Prospectus. For avoidance of doubt, it is clarified that our Subsidiaries shall not be considered as Group Entities.

Common Pursuits

None of our Promoters have any interest in any venture that is involved in any activities similar to those conducted by our Company.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the last five Financial Years, pursuant to the requirements under Accounting Standard 19 “*Related Party Disclosure*”, issued by the Institute of Chartered Accountants of India, see the section “*Financial Statements*” page 166.

DIVIDEND POLICY

Our Company has no formal dividend policy.

No dividends have been declared on the Equity Shares by our Company during the last five years.

However, our dividend history is not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT ON RESTATED STANDALONE FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF S.P. APPARELS LIMITED

39-A, Extension Street,
Kaikattipudur, Avinashi – 641654.

Dear Sirs,

1. We have examined the attached restated standalone financial information of S.P. Apparels Limited (the “Company”) as at and for the three-month period ended June 30, 2015 and as at and for years ended March 31, 2015, 2014, 2013, 2012 and 2011, which comprise of the restated standalone assets and liabilities as at June 30, 2015, March 31, 2015, 2014, 2013, 2012, and 2011, the restated standalone statements of profit and loss and the restated standalone cash flow statements for the three-month period ended June 30, 2015 and for the years ended March 31, 2015, 2014, 2013, 2012 and 2011 (“the Restated Standalone Financial Statements”) as approved by the Board of Directors of the Company at their meeting held on December 17, 2015 for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer (IPO) and prepared in terms of the requirements of:
 - a) Section 26 of the Companies Act, 2013 (“the Act”) read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (“the Rules”); and
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 (“SEBI-ICDR Regulations”).
2. We have examined such Restated Standalone Financial Statements taking into consideration
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated October 31, 2015 in connection with the proposed IPO of the Company and
 - b) The Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (ICAI).
3. These Restated Standalone Financial Statements have been compiled by the Management based on the audited standalone financial statements as at June 30, 2015 and for the three-month period ended June 30, 2015 which has been approved by the Board of Directors at their meeting held on December 17, 2015 and as at and for the years ended March 31, 2015, 2014, 2013, 2012 and 2011 which have been approved by the Board of directors at their meetings held on August 28, 2015, September 17, 2014, September 18, 2013, September 15, 2012, September 29, 2011 respectively.
4. Based on our examination, we further report that:
 - a) The Summary Statement of Restated Assets and Liabilities of the Company as at June 30, 2015, March 31, 2015, 2014, 2013, 2012 and 2011 as set out in Annexure - 1 to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Summary Statement of Adjustments to Audited Financial Information, as set out in Annexure - 4.
 - b) The Summary Statement of Restated Profit and Loss of the Company for the three-month period ended June 30, 2015 and years ended March 31, 2015, 2014, 2013, 2012 and 2011, as set out in Annexure - 2 to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Summary Statement of Adjustments to Audited Financial Information, as set out in Annexure - 4.
 - c) The Summary Statement of Restated Cash Flows of the Company for the three-month period ended June 30, 2015 and years ended March 31, 2015, 2014, 2013, 2012 and 2011, as set out in Annexure - 3 to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Summary Statement of Adjustments to Audited Financial Information, as set out in Annexure - 4.
 - d) Based on the above, according to the information and explanations given to us, we are of opinion that the Restated Standalone Financial Statements have been made after incorporating:

- (i) Material prior period items as explained in Annexure 4 of these Restated Standalone Financial Statements, have been adjusted to the respective period/years to which such prior period items related;
- (ii) Adjustments for the material amounts in the respective financial years to which they relate as explained in Annexure 4 of these Restated Standalone Financial Statements;
- (iii) Adjustments for material regrouping of balances to confirm the classifications/grouping and presentation followed for the three-month period ended June 30, 2015; and
- (iv) Adjustments for qualifications in the Auditor's report as explained in Annexure 4 of these Restated Standalone Financial Statements.

Further there are no extra-ordinary items that need to be disclosed separately in the Restated Standalone Financial Statements requiring adjustments

5. We have also examined the following restated financial information of the Company set out in the Annexures, proposed to be included in the offer document, prepared by the management and approved by the Board of Directors on December 17, 2015 as at June 30, 2015 and for the three-month period ended June 30, 2015 and as at and for the years ended March 31, 2015, 2014, 2013, 2012 and 2011.

- (i) Annexure 5 – Summary of Significant Accounting Policies and Notes to Accounts
- (ii) Annexure 6 - Summary Statement of Share Capital, as restated
- (iii) Annexure 7 - Summary Statement of Reserves and Surplus, as restated
- (iv) Annexure 8 - Summary Statement of Secured and Unsecured Loans, as restated
- (v) Annexure 9 – Summary Statement of Fixed Assets, as restated
- (vi) Annexure 10 – Summary Statement of Non-Current Investments, as restated
- (vii) Annexure 11 – Summary Statement of Current Investments, as restated
- (viii) Annexure 12 – Summary Statement of Trade Receivables, as restated
- (ix) Annexure 13 – Summary Statement of Loans and Advances, as restated
- (x) Annexure 14 – Summary Statement of Other Current Assets, as restated
- (xi) Annexure 15 – Summary Statement of Current Liabilities and Provisions, as restated
- (xii) Annexure 16 – Summary Statement of Other Income, as restated
- (xiii) Annexure 17 – Summary Statement of Key Operational Income and Expenses, as restated
- (xiv) Annexure 18 – Summary Statement of Dividend Paid / Proposed by the Company
- (xv) Annexure 19 – Summary Statement of Accounting Ratios
- (xvi) Annexure 20 – Statement of Capitalisation, as restated
- (xvii) Annexure 21 - Summary Statement of Transactions and Balances with Related Parties, as restated
- (xviii) Annexure 22 - Statement of Tax Shelters, as restated

In our opinion, the above financial information contained in Annexures 1 to 22 accompanying this report read along with the Significant Accounting Policies [Refer Annexure 5 (1)] are prepared after making adjustments and regroupings as considered appropriate to confirm the classifications/grouping and presentation followed for the three-month period ended June 30, 2015 and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable; SEBI-ICDR Regulations and the Guidance Note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

6. This report should not in any way be construed as a reissuance or re-dating 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 statements referred to herein.
7. We have no responsibility to update our report for events and circumstances occurring after the date of this report.
8. Our report is intended solely for use of the management for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
ICAI Firm's Registration No. 008072S

C.R. Rajagopal

Partner

Membership No. 23418

AVINASHI, DECEMBER 17, 2015

S.P. Apparels Limited
Annexure 1: Standalone Summary Statement of Assets and Liabilities, as restated
Amount in ₹ million

| Particulars | | As at | | | | | |
|-------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| A | EQUITY AND LIABILITIES | | | | | | |
| 1 | Shareholders' funds | | | | | | |
| | (a) Share capital | 371.45 | 440.49 | 440.49 | 368.00 | 368.00 | 168.00 |
| | (b) Reserves and surplus | 863.43 | 723.44 | 624.65 | 553.14 | 521.73 | 403.41 |
| | | 1,234.88 | 1,163.93 | 1,065.14 | 921.14 | 889.73 | 571.41 |
| 2 | Non-current liabilities | | | | | | |
| | (a) Long-term borrowings | 883.15 | 693.96 | 883.71 | 971.49 | 1,401.01 | 1,830.93 |
| | (b) Deferred tax liabilities (net) | 324.25 | 316.88 | 172.47 | 121.96 | 102.25 | 154.11 |
| | | 1,207.40 | 1,010.84 | 1,056.18 | 1,093.45 | 1,503.26 | 1,985.04 |
| 3 | Current liabilities | | | | | | |
| | (a) Short-term borrowings | 1,335.55 | 1,565.89 | 1,728.29 | 1,626.12 | 1,644.72 | 1,199.64 |
| | (b) Trade payables | 1,130.26 | 1,192.16 | 1,059.98 | 1,069.56 | 883.99 | 832.17 |
| | (c) Other current liabilities | 205.37 | 283.99 | 419.48 | 665.50 | 547.48 | 641.64 |
| | (d) Short-term provisions | 131.30 | 87.30 | 41.28 | 26.70 | 36.38 | 43.16 |
| | | 2,802.48 | 3,129.34 | 3,249.03 | 3,387.88 | 3,112.57 | 2,716.61 |
| | TOTAL (A) | 5,244.76 | 5,304.11 | 5,370.35 | 5,402.47 | 5,505.56 | 5,273.06 |
| B | ASSETS | | | | | | |
| 1 | Non-current assets | | | | | | |
| | (a) Fixed assets | | | | | | |
| | (i) Tangible assets | 2,641.70 | 2,669.44 | 2,755.13 | 2,895.44 | 2,720.27 | 2,624.37 |
| | (ii) Intangible assets | 13.74 | 15.06 | 20.32 | 25.59 | 30.85 | 36.45 |
| | (iii) Capital work-in-progress | 100.00 | 100.00 | - | - | 264.59 | 444.72 |
| | | 2,755.44 | 2,784.50 | 2,775.45 | 2,921.03 | 3,015.71 | 3,105.54 |
| | (b) Non-current investments | 73.22 | 69.25 | 63.74 | 64.24 | 64.24 | 76.44 |
| | (c) Long-term loans and advances | 217.93 | 213.27 | 149.35 | 102.83 | 82.52 | 91.89 |
| | | 3,046.59 | 3,067.02 | 2,988.54 | 3,088.10 | 3,162.47 | 3,273.87 |
| 2 | Current assets | | | | | | |
| | (a) Current investments | 2.13 | 3.19 | 7.08 | 9.15 | 9.20 | - |
| | (b) Inventories | 1,074.72 | 1,088.54 | 1,265.71 | 1,270.95 | 1,239.76 | 961.20 |
| | (c) Trade receivables | 778.85 | 761.75 | 552.54 | 512.84 | 569.57 | 485.23 |
| | (d) Cash and bank balances | 126.08 | 67.02 | 143.56 | 59.77 | 57.70 | 60.60 |
| | (e) Short-term loans and advances | 214.53 | 312.98 | 404.67 | 459.28 | 466.86 | 492.16 |
| | (f) Other current assets | 1.86 | 3.61 | 8.25 | 2.38 | - | - |
| | | 2,198.17 | 2,237.09 | 2,381.81 | 2,314.37 | 2,343.09 | 1,999.19 |
| | TOTAL (B) (| 5,244.76 | 5,304.11 | 5,370.35 | 5,402.47 | 5,505.56 | 5,273.06 |

The accompanying summary of restated financial information (Annexure – 5 to 22) forms an integral part of this statement.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

C.R.Rajagopal
Partner
Membership Number: 23418

P. Sundararajan
Managing Director

S. Latha
Executive Director

V. Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place: Avinashi
Date: December 17, 2015

S.P. Apparels Limited
Annexure 2: Standalone Summary Statement of Profit and Loss, as restated
Amount in ₹ million

| Particulars | for the three- month period ended | For the year ended | | | | |
|-----------------------------------------------------------------------------------|-----------------------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 |
| | | | | | | |
| REVENUE | | | | | | |
| Revenue from operations (gross) | 1,261.90 | 4,757.78 | 4,521.11 | 4,292.94 | 4,013.86 | 3,690.83 |
| Less: Excise duty | - | - | - | - | 1.77 | - |
| Revenue from operations (net) | 1,261.90 | 4,757.78 | 4,521.11 | 4,292.94 | 4,012.09 | 3,690.83 |
| Other income | 27.63 | 66.93 | 12.19 | 7.55 | 13.07 | 29.30 |
| Total revenue | 1,289.53 | 4,824.71 | 4,533.30 | 4,300.49 | 4,025.16 | 3,720.13 |
| Expenses | | | | | | |
| (a) Cost of materials consumed | 532.92 | 1,955.56 | 1,753.46 | 1,600.33 | 1,442.08 | 1,662.02 |
| (b) Purchases of stock-in-trade (traded goods) | 62.20 | 133.23 | 115.48 | 143.36 | 158.39 | 157.85 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (77.92) | 32.72 | 239.17 | (11.34) | (70.52) | (284.97) |
| (d) Employee benefits expense | 289.97 | 990.77 | 750.86 | 775.94 | 735.29 | 475.91 |
| (e) Finance costs | 57.81 | 311.53 | 355.63 | 346.28 | 401.27 | 249.98 |
| (f) Depreciation and amortisation expense | 48.45 | 197.47 | 175.11 | 167.84 | 162.09 | 158.76 |
| (g) Other expenses (including the impact of qualification) | 270.88 | 948.53 | 1,017.95 | 1,225.87 | 1,128.33 | 1,128.91 |
| Total expenses | 1,184.31 | 4,569.81 | 4,407.66 | 4,248.28 | 3,956.93 | 3,548.46 |
| Profit / (Loss) before exceptional and extraordinary items and tax | 105.22 | 254.90 | 125.64 | 52.21 | 68.23 | 171.67 |
| Exceptional items [Income / (Expense)](Refer Note 2.2 to Annexure 4) | - | - | - | - | - | (168.89) |
| Profit / (Loss) before extraordinary items and tax | 105.22 | 254.90 | 125.64 | 52.21 | 68.23 | 2.78 |
| Extraordinary items | - | - | - | - | - | - |
| Profit / (Loss) before tax | 105.22 | 254.90 | 125.64 | 52.21 | 68.23 | 2.78 |
| Tax expense / (benefit): | | | | | | |
| (a) Current tax expense | 26.90 | 53.43 | 28.76 | 11.36 | 14.94 | 0.93 |
| (b) (Less): MAT credit | - | (53.43) | (25.14) | (10.45) | (13.18) | - |
| (c) Wealth Tax | - | - | - | 0.18 | - | 0.10 |
| (d) Deferred Tax | 7.37 | 145.73 | 50.51 | 19.71 | (51.85) | 6.67 |
| Net Tax expenses | 34.27 | 145.73 | 54.13 | 20.80 | (50.09) | 7.70 |
| Profit / (Loss) for the period / year, as restated | 70.95 | 109.17 | 71.51 | 31.41 | 118.32 | (4.92) |

The accompanying summary of restated financial information (Annexure – 5 to 22) forms an integral part of this statement.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

C.R.Rajagopal
Partner
Membership Number: 23418

For and on behalf of Board of Directors

P. Sundararajan
Managing Director

S. Latha
Executive Director

V. Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place: Avinashi
Date: December 17, 2015

S.P. Apparels Limited
Annexure 3: Standalone Summary Statement of Cash Flows, as restated
Amount in ₹ million

| Particulars | for the three- month period ended | Amount in Crores | | | | |
|------------------------------------------------------------------------|-----------------------------------------------|--------------------|-----------------|----------------|-----------------|-----------------|
| | | For the year ended | | | | |
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Profit before tax and exceptional item | 105.22 | 254.90 | 125.64 | 52.21 | 68.23 | 171.67 |
| <u>Adjustments for:</u> | | | | | | |
| Depreciation and amortization expense | 48.45 | 197.47 | 175.11 | 167.84 | 162.09 | 158.76 |
| (Profit) /loss on sale of assets | 0.01 | (1.05) | (0.93) | 0.61 | (0.85) | 11.41 |
| Net (gain)/loss on sale of investments | - | - | (0.29) | - | (1.20) | 0.07 |
| Bad debts and loans and advances written off | 2.59 | 1.77 | 6.16 | 0.19 | 0.08 | 7.15 |
| Reversal of Deferred Employee compensation expenses | - | - | - | - | - | (2.50) |
| Provision for doubtful trade receivables | 0.95 | 0.40 | (10.24) | 6.48 | - | 4.82 |
| Excess provision written back | - | - | - | - | - | (4.97) |
| Finance costs | 57.81 | 311.53 | 355.63 | 346.28 | 401.27 | 249.98 |
| Interest income | (0.91) | (5.19) | (9.39) | (3.74) | (7.59) | (12.12) |
| Unrealised exchange (gain)/loss | (4.12) | 1.87 | 5.84 | - | - | - |
| Provision for MTM (gain)/loss on forward contracts | 54.28 | (22.74) | 16.18 | (44.20) | (22.86) | 30.24 |
| Dividend income | (0.03) | - | - | (0.73) | (0.67) | (0.71) |
| Operating profits before working capital changes | 264.25 | 738.96 | 663.71 | 524.94 | 598.50 | 613.80 |
| <u>Changes in working capital:</u> | | | | | | |
| <u>Adjustments for (increase) / decrease in operating assets:</u> | | | | | | |
| Inventories | 13.82 | 177.17 | 5.24 | (31.19) | (278.56) | (338.02) |
| Trade receivables | (8.48) | (215.34) | (38.84) | 50.25 | (84.34) | (82.06) |
| Loans and advances/Current assets | 54.79 | 6.43 | 19.98 | 34.99 | 48.65 | (250.36) |
| <u>Adjustments for increase / (decrease) in operating liabilities:</u> | | | | | | |
| Trade payables/Other current liabilities/Provisions | (52.52) | 155.19 | (48.83) | 218.06 | 34.26 | 441.35 |
| Cash Generated from Operations | 271.86 | 862.41 | 601.26 | 797.05 | 318.51 | 384.71 |
| Net income tax (paid) / refunds | (0.03) | (29.25) | (15.16) | (10.40) | (9.83) | (6.67) |
| Net Cash from Operating Activities before exceptional item | 271.83 | 833.16 | 586.10 | 786.65 | 308.68 | 378.04 |
| Exceptional Item | - | - | - | - | - | (168.89) |
| Net cash flow from / (used in) operating activities | 271.83 | 833.16 | 586.10 | 786.65 | 308.68 | 209.15 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Capital expenditure on fixed assets, including capital advances | (31.72) | (149.80) | (77.91) | (98.33) | (378.46) | (516.48) |
| Proceeds from sale of fixed assets | 0.40 | 2.18 | 12.85 | 6.23 | 253.57 | 11.48 |
| Bank deposits not considered as cash equivalents | (3.10) | 80.73 | (78.84) | 17.37 | (5.19) | (26.81) |
| Purchase of investments | (3.97) | (5.51) | - | - | - | - |
| Proceeds from sale of investments | 1.06 | 3.89 | 2.86 | 0.05 | 4.20 | 1.75 |
| Dividend received - Others | 0.03 | - | - | 0.73 | 0.67 | 0.71 |
| Interest received - Bank deposits | 3.10 | 9.83 | 3.52 | 1.36 | 7.59 | 12.12 |
| Net cash flow from / (used in) investing activities | (34.20) | (58.68) | (137.52) | (72.59) | (117.62) | (517.23) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | | | |
| Proceeds from Issue of Share capital | - | - | 72.49 | - | - | - |
| Proceeds/(repayment) of long term borrowings | 124.10 | (287.00) | (240.02) | (373.22) | (242.96) | 434.41 |

| Particulars | for the three- month period ended | For the year ended | | | | |
|---------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------|-----------------|-----------------|-----------------|---------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Proceeds/(repayment) of short term borrowings | (236.05) | (160.29) | 99.52 | -18.60 | 445.08 | 82.02 |
| Finance costs | (69.69) | (322.98) | (375.65) | (302.80) | (401.27) | (249.98) |
| Net cash flow from / (used in) financing activities | (181.64) | (770.27) | (443.66) | (694.62) | (199.15) | 266.45 |
| Net increase / (decrease) in Cash and cash equivalents | 55.99 | 4.21 | 4.92 | 19.44 | (8.09) | (41.63) |
| Cash and cash equivalents at the beginning of the year | 39.89 | 35.70 | 30.75 | 11.31 | 19.40 | 61.03 |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | (0.03) | (0.02) | 0.03 | - | - | - |
| Cash and cash equivalents at the end of the year | 95.85 | 39.89 | 35.70 | 30.75 | 11.31 | 19.40 |
| Cash and cash equivalents at the end of the year comprises of | | | | | | |
| (a) Cash on hand | 20.72 | 6.55 | 2.97 | 5.76 | 6.17 | 8.75 |
| (b) Balances with banks | | | | | | |
| in current account | 75.13 | 33.34 | 32.73 | 24.99 | 4.79 | 10.65 |
| in EEFC account | - | - | - | - | 0.35 | - |
| | 95.85 | 39.89 | 35.70 | 30.75 | 11.31 | 19.40 |

The accompanying summary of restated financial information (Annexure – 5 to 22) forms an integral part of this statement.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

C.R.Rajagopal
Partner
Membership Number: 23418

P. Sundararajan
Managing Director

S. Latha
Executive Director

V. Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place: Avinashi
Date: December 17, 2015

S.P. Apparels Limited
Annexure 4: Summary Statement of Adjustments to Audited Financial Information
Amount in ₹ million

| Particulars | Note ref | For the period ended | For the year ended | | | | |
|----------------------------------------------------------------------------------------|----------|----------------------|--------------------|---------------|---------------|----------------|----------------|
| | | | | | | | |
| | | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Profit / (Loss) for the year (as per audited accounts) (A) | | 70.95 | 104.49 | 74.22 | 32.07 | 28.59 | 86.12 |
| Restatement Adjustments | | | | | | | |
| Increase / (decrease) in profits for restatement adjustments: | | | | | | | |
| - Other expenses | 2.1 | - | - | - | - | 30.24 | -30.24 |
| Total effect of adjustments before tax (B) | | - | - | - | - | 30.24 | -30.24 |
| Tax adjustments | | | | | | | |
| Current tax | 1 | - | (4.68) | 2.71 | 0.66 | 7.34 | (6.03) |
| Less: MAT credit | | - | - | - | - | (5.58) | 5.58 |
| Deferred tax | 2.1 | - | - | - | - | (61.25) | 61.25 |
| Total of tax adjustments (C) | | - | (4.68) | 2.71 | 0.66 | (59.49) | 60.80 |
| Net effect of increase in profit/ (loss) on adjustments after tax (D) = (B - C) | | - | 4.68 | (2.71) | (0.66) | 89.73 | (91.04) |
| Profit / (Loss) for the year as restated (E) = (A + D) | | 70.95 | 109.17 | 71.51 | 31.41 | 118.32 | (4.92) |

Note
Material Regrouping

W.e.f, April 1, 2014, schedule III notified under the Companies Act, 2013 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of Schedule III does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has reclassified the figures for the previous financial years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 in accordance with the requirements applicable for the quarter ended June 30, 2015.

Appropriate adjustments have been made in the Restated unconsolidated Summary Statements of Assets and Liabilities, Profit and Loss and cash flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at and for the quarter ended June 30, 2015, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

1. Prior period items

In the financial years ended March 31, 2015, March 31, 2014 and March 31, 2013 audited financial statements had a provision towards tax relating to earlier years. These provisions were recorded in the year when identified. However, for the purposes of restated summary statements, such prior period adjustment have been adjusted in respective year to which the provision relates to.

2. Audit qualifications

There are no qualifications in the Auditors' Reports for the years ended March 31, 2012 to March 31, 2015. The Statement of matters specified in the Companies (Auditors' Report) Order, 2015 and the Companies (Auditors' Report) Order, 2003, annexed to the Auditors' Report on the audited financial statements for the year ended March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and March, 31 2015 are as follows:

2.1. Adjusting items

- For the year ended March 31, 2011 the following are the qualifications in the Auditors' Report, which has been appropriately dealt with in this restated financial statements:
- Note number 23 (a) of Schedule 20 forming part of financial statements regarding non recognition of mark to market loss on outstanding foreign exchange forward contract amounting to Rs 30.24 million. This was the subject matter of qualification of our audit report for the preceding financial year also.
- Note number (B) 2 of Schedule 20 forming part of financial statements regarding recognition of deferred tax expenses using current applicable effective rate, being the minimum alternate tax (MAT) rate, instead of regular tax rate. Had the Company recognised the deferred tax expenses using regular tax rates, the deferred tax expenses for the year would be higher by Rs 61.25 million.

2.2. Non-adjusting items

The following emphasis of matter has been reported in the Auditors' Report for the year ended March 31, 2011:

Note number (B) 18 (b) of Schedule 20 forming part of financial statements regarding certain advances aggregating to Rs 189.92 million and in respect of which no provision has been made for reasons stated therein. This does not have any impact on the restated financial statements as the amounts have subsequently been realised.

For the year ended March 31, 2015

These are forming part of CARO and have not been considered in the restated financial statements

According to the information and explanations given to us, in respect of statutory dues, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable, except for dues given below:

| Name of the Statute | Nature of dues | Amount involved (Rs in millions) | Period to which the amount relates | Due Date | Date of payment |
|----------------------|----------------|----------------------------------|------------------------------------|-----------|-----------------|
| Income tax Act, 1961 | Income tax | 0.26 | AY 2011-12 | 26-Mar-14 | Not paid |
| Income tax Act, 1961 | Advance tax | 7.21 | AY 2015-16 | 15-Jun-14 | Not paid |
| Income tax Act, 1961 | Advance tax | 14.43 | AY 2015-16 | 15-Sep-14 | Not paid |

Discharge of Statutory dues

According to the information and explanations given to us, in respect of statutory dues, details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

| Name of the Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (Rs in millions) |
|--------------------------|----------------|--------------------------------|------------------------------------|----------------------------------|
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | AY 2009-10 | 22.58 |
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | AY 2006-07 | 173.38 |
| Tamil Nadu VAT Act, 2006 | VAT | DC (Appeals) | FY 2006-12 | 5.02 |
| Finance Act, 1994 | Service tax | CCE Appeals (I) | FY 2008-13 | 0.54 |

Delay in repayment of dues to Banks

In our opinion and according to the information and explanations given to us, the Company had delayed in the repayment of dues to banks during the year. As at the year end the company has delayed in the repayment of Rs 60.00 millions which has subsequently been made good. The Company has not defaulted in the repayment of dues to the financial institutions. The Company has not issued any debentures.

For the year ended March 31, 2014

According to the information and explanations given to us, in respect of statutory dues, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance,

Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable, except for Advance tax under the Income tax Act amounting to Rs 19.70 millions pertaining to the financial year 2013-14.

Discharge of Statutory dues

According to the information and explanations given to us, in respect of statutory dues, details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes are given below:

| Name of the Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (Rs in millions) |
|----------------------|----------------|--------------------------------|------------------------------------|----------------------------------|
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | 2009-10 | 22.58 |
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | 2006-07 | 173.38 |
| TNVAT Act | VAT | DC (Appeals) | 2006-12 | 10.78 |

Delay in repayment of dues to Banks

In our opinion and according to the information and explanations given to us, the Company had delayed in the repayment of dues to banks during the year. As at the year end the company has delayed in the repayment of Rs 64.40 millions which has subsequently been made good. During the year, the Company has obtained approval from Andhra Bank for the rescheduling of the loan. The Company has not borrowed any amount from financial institutions and has not issued any debentures.

For the year ended March 31, 2013

Discharge of Statutory dues

According to the records of the company, there are no dues of Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2013 on account of disputes except Income Tax for which the details are as given below:

| Name of the Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (Rs in millions) |
|----------------------|----------------|--------------------------------|------------------------------------|----------------------------------|
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | 2009-10 | 22.58 |
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | 2006-07 | 173.38 |

Delay in repayment of dues to Banks

In our opinion and according to the information and explanations given to us, the Company had delayed in the repayment of dues to banks during the year. As at the year end the company has delayed in the repayment of Rs 90.78 millions which has subsequently been made good. The Company has not borrowed any amount from financial institutions and has not issued any debentures.

For the year ended March 31, 2012

Discharge of Statutory dues

According to the records of the company, there are no dues of Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have been disputed except Income Tax for which the details are as given below:

| Name of the Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (Rs in millions) |
|---------------------|-----------------------------|--------------------------------|------------------------------------|----------------------------------|
| Income Tax | Disallowance of expenditure | CIT Appeals | 2008-09 & 2009-10 | 29.38 |

Delay in repayment of dues to Banks

In our opinion and according to the information and explanations given to us, the Company had delayed in the repayment of dues to banks and financial institution during the year. As at the year end, the company has defaulted in the repayment of Rs 102.96 millions which has subsequently been made good.

For the year ended March 31, 2011

There are no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable except income tax liability of Assessment year 2006-07 amounting to Rs 6.37 lakhs.

In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have been used during the year for long-term investments.

Delay in repayment of dues to Banks

In our opinion and according to the information and explanations given to us, the Company had defaulted in the repayment of dues to 1 bank. The maximum amount of default is Rs. 20.63 million and maximum period of delay is 30 days. This due was subsequently paid by the company.

Exceptional Item

Exceptional item constitutes of Rs. 168.89 Millions pertaining to the loss on crystallisation of option / swap / forward contracts taken during the previous year to hedge the foreign exchange exposure on forecasted receivables.

1. Summary of Significant Accounting Policies**1.1. Basis of Accounting and preparation of restated financial statements**

The restated financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the restated financial statements are consistent with those followed in the current period. The accounting policies have been consistently applied by the Company and are consistent across all the years and for the three-month period ended June 30, 2015 presented.

1.2. Use of estimates

The preparation of the restated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.3. Fixed Assets and Depreciation

Fixed Assets are stated at cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working conditions for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date of commissioning.

Capital work in progress includes building under construction, construction expenditure incurred thereon and interest on the funds deployed.

Depreciation on fixed assets is provided under straight line method based on useful life prescribed in Schedule – II of the Companies Act, 2013. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

| | |
|---------------------------|----------|
| General Plant & Machinery | 20 years |
| Computers & Servers | 5 years |
| Buildings - others | 30 years |
| Office Equipments | 10 years |
| Vehicles Car | 10 years |
| Vehicles Others | 8 years |

1.4. Investments

Long term investments are valued at cost, less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost and market value.

1.5. Inventories

Raw Materials, Stores, consumables and packing materials are valued at cost. Work in Progress is valued at cost and includes production overheads as estimated by Management. Finished goods are valued under absorption cost basis at lower of cost and net realisable value after providing for obsolescence and other losses wherever considered necessary. Fabric waste is valued at net realisable value.

1.6. Revenue Recognition and Other income

Revenue from sales are recognised net of returns, rebates and trade discounts, when risk and rewards of ownership of the goods are transferred to the customer, which generally coincides with dispatch of goods from factory.

Export incentives comprising mainly of duty drawback are recognised as revenue on accrual basis, wherever certainty of receipts and value thereof are known.

Revenue from job work undertaken is recognised on delivering the goods to the customer on completion of the work.

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive the income is established.

1.7. Foreign Currency Transactions

Transaction in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary foreign currency assets and liabilities are translated at the year end exchange rate. Resultant gains or losses are recognised in the restated statement of profit and loss account.

The accounting standard AS 11(Revised 2003) on the “Effects of Changes in foreign exchange rates” which was amended with effect from April 1, 2004 provides guidance on accounting of Forward contracts. The Institute of Chartered Accountants of India has clarified that AS 11 (Revised) is not applicable to the forward contracts which are for hedging highly probable forecasted transactions.

The Company has entered in to forward contracts which are designated as hedge of highly probable forecasted transactions. The Gain/losses of forward contracts designated as highly probable forecasted transactions are recognised in the Restated Statement of Profit and Loss in the period in which the forecasted transactions is expected to occur.

1.8. Employee benefits

Short term: Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

Long term: Post retirement benefits comprises of Provident Fund and Gratuity which are accounted as follows:

I. Provident Fund

This is a defined contribution plan, and contributions made to the fund are charged to Restated Statement of Profit and Loss. The company has no further obligations for future provident fund benefits other than monthly contributions.

II. Gratuity – Funded

This is a defined benefit plan. The Company makes annual contribution to a gratuity fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognised in full in statement of profit and loss for the period in which they occur. The retirement Benefit obligation recognised in the Balance sheet represents the present value of the defined benefit obligation as adjusted for un-recognised past service cost.

III. Leave Encashment

There is no scheme for encashment of un-availed leave on retirement. Leave encashment by employees are paid annually and provision is made on accrual basis.

1.9. Taxes on Income

- Provision for tax includes provision for current income tax, deferred tax and wealth tax.
- Provision for deferred tax is made for all timing differences arising between taxable incomes and accounting income at currently enacted tax rates. Deferred tax assets arising from timing differences and unabsorbed losses are recognised only where there is a virtual certainty that deferred tax assets can be realised against future taxable profits.
- Provision of current tax is made for the tax payable under income tax Act, 1961.
- Minimum Alternate Tax (MAT) paid in accordance to the Indian tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal tax during the specified period. Accordingly, MAT credit is recognised as an asset in the Balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

1.10. Intangible Assets

Intangible assets include software licenses, trademarks, patents and copy-rights. Software licenses are amortized over a period of five years. Trademarks, patents and copyrights would be amortized on a straight line basis over their expected useful lives.

1.11. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized (net of TUF subsidy) till the month in which asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which these are incurred.

1.12. Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which is intended to compensate. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

1.13. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication of impairment exists, recoverable amount of assets is estimated. An Impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

1.14. Leases

Finance Leases, which effectively transfer to the company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.

Leases, where the lessor effectively retains substantially all the risk and rewards of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense item in the Restated Statement of Profit and Loss on a straight line basis over the lease term.

1.15. Earnings per share

The earnings considered in ascertaining the company's EPS comprise the net profit attributable to equity shareholders after tax and includes the post tax effect of any extraordinary item. The number of shares used in computing the basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

1.16. Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of the past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognised, however contingent liabilities are disclosed in the notes on accounts.

1.17. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.18. Cash flow statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 - Cash flow Statement. Cash and Cash equivalents for cash flow statement comprises cash at bank and in hand and bank deposits with a maturity of three months or less.

2. Notes to Accounts

The Company's buildings are located on own land and leasehold lands. The promoter director has executed lease deeds in favour of the company in respect of land measuring 34.37 acres for a period of 29 years. Of the 34.37 acres, the lease deed has been registered in respect of 28.93 acres and for the balance 5.44 acres registration remains to be effected.

The Company's processing division building at Perundurai is located on lease hold land taken from SIPCOT for a period of 99 years. The company had acquired leasehold rights for land from SIPCOT which earlier stood in the name of M/s. Poornam Beverages Pvt Ltd for remaining period of 95 years. The Building was taken on lease from M/s. Poornam Beverages Pvt. Ltd.

Long term Loans and Advances as on 01.04.2010 includes Rs. 168.70 Millions considered recoverable from a bank in respect of payments made towards matured foreign currency contracts. The Company has filed a suit which is in the hearing stage. The Company has made adjustments to the retained earnings for the purpose of restated standalone financial statements.

2.1. Contingent Liabilities And Commitments

Amount in ₹ million

| Particulars | As at | As at | | | | |
|------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Outstanding export obligations for EPCG license | 115.15 | 290.83 | - | - | - | - |
| Bank Guarantees | - | - | - | - | 4.34 | 2.17 |
| ESI Demand | - | - | - | - | 2.86 | 2.86 |
| Income Tax Demand - disputed (Refer Note (i) below) | 202.96 | 202.96 | 202.96 | 202.96 | 29.58 | - |
| Service Tax - disputed | 0.54 | 0.54 | - | - | - | - |
| VAT - disputed | 5.02 | 5.02 | 10.78 | - | - | - |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 16.45 | 0.80 | 14.86 | 26.06 | 64.50 | 25.92 |
| Total | 340.12 | 500.15 | 228.60 | 229.02 | 101.28 | 30.95 |

Note (i)

Income tax demand - disputed for the three-month period ended 30th June 2015 includes a disputed due of the Holding company amounting to Rs. 173.38 million pertaining to Assessment year 2006-07, the company has received a favourable Order subsequent to the period ended 30th June 2015, as per the Order there is no liability/contingencies which accrues on the company.

Consequent to implementation of the Companies Act 2013 and the change in the useful life of the assets, the depreciation charge for the year is higher by Rs. 16.65 Millions. With respect to assets whose useful life has been exhausted, as at 01st April 2014 the residual value amounting to Rs.2.56 Millions (Net of Deferred Tax) has been adjusted to Surplus in Profit & Loss Account.

2.2. Deferred tax (liabilities) / assets

Amount in ₹ million

| Particulars | As at | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Tax effect of items constituting deferred tax liabilities | | | | | | |
| On difference between book balance and tax balance of fixed assets | (368.57) | (360.78) | (353.68) | (322.55) | (276.81) | (323.47) |
| Tax effect of items constituting deferred tax assets | | | | | | |
| Unabsorbed depreciation carried forward | 51.48 | 51.48 | 175.71 | 198.01 | 158.70 | 160.06 |
| Others | (7.16) | (7.58) | 5.50 | 2.58 | 15.86 | 9.30 |
| Deferred tax (liabilities) / assets (net) | (324.25) | (316.88) | (172.47) | (121.96) | (102.25) | (154.11) |
| The Company has recognised deferred tax asset on unabsorbed depreciation based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Company. | | | | | | |

2.3. Equity investment and loans to subsidiary company M/s Crocodile products private limited

The Company is carrying an equity investment of Rs. 63.74 Million (Previous Year Rs. 63.74 Million) in the above subsidiary company. Though the networth of the subsidiary has eroded due to losses of the past years, in the opinion of the management, the investment made in the company is long term and strategic in nature and fully realisable.

2.4. Employee benefit plans

Defined contribution plan

Amount in ₹ million

| Particulars | for the three-month period ended | For the year ended | | | | |
|-------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | |

| Particulars | for the three-month period ended | For the year ended | | | | |
|--------------------------------------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Contribution to Provident Fund | 16.01 | 41.85 | 24.19 | 30.96 | 36.97 | 26.78 |
| Contribution to Employees' State Insurance | 5.84 | 18.83 | 10.83 | 28.10 | 14.43 | 11.86 |

Defined benefit plan

The Company offers gratuity benefit scheme to its employees. The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements:

Amount in ₹ million except otherwise mentioned

| Particulars | Three-month period ended | Year ended | | | | |
|-----------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Changes in present value of obligation | | | | | | |
| Present value of obligation as on 1 st April | 30.38 | 18.85 | 15.45 | 18.60 | 19.26 | 14.57 |
| Interest Cost | 0.61 | 1.35 | 1.50 | 1.55 | 1.65 | 1.28 |
| Current Service Cost | 3.22 | 9.36 | 6.26 | 6.60 | 9.53 | 6.66 |
| Benefits paid | - | (3.05) | (2.38) | (3.03) | (3.94) | (1.12) |
| Actuarial Gain/ (Loss) on Obligations | 0.18 | 3.87 | (1.98) | (8.28) | (7.90) | (2.13) |
| Present value of obligation as on 31 st March | 34.39 | 30.38 | 18.85 | 15.44 | 18.60 | 19.26 |
| Change in Fair Value of Assets during the year ended 31st march | | | | | | |
| Fair Value of Plan Assets as at 1 st April | 0.09 | 2.58 | 0.16 | 2.91 | 6.33 | 6.88 |
| Expected return on plan assets | - | (0.10) | 0.11 | 0.12 | 0.44 | 0.57 |
| Contributions made | - | 0.50 | 4.76 | 0.19 | 0.08 | - |
| Benefits paid | - | (3.05) | (2.38) | (3.03) | (3.94) | (1.12) |
| Actuarial Gain/ (Loss) on plan assets | - | 0.16 | (0.07) | (0.04) | - | - |
| Fair Value of Plan Assets as at 31 st March | 0.09 | 0.09 | 2.58 | 0.15 | 2.91 | 6.33 |
| Net Asset/(Liability) recognised in the Balance sheet | | | | | | |
| Present value of obligation as on 31 st March | 34.39 | 30.38 | 18.85 | 15.44 | 18.60 | 19.26 |
| Fair Value of Plan Assets as at 31 st March | 0.09 | 0.09 | 2.58 | 0.15 | 2.91 | 6.33 |
| Funded Status Surplus/(deficit) | 34.30 | 30.29 | 16.27 | 15.29 | 15.69 | 12.93 |
| Unrecognised past Service Cost | - | - | - | - | - | - |
| Net Asset/(Liability) to be recognised in the Balance sheet | 34.30 | 30.29 | 16.27 | 15.29 | 15.69 | 12.93 |
| Expenses recognised during year ended March 31st | | | | | | |
| Current Service Cost | 3.22 | 9.36 | 6.26 | 6.60 | 9.53 | 6.66 |
| Interest Cost | 0.61 | 1.35 | 1.50 | 1.55 | 1.65 | 1.28 |
| Expected return on plan assets | - | 0.10 | (0.11) | (0.12) | (0.44) | (0.57) |
| Actuarial Gain/ (Loss) on Obligations | 0.18 | 3.71 | (1.91) | (8.24) | (7.90) | (2.13) |
| Expenses to be recognised in statement of profit & loss | 4.01 | 14.53 | 5.74 | (0.21) | 2.84 | 5.24 |
| Actuarial Assumptions | | | | | | |
| Discount Rate | 8.08% | 7.82% | 9.15% | 8.05% | 8.00% | 8.00% |
| Expected return on plan assets | 8.08% | 8.00% | 0.00% | 8.05% | 8.00% | 8.00% |
| Rate of escalation in salary | 7.00% | 7.00% | 7.00% | 7.00% | 6.50% | 6.50% |
| Attrition rate | 5.00% | 5.00% | 5.00% | 5.00% | 1.00% - 3.00% | 1.00% - 3.00% |
| Mortality rate | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) |

The Discount rate is based on the prevailing market yields of Government of India Securities as at the Balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors such as supply and demand in the employment market.

The entire fund is fully managed by Life Insurance Corporation of India.

2.5. Segment Information

Primary Segment by products: The Company operates primarily in a single business segment of Manufacture and Sale of Garments

Secondary Segment by Geographical area based on location of customers

Amount in ₹ million

| Particulars | As at / for the three-month period ended | As at / For the year ended | | | | |
|------------------------|------------------------------------------|----------------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Segment Revenue | | | | | | |
| Outside India | 1,006.40 | 3,718.01 | 3,303.02 | 3,287.29 | 3,082.23 | 2,884.78 |
| Within India | 255.50 | 1,039.77 | 1,218.09 | 1,005.65 | 929.86 | 806.05 |
| Segment Assets | | | | | | |
| Outside India | 646.03 | 626.67 | 427.01 | 430.31 | 445.76 | 405.63 |
| Within India | 4,598.73 | 4,677.44 | 4,943.34 | 4,972.16 | 5,059.80 | 4,867.43 |
| Capital expenditure | 19.80 | 109.28 | 41.45 | 344.89 | 584.78 | 655.87 |

Details of leasing arrangements

(i) Finance lease obligation relating to Vehicles

Amount in ₹ million

| Particulars | for the three-month period ended | for the Year ended | | | | |
|-----------------------------------------------------------------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Reconciliation of minimum lease payments | | | | | | |
| Future minimum lease payments for a period of not later than one year | 2.18 | 2.18 | - | - | - | - |
| later than one year and not later than five years | 5.97 | 6.51 | - | - | - | - |
| later than five years | - | - | - | - | - | - |
| | 8.15 | 8.69 | - | - | - | - |
| Less: Unmatured finance charges | 1.32 | 1.49 | - | - | - | - |
| Present value of minimum lease payments payable | 6.83 | 7.20 | - | - | - | - |
| not later than one year | 2.08 | 2.08 | - | - | - | - |
| later than one year and not later than five years | 4.74 | 5.12 | - | - | - | - |
| later than five years | - | - | - | - | - | - |

(ii) Operating lease arrangements

The Company has cancellable operating lease agreements for rental building space. As per the lease terms an amount of Rs 6.05 Millions (for the year ended 31st March 2015 Rs.22.23 Millions; for the year ended 31st March 2014 Rs.22.75 Millions) is charged to statement of Profit and Loss account. As lessor the Company realized an income of Rs 0.17 Millions (for the year ended 31st March 2015 Rs 24.15 Millions; for the year ended 31st March 2014 Rs.10.85 Millions) on properties under lease.

- 2.6. Certain of the company owned and operated stores in relation to the “Crocodile” brand were taken on lease by Poornam. Pursuant to the slump sale agreement, Poornam has transferred his retail business to the company including such properties and certain liabilities (including the term loan availed by Poornam from Muthoot Fincorp Limited to the extent of Rs 30 Million) with effect from August 1, 2015

- 2.7. The figures have been re-grouped / re-classified wherever necessary.

S.P. Apparels Limited
Annexure 6: Summary Statement of Share Capital, as restated
Amount in ₹ million

| Particulars | As at 30-Jun-15 | | As at 31-Mar-15 | | As at 31-Mar-14 | | As at 31-Mar-13 | | As at 31-Mar-12 | | As at 31-Mar-11 | |
|---------------------------------------------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
| | Number of shares | Rs in Millions | Number of shares | Rs in Millions | Number of shares | Rs in Millions | Number of shares | Rs in Millions | Number of shares | Rs in Millions | Number of shares | Rs in Millions |
| (a) Authorised | | | | | | | | | | | | |
| Equity shares of Rs. 10/- each with voting rights | 27,250,000 | 272.50 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 |
| 10% Redeemable preference shares of Rs.10/- each | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - |
| 6 % Fully Convertible preference shares of Rs.10/- each | - | - | 7,250,000 | 72.50 | 7,250,000 | 72.50 | - | - | - | - | - | - |
| | 47,250,000 | 472.50 | 47,250,000 | 472.50 | 47,250,000 | 472.50 | 40,000,000 | 400.00 | 40,000,000 | 400.00 | 20,000,000 | 200.00 |
| (b) Issued | | | | | | | | | | | | |
| Equity shares of Rs. 10/- each with voting rights | 17,145,212 | 171.45 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 |
| 10% Redeemable preference shares of Rs.10/- each | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - |
| 6 % Fully Convertible preference shares of Rs.10/- each | - | 72.49 | 7,249,454 | 72.49 | 7,249,454 | 72.49 | - | - | - | - | - | - |
| | 37,145,212 | 443.94 | 44,049,454 | 440.49 | 44,049,454 | 440.49 | 36,800,000 | 368.00 | 36,800,000 | 368.00 | 16,800,000 | 168.00 |
| (c) Subscribed and fully paid up | | | | | | | | | | | | |
| Equity shares of Rs. 10/- each with voting rights | 17,145,212 | 171.45 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 |
| 10% Redeemable preference shares of Rs.10/- each | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - |
| 6 % Fully Convertible preference shares of Rs.10/- each | - | - | 7,249,454 | 72.49 | 7,249,454 | 72.49 | - | - | - | - | - | - |
| | 37,145,212 | 371.45 | 44,049,454 | 440.49 | 44,049,454 | 440.49 | 36,800,000 | 368.00 | 36,800,000 | 368.00 | 16,800,000 | 168.00 |
| Total | 37,145,212 | 371.45 | 44,049,454 | 440.49 | 44,049,454 | 440.49 | 36,800,000 | 368.00 | 36,800,000 | 368.00 | 16,800,000 | 168.00 |

Notes
i) Terms & Condition of Equity Share Capital

The Company has only one class of equity shares having a par face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The Dividend, if any, proposed by the Board of Directors has to be approved by the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Terms & Condition of 10% Redeemable Preference Share Capital

- The Company has converted a part of the unsecured loans given by the directors as Redeemable Preference shares
- The coupon rate is 10%;
- The period of redemption is 10 years or as allowed by the Directors subject to liquidity;
- The preference shares are cumulative in respect of dividend payout;

e. The redemption shall be out of accumulated profits or out of fresh issue of shares.

iii) **Terms & Condition of 6% Fully Convertible Preference Share Capital**

Compulsorily convertible into equity shares of Rs 10/- each at a price of Rs 210/-(Including a premium of Rs 200/-) to M/s Euro Asia Agencies Limited, Hongkong, after expiry of 36 months from the due date(24th July 2013) but before expiry of 60 months.

iv) **Details of shares held by each shareholder holding more than 5% shares:**

| Particulars | As at 30-Jun-15 | | As at 31-Mar-15 | | As at 31-Mar-14 | | As at 31-Mar-13 | | As at 31-Mar-12 | | As at 31-Mar-11 | |
|--------------------------------------------------------------------|-----------------|--------|-----------------|--------|-----------------|--------|-----------------|--------|-----------------|--------|-----------------|--------|
| | No of Shares | % | No of Shares | % | No of Shares | % | No of Shares | % | No of Shares | % | No of Shares | % |
| <u>Equity Shares with voting rights</u> | | | | | | | | | | | | |
| P.Sundararajan | 11,980,000 | 69.96% | 11,980,000 | 71.31% | 11,980,000 | 71.31% | 11,980,000 | 71.31% | 11,980,000 | 71.31% | 11,980,000 | 71.31% |
| S.Latha | 3,000,000 | 17.52% | 3,000,000 | 17.86% | 3,000,000 | 17.86% | 3,000,000 | 17.86% | 3,000,000 | 17.86% | 3,000,000 | 17.86% |
| NYLIM - India Fund | 1,800,000 | 10.51% | 1,800,000 | 10.71% | 1,800,000 | 10.71% | 1,800,000 | 10.71% | 1,800,000 | 10.71% | 1,800,000 | 10.71% |
| <u>10% Redeemable Preference Shares</u> | | | | | | | | | | | | |
| P.Sundararajan | 10,000,000 | 50.00% | 10,000,000 | 50% | 10,000,000 | 50% | 10,000,000 | 50% | 10,000,000 | 50% | - | - |
| S.Latha | 10,000,000 | 50.00% | 10,000,000 | 50% | 10,000,000 | 50% | 10,000,000 | 50% | 10,000,000 | 50% | - | - |
| <u>6 % Compulsorily fully convertible preference shares</u> | | | | | | | | | | | | |
| M/s. Euro Asia Agencies Ltd, Hong Kong | - | - | 7,249,454 | 100% | 7,249,454 | 100% | - | - | - | - | - | - |

v) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

vi)

| Particulars | As at 30-Jun-15 | | As at 31-Mar-15 | | As at 31-Mar-14 | | As at 31-Mar-13 | | As at 31-Mar-12 | | As at 31-Mar-11 | |
|------------------------------------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million |
| <u>Equity Shares with voting rights</u> | | | | | | | | | | | | |
| Beginning of the year | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 |
| Movement during the year | 345,212 | 3.45 | - | - | - | - | - | - | - | - | - | - |
| End of the year | 17,145,212 | 171.45 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 |
| <u>10% Redeemable Preference Shares</u> | | | | | | | | | | | | |
| Beginning of the year | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - | - | - |
| Movement during the year | - | - | - | - | - | - | - | - | 20,000,000 | 200.00 | - | - |
| End of the year | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - |
| <u>6 % Compulsorily fully</u> | | | | | | | | | | | | |

| Particulars | As at 30-Jun-15 | | As at 31-Mar-15 | | As at 31-Mar-14 | | As at 31-Mar-13 | | As at 31-Mar-12 | | As at 31-Mar-11 | |
|---------------------------------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
| | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million |
| <u>convertible preference shares</u> | | | | | | | | | | | | |
| Beginning of the year | 7,249,454 | 72.49 | 7,249,454 | 72.49 | - | - | - | - | - | - | - | - |
| Movement during the year | -7,249,454 | -72.49 | - | - | 7,249,454 | 72.49 | - | - | - | - | - | - |
| End of the year | - | - | 7,249,454 | 72.49 | 7,249,454 | 72.49 | - | - | - | - | - | - |

S.P. Apparels Limited
Annexure 7: Standalone Summary Statement of Reserves and Surplus, as restated
Amount in ₹ million

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (a) Securities premium account | | | | | | |
| Opening balance | 333.19 | 333.19 | 333.19 | 333.19 | 333.19 | 333.19 |
| Add : Premium on shares issued during the year | 69.04 | - | - | - | - | - |
| Less : Utilised during the year for | - | - | - | - | - | - |
| Closing balance | 402.23 | 333.19 | 333.19 | 333.19 | 333.19 | 333.19 |
| (b) Share options outstanding account | | | | | | |
| Opening balance | - | - | - | - | - | 2.50 |
| Less: Written back to Statement of Profit and Loss during the year | - | - | - | - | - | 2.50 |
| Closing balance | - | - | - | - | - | - |
| (c) Surplus / (Deficit) in Statement of Profit and Loss | | | | | | |
| Opening balance | 390.25 | 291.46 | 219.95 | 188.54 | 70.22 | 75.14 |
| Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred Tax) | - | 2.56 | - | - | - | - |
| Add: Restated Profit / (Loss) for the year (Refer Annexure 4) | 70.95 | 109.17 | 71.51 | 31.41 | 118.32 | (4.92) |
| Less: Dividends proposed to be distributed to preference shareholders (Rs.0.90/- per share) | - | 6.52 | - | - | - | - |
| Less: Tax on dividend | - | 1.30 | - | - | - | - |
| Closing balance | 461.20 | 390.25 | 291.46 | 219.95 | 188.54 | 70.22 |
| Total | 863.43 | 723.44 | 624.65 | 553.14 | 521.73 | 403.41 |

Note:
Surplus in Statement of Profit and Loss as at 1-Apr-2010, as restated

| Particulars | Amount Rs. in Million |
|----------------------------------------------------------------|-----------------------|
| Opening balance as at 1-Apr-2010 as per audited accounts | 243.84 |
| Less: | |
| Adjustment on account of loans and advances (refer note below) | 168.70 |
| Opening balance as at 1-Apr-2010, as restated | 75.14 |

Note:

Long term Loans and Advances as on 01.04.2010, includes Rs. 168.70 Millions considered recoverable from a bank in respect of payments made towards matured foreign currency contracts. The Company has filed a suit which is in the hearing stage. The Company has made adjustments to the retained earnings for the purpose of restated standalone financial statements.

S.P. Apparels Limited
Annexure 8: Standalone Summary Statement of Secured and Unsecured Loans, as restated
Amount in ₹ million

| Particulars | | As at | | | | | |
|--------------------------------------------------------------------------------------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | | |
| Secured loans | | | | | | | |
| - Term loans from banks | | 783.48 | 595.41 | 888.47 | 1,196.77 | 1,606.15 | 1,893.61 |
| - Long-term maturities of finance lease obligations | | 6.74 | 7.11 | - | 0.63 | 0.83 | 0.82 |
| - Loan from banks repayable on demand | | 1,331.35 | 1,561.69 | 1,728.29 | 1,626.12 | 1,628.20 | 1,183.70 |
| Total | A | 2,121.57 | 2,164.21 | 2,616.76 | 2,823.52 | 3,235.18 | 3,078.13 |
| Unsecured loans | | | | | | | |
| - Loan from Related Parties | | 262.45 | 326.05 | 326.10 | 256.19 | 221.19 | 376.45 |
| - Loan from banks repayable on demand | | - | - | - | - | 16.52 | 15.94 |
| - Other Loans and advances | | 4.20 | 4.20 | 1.00 | 2.00 | 0.64 | 0.89 |
| Total | B | 266.65 | 330.25 | 327.10 | 258.19 | 238.35 | 393.28 |
| | | | | | | | |
| Total borrowings (A + B) | | 2,388.22 | 2,494.46 | 2,943.86 | 3,081.71 | 3,473.53 | 3,471.41 |
| Total borrowings represented by: | | | | | | | |
| - Long-term borrowings | | 883.15 | 693.96 | 883.71 | 971.49 | 1,401.01 | 1,830.93 |
| - Short-term borrowings | | 1,335.55 | 1,565.89 | 1,728.29 | 1,626.12 | 1,644.72 | 1,199.64 |
| - Current maturities of long-term borrowings (included in other-current liabilities) | | 169.52 | 234.61 | 331.86 | 484.10 | 427.80 | 440.84 |
| Total | | 2,388.22 | 2,494.46 | 2,943.86 | 3,081.71 | 3,473.53 | 3,471.41 |

S.P. Apparels Limited
Annexure 9: Standalone Summary Statement of Fixed Assets, as restated
Amount in ₹ million

| NAME OF THE ASSET | As at June 30, 2015 | | | As at March 31, 2015 | | | As at March 31, 2014 | | |
|--------------------------|---------------------|--------------------------|-----------------|----------------------|--------------------------|-----------------|----------------------|--------------------------|-----------------|
| | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block |
| Tangible Assets | | | | | | | | | |
| Land - Free hold | 5.12 | 0 | 5.12 | 4.43 | - | 4.43 | 4.43 | - | 4.43 |
| Land - Lease hold | 13.03 | 1.04 | 11.99 | 13.03 | 1.01 | 12.02 | 13.03 | 0.89 | 12.14 |
| Buildings | 1498.73 | 345.41 | 1153.32 | 1,497.69 | 333.41 | 1,164.28 | 1,481.90 | 285.50 | 1,196.40 |
| Plant & Machinery | 2110.74 | 821.29 | 1289.45 | 2,104.92 | 799.02 | 1,305.90 | 2,069.07 | 712.81 | 1,356.26 |
| Electrical Installations | 71.17 | 29.59 | 41.58 | 63.65 | 25.99 | 37.66 | 46.18 | 12.59 | 33.59 |
| Furniture & Fittings | 107.46 | 56.67 | 50.79 | 105.49 | 53.67 | 51.82 | 101.41 | 39.17 | 62.24 |
| Vehicles | 35.78 | 27.24 | 8.54 | 37.23 | 27.52 | 9.71 | 43.41 | 30.29 | 13.12 |
| Vehicles Leasehold | 10.44 | 0.48 | 9.96 | 10.47 | 0.53 | 9.94 | - | - | - |
| Lab Equipments | 10.14 | 7.94 | 2.2 | 10.15 | 7.74 | 2.41 | 10.15 | 6.47 | 3.68 |
| Office Equipments | 112.51 | 61.63 | 50.88 | 110.75 | 58.33 | 52.42 | 88.89 | 38.52 | 50.37 |
| Windmill | 0 | 0 | 0 | - | - | - | - | - | - |
| Computers | 110.8 | 92.93 | 17.87 | 110.28 | 91.43 | 18.85 | 107.95 | 85.05 | 22.90 |
| Sub-Total | 4,085.92 | 1,444.22 | 2,641.70 | 4,068.09 | 1,398.65 | 2,669.44 | 3,966.42 | 1,211.29 | 2,755.13 |
| Intangible Assets | | | | | | | | | |
| Goodwill | 40.16 | 30.35 | 9.81 | 40.15 | 29.34 | 10.81 | 40.15 | 25.33 | 14.82 |
| Brand / Trade Marks | 17.16 | 13.23 | 3.93 | 17.16 | 12.91 | 4.25 | 17.16 | 11.66 | 5.50 |
| | | | | | | | - | - | - |
| Sub-Total | 57.32 | 43.58 | 13.74 | 57.31 | 42.25 | 15.06 | 57.31 | 36.99 | 20.32 |
| Total | 4,143.24 | 1,487.80 | 2,655.44 | 4,125.40 | 1,440.90 | 2,684.50 | 4,023.73 | 1,248.28 | 2,775.45 |

Amount in ₹ million

| NAME OF THE ASSET | As at March 31, 2013 | | | As at March 31, 2012 | | | As at March 31, 2011 | | |
|--------------------------|----------------------|--------------------------|-----------------|----------------------|--------------------------|-----------------|----------------------|--------------------------|-----------------|
| | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block |
| Tangible Assets | | | | | | | | | |
| Land - Free hold | 4.43 | - | 4.43 | 4.43 | - | 4.43 | 6.68 | - | 6.68 |
| Land - Lease hold | 13.03 | 0.76 | 12.27 | 13.03 | 0.63 | 12.40 | 13.03 | 0.50 | 12.53 |
| Buildings | 1,481.52 | 238.12 | 1,243.40 | 1,182.65 | 200.41 | 982.24 | 1,037.37 | 167.56 | 869.81 |
| Plant & Machinery | 2,054.01 | 620.13 | 1,433.88 | 2,038.86 | 528.48 | 1,510.38 | 1,720.96 | 450.16 | 1,270.80 |
| Electrical Installations | 45.45 | 9.83 | 35.62 | 44.83 | 7.13 | 37.70 | 39.39 | 4.73 | 34.66 |
| Furniture & Fittings | 98.94 | 31.45 | 67.49 | 96.47 | 24.00 | 72.47 | 82.42 | 17.54 | 64.88 |
| Vehicles | 49.17 | 30.38 | 18.79 | 50.34 | 26.47 | 23.87 | 49.19 | 24.81 | 24.38 |
| Vehicles Leasehold | - | - | - | - | - | - | - | - | - |
| Lab Equipments | 10.15 | 6.10 | 4.05 | 9.95 | 5.74 | 4.21 | 9.69 | 5.39 | 4.30 |
| Office Equipments | 84.91 | 34.64 | 50.27 | 81.80 | 30.88 | 50.92 | 80.64 | 27.31 | 53.33 |
| Windmill | - | - | - | - | - | - | 332.76 | 77.26 | 255.50 |
| Computers | 104.79 | 79.55 | 25.24 | 91.85 | 70.20 | 21.65 | 88.22 | 60.72 | 27.50 |
| Sub-Total | 3,946.40 | 1,050.96 | 2,895.44 | 3,614.21 | 893.94 | 2,720.27 | 3,460.35 | 835.98 | 2,624.37 |
| Intangible Assets | | | | | | | | | |
| Goodwill | 40.15 | 21.31 | 18.84 | 40.15 | 17.30 | 22.85 | 40.15 | 13.28 | 26.87 |
| Brand / Trade Marks | 17.16 | 10.41 | 6.75 | 17.16 | 9.16 | 8.00 | 16.66 | 7.08 | 9.58 |
| | - | - | - | - | - | - | - | - | - |
| Sub-Total | 57.31 | 31.72 | 25.59 | 57.31 | 26.46 | 30.85 | 56.81 | 20.36 | 36.45 |
| Total | 4,003.71 | 1,082.68 | 2,921.03 | 3,671.52 | 920.40 | 2,751.12 | 3,517.16 | 856.34 | 2,660.82 |

S.P. Apparels Limited
Annexure 10: Standalone Summary Statement of Non-Current Investments, as restated
Amount in ₹ million

| Particulars | As at 30- Jun-15 | As at 31- Mar-15 | As at 31- Mar-14 | As at 31- Mar-13 ----- | As at 31- Mar-12 | As at 31- Mar-11 |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|------------------------------|---------------------|---------------------|
| Unquoted; Trade | | | | | | |
| Investment in Equity Instruments | | | | | | |
| in Subsidiaries | | | | | | |
| (i) 266,000 shares (As at 31st March 2014 - 266,000 Shares) of Rs.100/- each fully paid up in Crocodile Products Private Limited | 63.74 | 63.74 | 63.74 | 63.74 | 63.74 | 63.74 |
| (ii) 10,000 shares (As at 31st March 2014 – NIL) of 1 GBP each fully paid up in S.P. Apparels UK (P) Limited | 4.82 | 0.95 | - | - | - | - |
| in Other Entities | | | | | | |
| (i) 36,480 shares (As at 31st March 2014 – NIL) of Rs. 10 /-each fully paid up in Gayathri Sustainable Energies India Private Limited | 0.36 | 0.36 | - | - | - | - |
| (ii) 4,20,400 shares (As at 31st March 2014 – NIL) of Rs. 10 /-each fully paid up in LNGS P Ltd. | 4.20 | 4.20 | - | - | - | - |
| (iii) 10340 shares (As at 31st March 2015 – NIL) of Rs. 10 /-each fully paid up in Rasi G Energy P Limited | 0.10 | - | - | - | - | - |
| Investment in Bonds & Debentures | | | | | | |
| Other Entities | - | - | - | - | - | 3.00 |
| Other Non-Current Investments | - | - | - | - | - | 9.70 |
| Other Investments | | | | | | |
| Investment in Mutual Funds | | | | | | |
| SBI Tax Advantage - Fund Series | - | - | - | 0.50 | 0.50 | - |
| Total | 73.22 | 69.25 | 63.74 | 64.24 | 64.24 | 76.44 |

S.P. Apparels Limited**Annexure 11: Standalone Summary Statement of Current Investments, as restated***Amount in ₹ million*

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (At lower of cost and fair value) | | | | | | |
| Unquoted | | | | | | |
| Investments in Mutual Funds | | | | | | |
| Milestone Real estate fund | 2.13 | 3.19 | 7.08 | 9.15 | 9.20 | - |
| Total | 2.13 | 3.19 | 7.08 | 9.15 | 9.20 | - |

S.P. Apparels Limited
Annexure 12: Standalone Summary Statement of Trade Receivables, as restated
Amount in ₹ million

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|---------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | | | | | |
| Unsecured, considered good | 4.75 | 7.98 | 26.25 | 24.24 | 34.10 | 21.37 |
| Doubtful | 1.35 | 0.40 | - | 10.24 | 3.76 | 4.82 |
| | 6.10 | 8.38 | 26.25 | 34.48 | 37.86 | 26.19 |
| Less: Provision for doubtful trade receivables | 1.35 | 0.40 | - | 10.24 | 3.76 | 4.82 |
| | 4.75 | 7.98 | 26.25 | 24.24 | 34.10 | 21.37 |
| Other Trade receivables | | | | | | |
| Unsecured, considered good | 774.10 | 753.77 | 526.29 | 488.60 | 535.47 | 463.86 |
| Total | 778.85 | 761.75 | 552.54 | 512.84 | 569.57 | 485.23 |

S.P. Apparels Limited**Annexure 13: Standalone Summary Statement of Loans and Advances, as restated***Amount in ₹ million***LONG TERM LOANS AND ADVANCES****[Unsecured, considered good]**

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (a) Capital advance | 31.37 | 24.26 | 21.77 | 18.84 | 15.24 | 22.37 |
| (b) Security Deposits | 60.29 | 60.62 | 52.20 | 35.02 | 29.44 | 48.94 |
| (c) MAT Credit Entitlement | 112.04 | 112.04 | 58.61 | 33.47 | 23.03 | 9.85 |
| (d) Balances with Government Authorities | | | | | | |
| (i) VAT Credit Receivable | 0.04 | 0.04 | 0.04 | 0.01 | - | 0.02 |
| (ii) Income Tax Receivable | 11.15 | 11.15 | 11.15 | 11.15 | 10.47 | 6.36 |
| (iii) Others | 3.04 | 5.16 | 5.58 | 4.34 | 4.34 | 4.35 |
| Total | 217.93 | 213.27 | 149.35 | 102.83 | 82.52 | 91.89 |

SHORT TERM LOANS AND ADVANCES**[Unsecured, considered good]**

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|-------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (a) Loans and advances to related parties | 0.45 | 0.70 | 111.74 | 106.60 | 110.35 | 94.25 |
| (b) Security Deposits | - | - | - | 8.70 | 13.44 | 20.72 |
| (c) Loans and advances to employees | 1.01 | 1.04 | 0.58 | 0.51 | 0.27 | 1.46 |
| (d) Prepaid expenses | 10.52 | 9.66 | 7.40 | 8.58 | 6.49 | 9.43 |
| (e) Balances with government authorities | | | | | | |
| (i) Export Incentives Receivables | 75.29 | 148.39 | 133.04 | 124.99 | 99.80 | 75.84 |
| (ii) VAT credit receivable | 44.43 | 38.52 | 17.14 | 16.77 | 21.03 | 17.55 |
| (iii) Service Tax credit receivable | - | - | 0.01 | 0.61 | 7.60 | 3.97 |
| (iv) Terminal excise duty receivable | 0.17 | 0.16 | - | 1.83 | 3.06 | 7.36 |
| (v) TUF receivable | 28.65 | 28.03 | 36.25 | 43.28 | 40.47 | 49.01 |
| (vi) Income Tax refund receivable | - | - | - | - | 3.82 | - |
| (vii) Others | - | - | - | - | - | 0.57 |
| (f) Others | | | | | | |
| (i) Advance to suppliers | 54.01 | 42.91 | 70.80 | 105.45 | 134.10 | 181.91 |
| (ii) Others | - | 43.57 | 27.71 | 41.96 | 26.43 | 30.09 |
| Total | 214.53 | 312.98 | 404.67 | 459.28 | 466.86 | 492.16 |

S.P. Apparels Limited
Annexure 14: Standalone Summary Statement of Other Current Assets, as restated
Amount in ₹ million
INVENTORIES

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (a) Raw Materials | 404.14 | 496.16 | 606.77 | 433.65 | 420.70 | 237.96 |
| (b) Work-in-progress | 418.38 | 370.10 | 413.36 | 674.93 | 636.53 | 538.97 |
| (c) Finished goods (other than those acquired for trading) | 47.92 | 44.48 | 48.75 | 27.91 | 55.23 | 73.10 |
| (d) Stock-in-trade (acquired for trading) | 98.73 | 72.53 | 57.72 | 56.16 | 55.90 | 64.89 |
| (e) Stores and Consumables | 105.55 | 105.27 | 139.11 | 78.30 | 71.40 | 46.28 |
| Total | 1,074.72 | 1,088.54 | 1,265.71 | 1,270.95 | 1,239.76 | 961.20 |
| DETAILS OF WORK-IN-PROGRESS | | | | | | |
| (a) Garments | 388.85 | 344.56 | 389.83 | 662.11 | 631.53 | 535.59 |
| (b) Yarn | 29.53 | 25.54 | 23.53 | 12.82 | 5.00 | 3.38 |
| Total | 418.38 | 370.10 | 413.36 | 674.93 | 636.53 | 538.97 |

CASH AND BANK BALANCES

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|-------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| A. Cash and cash equivalents | | | | | | |
| (a) Cash on hand | 20.72 | 6.55 | 2.97 | 5.76 | 6.17 | 8.75 |
| (b) Balances with banks | | | | | | |
| (i) in current accounts | 75.13 | 33.34 | 32.73 | 24.99 | 4.79 | 10.65 |
| (ii) in EEFC accounts | - | - | - | - | 0.35 | - |
| Total - Cash and cash equivalents (A) | 95.85 | 39.89 | 35.70 | 30.75 | 11.31 | 19.40 |
| B. Other bank balances | | | | | | |
| (a) in earmarked accounts | | | | | | |
| Balance held as margin money or security against borrowings | 30.23 | 27.13 | 107.86 | 29.02 | 46.39 | 41.20 |
| Total - Other bank balances (B) | 30.23 | 27.13 | 107.86 | 29.02 | 46.39 | 41.20 |
| Total (A + B) | 126.08 | 67.02 | 143.56 | 59.77 | 57.70 | 60.60 |

OTHER CURRENT ASSETS

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|---------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (a) Accruals - Interest accrued on deposits | 1.42 | 3.61 | 8.25 | 2.38 | - | - |
| (b) Others - Insurance claims | 0.44 | - | - | - | - | - |
| Total | 1.86 | 3.61 | 8.25 | 2.38 | - | - |

S.P. Apparels Limited
Annexure 15: Standalone Summary Statement of Current Liabilities and Provisions, as restated
TRADE PAYABLES
Amount in ₹ million

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|----------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Trade payables: | | | | | | |
| a) Dues to micro and small enterprises | - | - | - | - | - | - |
| b) Dues to others | 1,130.26 | 1,192.16 | 1,059.98 | 1,069.56 | 883.99 | 832.17 |
| Total | 1,130.26 | 1,192.16 | 1,059.98 | 1,069.56 | 883.99 | 832.17 |

OTHER CURRENT LIABILITIES
Amount in ₹ million

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|-----------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (a) Current maturities of long-term debt | 167.96 | 233.09 | 331.86 | 483.47 | 426.97 | 440.02 |
| (b) Current maturities of finance lease obligations | 1.56 | 1.52 | - | 0.63 | 0.83 | 0.82 |
| (c) Interest accrued but not due on borrowings | 0.05 | 0.54 | - | - | - | - |
| (d) Interest accrued and due on borrowings | 0.08 | 11.47 | 23.46 | 43.48 | - | - |
| (e) Other payables | | | | | | |
| (i) Statutory remittances | 16.11 | 16.30 | 8.84 | 44.04 | 9.33 | 15.69 |
| (ii) Payables on purchase of fixed assets | 12.31 | 17.12 | 52.90 | 86.43 | 101.16 | 161.77 |
| (iii) Trade / security deposits received | 7.30 | 3.95 | 2.42 | 1.02 | 9.19 | 0.95 |
| (iv) Advance from customers | - | - | - | 6.43 | - | 3.63 |
| (v) Others | - | - | - | - | - | 18.76 |
| Total | 205.37 | 283.99 | 419.48 | 665.50 | 547.48 | 641.64 |

PROVISIONS
Amount in ₹ million

| Particulars | As at 30-Jun-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-13 | As at 31-Mar-12 | As at 31-Mar-11 |
|---------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (a) Provision for employee benefits: | | | | | | |
| (i) Provision for compensated absences | 2.22 | - | - | - | - | - |
| (ii) Provision for gratuity (net) | 34.29 | 30.29 | 16.27 | 15.29 | 15.77 | 12.92 |
| (b) Provision - Others: | | | | | | |
| (i) Provision for tax (net of advance tax) | 76.06 | 49.18 | 25.01 | 11.41 | 13.23 | - |
| (ii) Provision for Proposed preference dividend | 6.52 | 6.52 | - | - | - | - |
| (iii) Provision for tax on proposed preference dividend | 1.31 | 1.31 | - | - | - | - |
| (iv) Provision for MTM losses on forward contracts | 10.90 | - | - | - | 7.38 | 30.24 |
| Total | 131.30 | 87.30 | 41.28 | 26.70 | 36.38 | 43.16 |

Note: There are no dues to Micro and Small Enterprises as at the Balance Sheet date. The Micro and Small Enterprises have been identified on the basis of information available with the Company and this has been relied upon by the auditors.

S.P. Apparels Limited
Annexure 16: Standalone Summary Statement of Other Income, as restated
Amount in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|-----------------------------------------------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Other Income | 27.63 | 66.93 | 12.19 | 7.55 | 13.07 | 29.30 |
| Profit before tax, as restated | 70.95 | 104.49 | 74.22 | 32.07 | 58.83 | 55.88 |
| % of other income to profit before tax, as restated | 38.94% | 64.05% | 16.42% | 23.54% | 22.22% | 52.43% |

Break-up of Other Income:

| Particulars | For the three-month period ended | For the year ended | | | | |
|-----------------------------------------------------------|----------------------------------|--------------------|--------------|-------------|--------------|--------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Recurring | | | | | | |
| Interest from bank deposits | 0.91 | 5.19 | 9.39 | 3.74 | 7.59 | 12.12 |
| Rental income | 0.16 | 0.67 | 0.67 | 0.67 | 0.34 | - |
| | 1.07 | 5.86 | 10.06 | 4.41 | 7.93 | 12.12 |
| Non-recurring | | | | | | |
| Profit on sale of fixed assets | - | 1.05 | 0.93 | - | 0.85 | - |
| Dividend Income | 0.03 | - | - | 0.73 | 0.67 | 0.71 |
| Net gain on foreign currency transactions and translation | 26.50 | 59.33 | - | - | - | - |
| Profit on Redemption of Investments | - | - | 0.29 | - | 1.20 | - |
| Excess provision written back | - | - | - | - | - | 4.97 |
| Miscellaneous income | 0.03 | 0.69 | 0.91 | 2.41 | 2.42 | 11.50 |
| | 26.56 | 61.07 | 2.13 | 3.14 | 5.14 | 17.18 |
| Total | 27.63 | 66.93 | 12.19 | 7.55 | 13.07 | 29.30 |

Notes

- 1) All the above income relate to the Company's business activity
- 2) The classification of other income as recurring / non-recurring and related / non-related to business activity is based on the current operations and business activities of the Company as determined by the management.

S.P. Apparels Limited
Annexure 17: Standalone Summary Statement of Key Operational Income and Expenses, as restated
**17A: KEY OPERATIONAL INCOME
REVENUE FROM OPERATIONS**
Amount in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|-------------------------------------------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| (a) Sale of Products | 1,132.74 | 4,211.80 | 4,006.40 | 3,921.62 | 3,581.22 | 3,348.86 |
| (b) Sale of Services | 38.63 | 208.21 | 207.73 | 89.33 | 122.73 | 23.95 |
| (c) Other Operating Revenues | 90.53 | 337.77 | 306.98 | 281.99 | 309.91 | 318.02 |
| | 1,261.90 | 4,757.78 | 4,521.11 | 4,292.94 | 4,013.86 | 3,690.83 |
| Less: Excise Duty | - | - | - | - | 1.77 | - |
| Total Revenue from Operations | 1,261.90 | 4,757.78 | 4,521.11 | 4,292.94 | 4,012.09 | 3,690.83 |
| Sale of Products Comprises of Manufactured Goods | | | | | | |
| Garments | 1026.09 | 3,774.69 | 3,350.35 | 3,366.40 | 3,154.62 | 2,935.10 |
| Yarn | 32.23 | 172.26 | 220.09 | 196.09 | 116.59 | 136.21 |
| Fabric | 3.49 | 96.96 | 276.36 | 144.44 | 67.12 | 44.66 |
| Others | 1.26 | 4.92 | 6.31 | 4.16 | 3.03 | 2.65 |
| | 1,063.07 | 4,048.83 | 3,853.11 | 3,711.09 | 3,341.36 | 3,118.62 |
| Traded Goods | | | | | | |
| Yarn | 0.14 | 0.73 | 1.96 | 9.46 | 6.57 | 1.48 |
| Garments | 69.53 | 162.24 | 151.33 | 201.07 | 233.29 | 228.76 |
| | 69.67 | 162.97 | 153.29 | 210.53 | 239.86 | 230.24 |
| Total - Sale of Products | 1,132.74 | 4,211.80 | 4,006.40 | 3,921.62 | 3,581.22 | 3,348.86 |
| Sale of Services Comprises of | | | | | | |
| Dyeing Charges Received | 38.26 | 200.79 | 196.84 | 83.55 | 120.06 | 19.65 |
| Embroidery Charges Received | 0.36 | 2.81 | 6.72 | 1.43 | 1.92 | 1.21 |
| Printing Charges Received | 0.01 | 3.29 | 2.61 | 2.84 | 0.73 | 3.06 |
| Other Charges | - | 1.32 | 1.56 | 1.51 | 0.02 | 0.03 |
| Total - Sale of Services | 38.63 | 208.21 | 207.73 | 89.33 | 122.73 | 23.95 |
| Other Operating Revenues | | | | | | |
| Duty Draw Back and other Export Incentives | 90.53 | 337.22 | 306.12 | 281.16 | 258.69 | 260.68 |
| Sale of Scrap | - | 0.55 | 0.76 | 0.08 | 0.02 | - |
| Wind Power Generation | - | - | - | - | 46.86 | 56.33 |
| Others | - | - | 0.10 | 0.75 | 4.34 | 1.01 |
| Total - Other Operating Revenues | 90.53 | 337.77 | 306.98 | 281.99 | 309.91 | 318.02 |

**17B: KEY OPERATIONAL EXPENSES
COST OF MATERIALS CONSUMED**
Amount in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|----------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Opening Stock | 601.43 | 745.88 | 511.95 | 492.10 | 284.06 | 231.01 |
| Add: Purchases | 441.18 | 1,811.11 | 1,987.39 | 1,620.18 | 1,650.12 | 1,715.07 |
| | 1,042.61 | 2,556.99 | 2,499.34 | 2,112.28 | 1,934.18 | 1,946.08 |

| Particulars | For the three-month period ended | For the year ended | | | | |
|------------------------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Less: Closing Stock | 509.69 | 601.43 | 745.88 | 511.95 | 492.10 | 284.06 |
| Total - Cost of Material consumed | 532.92 | 1,955.56 | 1,753.46 | 1,600.33 | 1,442.08 | 1,662.02 |
| Purchases Comprise of: | | | | | | |
| Yarn | 79.49 | 473.43 | 528.34 | 504.51 | 408.62 | 480.63 |
| Fabric | 124.10 | 371.32 | 587.32 | 417.96 | 579.82 | 611.76 |
| Accessories | 46.62 | 207.13 | 191.44 | 162.18 | 123.21 | 119.09 |
| Cotton | 38.32 | 169.23 | 124.47 | 80.84 | 80.57 | 64.88 |
| Chemical & Dyes | 43.78 | 213.79 | 171.87 | 132.74 | 141.92 | 138.19 |
| Packing Materials, Stores & Consumables | 108.87 | 376.21 | 383.95 | 321.95 | 315.98 | 300.52 |
| Total - Purchases | 441.18 | 1,811.11 | 1,987.39 | 1,620.18 | 1,650.12 | 1,715.07 |

PURCHASES OF STOCK-IN-TRADE (TRADED GOODS)

Amount in ₹ million

| Particulars | For the three-month period ended | For the year ended 31 March, | | | | |
|-------------------------------------------|----------------------------------|------------------------------|---------------|---------------|---------------|---------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Garments | 62.20 | 133.23 | 115.48 | 143.36 | 158.39 | 157.85 |
| Total - Purchase of stock-in-trade | 62.20 | 133.23 | 115.48 | 143.36 | 158.39 | 157.85 |

CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK-IN-TRADE

Amount in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|--------------------------------------------------|----------------------------------|--------------------|---------------|----------------|----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| <u>Inventories at the beginning of the year:</u> | | | | | | |
| Finished goods | 44.48 | 48.75 | 27.91 | 55.23 | 73.10 | 99.54 |
| Work-in-progress | 370.10 | 413.36 | 674.93 | 636.53 | 538.97 | 292.04 |
| Waste Stock | - | - | - | - | 0.18 | 0.59 |
| Stock-in-trade | 72.53 | 57.72 | 56.16 | 55.90 | 64.89 | - |
| | 487.11 | 519.83 | 759.00 | 747.66 | 677.14 | 392.17 |
| <u>Inventories at the end of the year:</u> | | | | | | |
| Finished goods | 47.92 | 44.48 | 48.75 | 27.91 | 55.23 | 73.10 |
| Work-in-progress | 418.38 | 370.10 | 413.36 | 674.93 | 636.53 | 538.97 |
| Stock-in-trade | 98.73 | 72.53 | 57.72 | 56.16 | 55.90 | 64.89 |
| Waste Stock | - | - | - | - | - | 0.18 |
| | 565.03 | 487.11 | 519.83 | 759.00 | 747.66 | 677.14 |
| Net (increase) / decrease | (77.92) | 32.72 | 239.17 | (11.34) | (70.52) | (284.97) |

EMPLOYEE BENEFITS EXPENSES

Amount in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|-----------------------------------------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Salaries & Wages | 238.65 | 794.01 | 622.13 | 621.97 | 592.46 | 369.18 |
| Contribution to Provident Funds & other Funds | 25.86 | 75.21 | 41.05 | 58.85 | 54.24 | 43.88 |

| Particulars | For the three-month period ended | For the year ended | | | | |
|-------------------------------------------|----------------------------------|--------------------|---------------|---------------|---------------|---------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Staff Welfare Expenses | 25.46 | 121.55 | 87.68 | 95.12 | 88.59 | 62.85 |
| Total - Employee benefits expenses | 289.97 | 990.77 | 750.86 | 775.94 | 735.29 | 475.91 |

FINANCE COSTS

Amount in ₹million

| Particulars | For the three-month period ended | For the year ended | | | | |
|-----------------------------------------------------------------------------------------------------|----------------------------------|--------------------|---------------|---------------|---------------|---------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| (a) Interest Cost on | | | | | | |
| (i) Borrowings | 50.42 | 273.15 | 294.84 | 334.99 | 312.17 | 227.45 |
| (ii) Others Interest & Bank Charges | 11.51 | 36.51 | 58.10 | 45.49 | 49.19 | 16.18 |
| (b) Other Borrowing Cost | - | - | 0.07 | 0.01 | 0.18 | 6.35 |
| (c) Net (Gain)/ Loss on Foreign currency transactions and translations (Considered as Finance Cost) | (4.12) | 1.87 | 2.62 | (34.21) | 39.73 | - |
| Total - Finance Cost | 57.81 | 311.53 | 355.63 | 346.28 | 401.27 | 249.98 |

OTHER EXPENSES

Amount in ₹million

| Particulars | For the three-month period ended | For the year ended | | | | |
|------------------------------------------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Fabrication Charges | 13.14 | 54.19 | 41.68 | 31.19 | 39.41 | 31.17 |
| Power & Fuel | 54.33 | 185.79 | 187.75 | 253.62 | 164.86 | 149.99 |
| Repairs & Maintenance - Building | 4.60 | 23.01 | 8.01 | 13.36 | 13.08 | 5.64 |
| Repairs & Maintenance - Machinery | 10.10 | 72.99 | 52.05 | 46.68 | 54.92 | 41.14 |
| Repairs & Maintenance - Others | 6.11 | 23.42 | 24.20 | 22.40 | 21.01 | 7.21 |
| Other Manufacturing Expenses | 76.25 | 385.16 | 417.28 | 485.75 | 539.10 | 619.40 |
| Payments to Auditors (Refer - details below) | 0.34 | 1.85 | 2.11 | 1.29 | 1.89 | 1.53 |
| Insurance | 0.89 | 4.80 | 5.63 | 4.82 | 3.83 | 3.64 |
| Legal & Professional Charges | 1.29 | 8.60 | 11.76 | 5.75 | 5.56 | 9.37 |
| Printing and Stationary | 1.95 | 10.36 | 6.78 | 8.99 | 11.45 | 7.20 |
| Telephone, Postage, Telegrams & Courier | 0.94 | 3.51 | 4.56 | 4.23 | 5.15 | 10.55 |
| Travelling and Conveyance | 6.84 | 26.16 | 18.42 | 21.90 | 21.54 | 13.02 |
| Factory Lease Rent | 1.06 | 3.78 | 3.68 | 3.44 | 4.24 | 4.21 |
| Rent | 4.99 | 18.45 | 19.07 | 21.93 | 29.31 | 20.74 |
| Rates & Taxes | 2.24 | 10.76 | 13.27 | 9.42 | 8.19 | 7.46 |
| Loss on Sale of Assets | 0.01 | - | - | 0.61 | - | 11.41 |
| Managerial Remuneration | 3.30 | 12.00 | 8.40 | 8.40 | 8.40 | 8.40 |
| Director Sitting Fees | 0.06 | 0.10 | 0.13 | 0.09 | 0.09 | 0.07 |
| Miscellaneous expenses | 2.82 | 12.52 | 15.12 | 13.01 | 13.27 | 8.24 |
| Commission & Brokerage | 0.73 | 1.84 | 3.69 | 2.55 | 1.70 | 2.71 |
| Bad Debts, Loans and advances written off | 2.59 | 1.77 | 6.16 | 0.19 | 0.08 | 7.15 |
| Donation | 0.23 | 0.12 | 0.76 | 0.50 | 1.04 | 2.16 |
| Expenditure on Corporate Social Responsibility | - | 0.54 | - | - | - | - |
| Clearing , Forwarding & Freight | 17.31 | 83.33 | 102.88 | 165.69 | 82.05 | 73.82 |
| Discount & Allowance | 1.02 | 12.87 | 13.01 | 33.03 | 13.08 | 16.94 |
| Other selling expenses | 2.51 | 12.95 | 10.49 | 13.80 | 14.41 | 10.34 |

| Particulars | For the three-month period ended | For the year ended | | | | |
|------------------------------------------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Loss on sale of investments (Net) | | - | - | - | - | 0.07 |
| Provisions for doubtful trade receivables | 0.95 | 0.40 | (10.24) | 6.48 | - | 4.82 |
| Net Loss on Foreign currency transactions and translations | - | - | 35.12 | 90.95 | 93.53 | 20.27 |
| Provisions for MTM (Gain)/Loss on forward contracts | 54.28 | (22.74) | 16.18 | (44.20) | (22.86) | 30.24 |
| Total - Other Expenses | 270.88 | 948.53 | 1,017.95 | 1,225.87 | 1,128.33 | 1,128.91 |
| Payment to auditors Comprises: | | | | | | |
| As auditors - statutory audit (including service tax) | 0.34 | 1.35 | 1.12 | 1.12 | 1.10 | 1.40 |
| For taxation matters | - | 0.18 | 0.31 | 0.15 | 0.15 | 0.05 |
| For other services | - | 0.32 | 0.65 | - | 0.61 | 0.03 |
| Reimbursement of expenses | - | - | 0.03 | 0.02 | 0.03 | 0.05 |
| Total | 0.34 | 1.85 | 2.11 | 1.29 | 1.89 | 1.53 |

S.P. Apparels Limited**Annexure 18: Standalone Summary Statement of Dividend Paid / Proposed by the Company***Amount in ₹ million*

| Particulars | For the three-month period ended | For the year ended | | | | |
|--------------------------------------------------------------------------------------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| The Company has not proposed or paid dividend to equity share holders during these periods | | | | | | |

S.P. Apparels Limited
Annexure 19: Standalone Summary Statement of Accounting Ratios
(Number / Amount ₹ in Million, Except Per Share Data)

| Particulars | For the three-month period ended | For the year ended | | | | |
|-------------------------------------------------------------------------|----------------------------------|--------------------|--------------|--------------|--------------|--------------|
| | | | | | | |
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Basic and Diluted Earnings Per Share (Rs.) | | | | | | |
| Basic Earnings Per Share (Basic EPS) | | | | | | |
| Profit for the year | 70.95 | 109.17 | 71.51 | 31.41 | 118.32 | -4.92 |
| Less : Preference dividend and tax thereon | - | 7.82 | - | - | - | - |
| Profit for the year attributable to the equity shareholders | 70.95 | 101.35 | 71.51 | 31.41 | 118.32 | -4.92 |
| Number of Weighted average equity shares | 17.15 | 16.80 | 16.80 | 16.80 | 16.80 | 16.80 |
| Par value per share | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earning Per Share - Basic | 4.14 | 6.03 | 4.26 | 1.87 | 7.04 | -0.29 |
| Diluted Earnings Per Share (Diluted EPS) | | | | | | |
| Profit for the year | 70.95 | 109.17 | 71.51 | 31.41 | 118.32 | -4.92 |
| Less : Preference dividend and tax thereon | - | 7.82 | - | - | - | - |
| Profit for the year attributable to the equity shareholders | 70.95 | 101.35 | 71.51 | 31.41 | 118.32 | -4.92 |
| Number of Weighted average equity shares(in Millions) | 17.15 | 17.15 | 17.15 | 16.80 | 16.80 | 16.80 |
| Par Value per share | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earning Per Share - Diluted | 4.14 | 5.91 | 4.17 | 1.87 | 7.04 | -0.29 |
| Net Asset Value Per Equity Share (Rs.) | | | | | | |
| Net worth, as restated | 1,034.88 | 891.44 | 792.65 | 721.14 | 689.73 | 571.41 |
| Number of equity shares outstanding (including potential equity shares) | 17.15 | 16.80 | 16.80 | 16.80 | 16.80 | 16.80 |
| Net Asset Value (NAV) per Equity Share (Rs) | 60.36 | 53.06 | 47.18 | 42.93 | 41.06 | 34.01 |
| Profit after tax, as restated | 70.95 | 109.17 | 71.51 | 31.41 | 118.32 | -4.92 |
| Net worth, as restated | 1,034.88 | 891.44 | 792.65 | 721.14 | 689.73 | 571.41 |
| Return on Net worth (%) for equity shareholders | 6.86% | 12.25% | 9.02% | 4.36% | 17.15% | -0.86% |

Note: The ratios have been computed as per the following formulae:

(i) Basic and Diluted Earnings per Share

Profit after tax, as restated for the year / period, attributable to equity shareholders

Weighted average number of equity shares outstanding during the year / period

(ii) Net Assets Value (NAV)

Net worth, as restated, at the end of the year / period

Number of equity shares outstanding at the end of the year / period

(iii) Return on Net worth (%)

Profit after tax, as restated for the year / period, attributable to equity share holders

Net worth as restated, at the end of the year / period

(iv) Net worth for ratios mentioned above is as arrived as mentioned below:

Net worth, as restated = Equity share capital + Reserves and surplus (includes Securities Premium and Surplus / (Deficit) in Standalone Statement of Profit and Loss).

All the above are based on Standalone Financial Information, as restated.

S.P. Apparels Limited

Annexure 20: Standalone Statement of Capitalisation, as restated

Amount in ₹ million

| Particulars | Pre-Issue As at 30-Jun-15 | Post-Issue* |
|---------------------------------------------------------------|------------------------------|-------------|
| Debts | | |
| Short term debts | 1,335.55 | |
| Long term debts (incl. current maturities of long term debts) | 1,052.67 | |
| Total debts | 2,388.22 | |
| Shareholders' funds | | |
| Share capital | 371.45 | |
| Reserves as restated | 863.43 | |
| Total Shareholders' funds | 1,234.88 | |
| Total debts / Total Shareholders' funds | 193.40% | |
| Long term debts / Total Shareholders' funds | 85.24% | |

** Shareholders fund post issue can be calculated only on the conclusion of the book building process.*

Notes

1. Short term borrowings represent debts which are due within 12 months from 30-Jun-2015.
2. Long term debts include current portion of long-term borrowings repayable over the next twelve months.

S.P. Apparels Limited**Annexure 21: Standalone Summary Statement of Transactions with Related Parties and Balances, as restated****List of Related Parties:**

| Name of Related Party | Nature of Relationship |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key Managerial Personnel P.Sundararajan S.Latha | Managing Director Executive Director (Wife of Mr.P.Sundararajan) |
| Relative of Key Managerial Personnel S.Chenduran P.Velusamy P.Ashokaramam | Son of Mr.P.Sundararajan Brother of Mr.P.Sundararajan Brother of Mr.P.Sundararajan |
| Subsidiary Crocodile Products Private Limited S.P. Apparels UK (P) Limited | Subsidiary Company Subsidiary Company |
| Enterprises owned by relatives of Key Managerial Personnel SP Superfine Cotton Mills Private Limited Perumal Spinning Mills Private Limited | Enterprise over which relatives of Key Managerial Personnel are able to exercise significant influence. Enterprise over which relatives of Key Managerial Personnel are able to exercise significant influence. |
| Enterprises owned by key Managerial Personnel Poornam Enterprises Private Limited S.P.Textiles S.P.Lifestyles | Enterprise over which Key Managerial Personnel are able to exercise significant influence Enterprise over which Key Managerial Personnel are able to exercise significant influence Enterprise over which Key Managerial Personnel are able to exercise significant influence |

| Particulars | Transaction Details | | | | | | | | |
|----------------------------------------------|-------------------------|------------------------------|-----------------|--------------|-----------------|---------------------|-------------------|---------------------|------------------|
| | Sale of Goods & Service | Purchase of Goods & services | Interest income | Remuneration | Lease Rent Paid | Lease Rent Received | Interest Expenses | Unsecured loan | Loans & Advances |
| | | | | | | | | Accepted / (Repaid) | |
| Subsidiary Company | | | | | | | | | |
| Crocodile Products P Ltd, Coimbatore | | | | | | | | | |
| 30-Jun-15 | 12.13 | 61.32 | - | - | 0.16 | - | - | - | - |
| 31-Mar-15 | 33.24 | 139.49 | - | - | - | 0.66 | - | - | - |
| 31-Mar-14 | 10.81 | 120.74 | - | - | - | 0.66 | - | - | 15.05 |
| 31-Mar-13 | 0.77 | 149.35 | - | - | - | 0.66 | - | - | - |
| 31-Mar-12 | 0.52 | 110.05 | 3.05 | - | - | 0.05 | - | - | - |
| 31-Mar-11 | 0.48 | 151.99 | 2.84 | - | - | - | - | - | 0.13 |
| S.P. Apparels UK (P) Ltd | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Key Managerial Personnel | | | | | | | | | |
| Mr.P.Sundararajan | | | | | | | | | |
| 30-Jun-15 | - | - | - | 2.10 | 0.85 | - | - | (56.87) | 6.40 |
| 31-Mar-15 | - | - | - | 8.40 | 3.03 | - | - | 39.02 | 35.82 |
| 31-Mar-14 | - | - | - | 4.80 | 2.93 | - | - | 67.07 | 24.08 |
| 31-Mar-13 | - | - | - | 4.80 | 2.90 | - | - | 32.08 | - |
| 31-Mar-12 | - | - | - | 4.80 | 3.49 | - | - | (79.80) | - |
| 31-Mar-11 | - | - | - | 4.80 | 3.49 | - | - | 16.77 | - |
| Mrs. S.Latha | | | | | | | | | |
| 30-Jun-15 | - | - | - | 0.90 | 0.21 | - | - | 0.67 | 1.00 |
| 31-Mar-15 | - | - | - | 3.60 | 0.75 | - | - | (2.35) | 0.90 |
| 31-Mar-14 | - | - | - | 3.60 | 0.75 | - | - | 29.15 | 2.24 |
| 31-Mar-13 | - | - | - | 3.60 | 0.54 | - | - | 2.85 | - |
| 31-Mar-12 | - | - | - | 3.60 | 0.65 | - | - | - | - |
| 31-Mar-11 | - | - | - | 3.60 | 0.65 | - | - | - | - |
| Relatives of key managerial personnel | | | | | | | | | |
| Mr.S.Chendhuran | | | | | | | | | |
| 30-Jun-15 | - | - | - | 0.30 | - | - | - | - | - |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | 0.07 | - |
| 31-Mar-12 | - | - | - | - | - | - | - | 0.11 | - |
| 31-Mar-11 | - | - | - | - | - | - | - | 0.07 | - |
| Mr.P.Ashokraman | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Mr.P.Velusamy | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | - | - | - | - |

| Particulars | Transaction Details | | | | | | | | |
|----------------------------------------------|-------------------------|------------------------------|-----------------|--------------|-----------------|---------------------|-------------------|---------------------|------------------|
| | Sale of Goods & Service | Purchase of Goods & services | Interest income | Remuneration | Lease Rent Paid | Lease Rent Received | Interest Expenses | Unsecured loan | Loans & Advances |
| | | | | | | | | Accepted / (Repaid) | |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Enterprises owned by KMP | | | | | | | | | |
| Poornam Beverages P Ltd. | | | | | | | | | |
| 30-Jun-15 | 10.18 | - | - | - | 0.15 | - | - | - | - |
| 31-Mar-15 | 12.84 | 20.20 | - | - | 0.60 | - | - | - | 0.30 |
| 31-Mar-14 | - | - | - | - | 0.60 | - | - | - | - |
| 31-Mar-13 | - | - | - | - | 0.60 | - | - | (0.10) | - |
| 31-Mar-12 | - | - | - | - | 0.60 | - | - | - | - |
| 31-Mar-11 | - | - | - | - | 0.60 | - | - | - | - |
| S.P.Textiles | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| S.P.Lifestyles | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | 4.36 | - | - | - | - | - | - | - |
| 31-Mar-12 | - | 17.00 | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Enterprises owned by relatives of KMP | | | | | | | | | |
| Perumal Spinning Mills P Ltd, Salem | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-15 | 0.02 | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | 0.05 | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | 0.44 | (5.52) | - |
| 31-Mar-11 | 0.03 | 11.50 | - | - | - | - | 0.72 | 5.52 | - |
| S.P.Superfine Mills P Ltd., Salem | | | | | | | | | |
| 30-Jun-15 | 0.02 | 11.62 | - | - | - | - | - | - | - |
| 31-Mar-15 | 0.08 | 21.92 | - | - | - | - | - | - | - |
| 31-Mar-14 | 0.08 | 0.01 | - | - | - | - | - | - | - |
| 31-Mar-13 | 0.07 | 5.00 | - | - | - | - | - | - | - |
| 31-Mar-12 | 0.04 | - | - | - | - | - | - | - | - |
| 31-Mar-11 | 0.05 | 12.79 | - | - | - | - | - | - | - |

| Particulars | Outstanding Balances | | | | | | | | |
|--------------------------------------------------|-----------------------------|--------------------------|--------------------------------------|--------------------|----------------|---------------------|-------------------|------------------------------|---------------------|
| | Remuner ation payable | Lease Rent payable | Lease Rent security deposit | Unsecur ed Loan | Current a/c | Sundry Creditors | Sundry Debtors | Inv't in Equity Shares | Loans & Advances |
| Subsidiary Company | | | | | | | | | |
| Crocodile Products P Ltd, Coimbatore | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | 32.66 | 1.01 | 63.74 | - |
| 31-Mar-15 | - | - | - | - | - | 4.73 | 18.84 | 63.74 | - |
| 31-Mar-14 | - | - | - | - | - | 11.54 | 10.07 | 63.74 | 111.74 |
| 31-Mar-13 | - | - | - | - | - | - | 9.91 | 63.74 | 96.69 |
| 31-Mar-12 | - | - | - | - | - | - | 6.00 | 63.74 | 110.35 |
| 31-Mar-11 | - | - | - | - | - | 6.00 | 3.25 | 63.74 | 94.25 |
| S.P. Apparels UK (P) Ltd | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | - | - | 4.82 | - |
| 31-Mar-15 | - | - | - | - | - | - | - | 0.95 | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Key Managerial Personnel | | | | | | | | | |
| Mr.P.Sundararajan | | | | | | | | | |
| 30-Jun-15 | 0.48 | 0.84 | 4.22 | 218.27 | - | - | - | - | - |
| 31-Mar-15 | 0.48 | 2.47 | 4.22 | 281.43 | - | - | - | - | - |
| 31-Mar-14 | 0.23 | 2.41 | 4.22 | 278.43 | (24.08) | - | - | - | - |
| 31-Mar-13 | 3.22 | 6.89 | 4.22 | 235.44 | - | - | - | - | - |
| 31-Mar-12 | 0.28 | 4.28 | 4.22 | 203.36 | - | - | - | - | - |
| 31-Mar-11 | 0.83 | 3.14 | 4.22 | 283.16 | - | - | - | - | - |
| Mrs. S.Latha | | | | | | | | | |
| 30-Jun-15 | 0.07 | 0.21 | 0.78 | 31.43 | - | - | - | - | - |
| 31-Mar-15 | 0.07 | 0.67 | 0.78 | 31.76 | - | - | - | - | - |
| 31-Mar-14 | 0.07 | 0.63 | 0.78 | 37.25 | (2.24) | - | - | - | - |
| 31-Mar-13 | 2.70 | 1.66 | 0.78 | 8.10 | - | - | - | - | - |
| 31-Mar-12 | 0.71 | 1.17 | 0.78 | 5.25 | - | - | - | - | - |
| 31-Mar-11 | 1.04 | 0.58 | 0.78 | 75.20 | - | - | - | - | - |
| Relatives of key managerial personnel | | | | | | | | | |
| Mr.S.Chendhuran | | | | | | | | | |
| 30-Jun-15 | 0.23 | - | - | 10.25 | - | - | - | - | - |
| 31-Mar-15 | - | - | - | 10.25 | - | - | - | - | - |
| 31-Mar-14 | - | - | - | 10.25 | - | - | - | - | - |
| 31-Mar-13 | - | - | - | 10.25 | - | - | - | - | - |
| 31-Mar-12 | - | - | - | 10.18 | - | - | - | - | - |
| 31-Mar-11 | - | - | - | 10.07 | - | - | - | - | - |
| Mr.P.Ashokraman | | | | | | | | | |
| 30-Jun-15 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| 31-Mar-15 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| 31-Mar-14 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| 31-Mar-13 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| 31-Mar-12 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| 31-Mar-11 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| Mr.P.Velusamy | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | 0.04 | - | - | - |
| 31-Mar-15 | - | - | - | - | - | 0.04 | - | - | - |
| 31-Mar-14 | - | - | - | - | - | 0.04 | - | - | - |

| Particulars | Outstanding Balances | | | | | | | | |
|----------------------------------------------|-----------------------------|--------------------------|--------------------------------------|--------------------|----------------|---------------------|-------------------|-----------------------------|---------------------|
| | Remuner ation payable | Lease Rent payable | Lease Rent security deposit | Unsecur ed Loan | Current a/c | Sundry Creditors | Sundry Debtors | Invt in Equity Shares | Loans & Advances |
| 31-Mar-13 | - | - | - | - | - | 0.04 | - | - | - |
| 31-Mar-12 | - | - | - | - | - | 0.04 | - | - | - |
| 31-Mar-11 | - | - | - | - | - | 0.04 | - | - | - |
| Enterprises owned by KMP | | | | | | | | | |
| Poornam Beverages P Ltd. | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | - | 0.89 | - | 0.05 |
| 31-Mar-15 | - | - | - | - | - | - | 5.48 | - | 0.30 |
| 31-Mar-14 | - | - | - | - | - | - | 17.37 | - | - |
| 31-Mar-13 | - | - | - | - | - | 2.09 | - | - | - |
| 31-Mar-12 | - | 0.54 | - | - | - | 1.67 | - | - | - |
| 31-Mar-11 | - | 0.54 | - | - | - | 1.13 | - | - | - |
| S.P.Textiles | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | 2.05 | - | - | - |
| 31-Mar-15 | - | - | - | - | - | 2.05 | - | - | - |
| 31-Mar-14 | - | - | - | - | - | 2.05 | - | - | - |
| 31-Mar-13 | - | - | - | - | - | 2.05 | - | - | - |
| 31-Mar-12 | - | - | - | - | - | 1.02 | - | - | - |
| 31-Mar-11 | - | - | - | - | - | 1.94 | - | - | - |
| S.P.Lifestyles | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | 5.77 | - | - | 0.40 |
| 31-Mar-15 | - | - | - | - | - | 3.37 | - | - | - |
| 31-Mar-14 | - | - | - | - | - | 2.97 | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | 0.44 |
| 31-Mar-12 | - | - | - | - | - | - | - | - | 5.00 |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Enterprises owned by relatives of KMP | | | | | | | | | |
| Perumal Spinning Mills P Ltd, Salem | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | 9.50 | - | - | - |
| 31-Mar-15 | - | - | - | - | - | 11.50 | - | - | - |
| 31-Mar-14 | - | - | - | - | - | 11.50 | - | - | - |
| 31-Mar-13 | - | - | - | - | - | 11.50 | 0.05 | - | - |
| 31-Mar-12 | - | - | - | - | - | 11.50 | - | - | - |
| 31-Mar-11 | - | - | - | 5.52 | - | 11.50 | - | - | - |
| S.P.Superfine Mills P Ltd., Salem | | | | | | | | | |
| 30-Jun-15 | - | - | - | - | - | 6.06 | - | - | - |
| 31-Mar-15 | - | - | - | - | - | 3.64 | - | - | - |
| 31-Mar-14 | - | - | - | - | - | 0.01 | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |

S.P. Apparels Limited
Annexure 22: Standalone Statement of Tax Shelters, as restated
Amount in ₹ million

| Particulars | | For the year ended | | | | | |
|--------------------------------------------------------------------------------------------------------|-----|--------------------|-----------|-----------|-----------|-----------|-----------|
| | | 30-Jun-15# | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | | |
| Profit before current and deferred taxes as restated | (A) | 105.22 | 254.90 | 125.64 | 52.21 | 68.23 | 2.78 |
| Weighted average tax rate (%) | (B) | 25.57% | 33.99% | 33.99% | 32.45% | 32.45% | 33.22% |
| Tax Expense at weighted average rate | (C) | 26.90 | 86.64 | 42.71 | 16.94 | 22.14 | 0.92 |
| Adjustments | | | | | | | |
| Permanent Differences | | | | | | | |
| Expenses disallowed / Income allowed | | - | (22.62) | 16.94 | (16.93) | (21.63) | 32.40 |
| Dividend/income exempt under the Income Tax Act | | - | - | - | (0.73) | (0.67) | (0.71) |
| Profit on sale of Investments/asset | | - | (1.05) | (1.22) | 0.61 | (2.05) | 11.48 |
| Total | (D) | - | (23.67) | 15.72 | (17.05) | (24.35) | 43.17 |
| Temporary Differences | | | | | | | |
| Difference between book depreciation and tax depreciation | | - | (27.09) | (74.07) | (96.16) | (88.36) | (171.85) |
| Gratuity | | - | - | - | (0.21) | 2.85 | 12.90 |
| Leave Encashment | | - | - | - | - | - | (0.11) |
| Bonus | | - | - | - | (1.30) | 6.05 | 4.21 |
| Preliminary expenses | | - | - | - | - | - | (1.69) |
| Provision for bad and doubtful debts/advances | | - | 0.40 | (10.24) | 10.24 | - | - |
| Unabsorbed depreciation | | - | (339.81) | (405.32) | (320.45) | (483.92) | (369.83) |
| Total | (E) | - | (366.50) | (489.63) | (407.88) | (563.38) | (526.37) |
| Net Adjustment (D+E) | (F) | - | (390.17) | (473.91) | (424.93) | (587.73) | (483.20) |
| Tax Saving thereon | (G) | - | (132.62) | (161.08) | (137.89) | (190.72) | (160.52) |
| Total tax saving (C+G) | (H) | 26.90 | (45.98) | (118.38) | (120.95) | (168.58) | (159.60) |
| Tax as per provisions of MAT (including Surcharge, Education Cess & Secondary & Higher Education Cess) | (I) | 24.28 | 53.43 | 25.14 | 10.30 | 13.52 | 0.41 |
| Current Tax provision for the year as per restated accounts - Amount higher of (H) or (I) | (J) | 26.90 | 53.43 | 25.14 | 10.30 | 13.52 | 0.41 |
| Increase/(decrease) in tax provision on account of: | | | | | | | |
| (Short)/excess provision of Tax | | - | - | - | 0.15 | 0.27 | 0.36 |
| Tax impact on restatement | | - | - | - | - | (6.19) | 6.19 |
| Current Tax provision for the year as per audited accounts | (K) | 26.90 | 53.43 | 25.14 | 10.45 | 7.60 | 6.96 |
| Provision for current domestic tax as per the books of accounts | | 26.90 | 53.43 | 25.14 | 10.45 | 7.60 | 6.96 |
| <i>MAT Credit Entitlement</i> | | - | (53.43) | (25.14) | (10.45) | (13.18) | - |
| Current Tax (MAT) | | 26.90 | 53.43 | 25.14 | 10.30 | 13.52 | 0.41 |
| (Short)/excess provision of Tax | | - | - | 3.62 | 0.91 | 1.15 | 0.16 |
| Total tax expenses as per the books of accounts (derived) | | 26.90 | 0.00 | 3.62 | 0.76 | 1.49 | 0.57 |
| Total tax expenses as per Statement of Profit and Loss (restated) | | 26.90 | - | 3.62 | 0.91 | 1.76 | 0.93 |

Note

The figures have been computed considering annual income Tax rate expected for the financial year 2015-16 in accordance with the accounting standard 25 "Interim Financial Reporting".

INDEPENDENT AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF S.P. APPARELS LIMITED

39-A, Extension Street,
Kaikattipudur, Avinashi - 641654

1. We have examined the attached Restated Consolidated Financial Information of S.P. Apparels Limited ('the Company') and its subsidiaries (together referred to as 'the Group') as at and for the three-month period ended June 30, 2015 and as at and for years ended March 31, 2015, 2014, 2013, 2012 and 2011, which comprises of the restated consolidated assets and liabilities as at June 30, 2015, March 31, 2015, 2014, 2013, 2012, and 2011, the restated consolidated statements of profit and loss and the restated consolidated cash flow statements for the three-month period ended June 30, 2015 and for the years ended March 31, 2015, 2014, 2013, 2012, and 2011 ("the Restated Consolidated Financial Statements") as approved by the Board of Directors of the Company at their meeting held on December 17, 2015 for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer (IPO) and prepared in terms of the requirements of:
 - a) Section 26 of the Companies Act, 2013 ("the Act") read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules") and
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("SEBI-ICDR Regulations").
2. We have examined such Restated Consolidated Financial Statements taking into consideration
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated October 31, 2015 in connection with the proposed IPO of the Company and
 - b) The Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.
3. These Restated Consolidated Financial Information have been compiled by the Management based on the audited consolidated financial statements as at June 30, 2015 and for the three-month period ended June 30, 2015 and as at and for the years ended March 31, 2014, 2013, 2012 and 2011 which have been approved by Board of directors at their meeting held on December 17, 2015, and the audited consolidated financial statements as at and for the year ended March 31, 2015 which have been approved by Board of directors at their meeting held on August 28, 2015.
4. We did not audit the financial statements of the subsidiaries for the financial period ended June 30, 2015 and years ended March 31, 2015, 2014, 2013, 2012 and 2011, whose financial statements reflect total assets of Rs. 68.20 Million, Rs. 20.37 Million, Rs. 30.88 Million, Rs.26.34 Million, Rs. 16.72 Million, Rs.31.27 Million as at June 30, 2015, March 31, 2015, 2014, 2013, 2012 and 2011 respectively and total revenue of Rs. 62.60 Million, Rs. 241.01 Million, Rs. 119.64 Million, Rs. 142.24 Million, Rs.104.82 Million, Rs.153.05 Million for the period ending June 30, 2015 and years ending March 31, 2015, 2014, 2013, 2012 and 2011 respectively as considered in the consolidated financial statements. These financial statements have been audited by other auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts and disclosures included in these Restated Consolidated Financial Information are solely based on the reports of other auditors.

These other auditors have confirmed that the restated financial information relating to above mentioned entities have been made after incorporating:

- (i) Material prior period items have been adjusted to the respective years to which such prior period items are related;
- (ii) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
- (iii) Adjustments for the material amounts in the respective financial years to which they relate.

Further, these other Auditors have confirmed that there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments. Accordingly reliance has been placed on the financial information examined by them for the said years.

5. Based on our examination, we further report that:

- a) The Summary Statement of Restated Consolidated Assets and Liabilities of the Company as at June 30, 2015, and as at March 31, 2015, 2014, 2013, 2012 and 2011 examined by us, as set out in Annexure - 1 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Summary Statement of Adjustments to Audited Financial Information, as set out in Annexure - 4.
- b) The Summary Statement of Restated Consolidated Profit and Loss of the Company for the three-month period ended June 30, 2015, and each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011 examined by us, as set out in Annexure - 2 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Summary Statement of Adjustments to Audited Financial Information, as set out in Annexure - 4.
- c) The Summary Statement of Restated Consolidated Cash Flows of the Company for the three-month period ended June 30, 2015 and each of the years ended March 31, 2015, 2014, 2013, 2012 and 2011 examined by us, as set out in Annexure - 3 to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Summary Statement of Adjustments to Audited Financial Information, as set out in Annexure - 4.
- d) Based on the above, according to the information and explanations given to us, we are of opinion that the Restated Consolidated Financial Statements have been made after incorporating:
 - (i) Material prior period items as explained in Annexure 4 of these Restated Consolidated Financial Statements, have been adjusted to the respective period/years to which such prior period items related;
 - (ii) Adjustments for the material amounts in the respective financial years to which they relate and change in accounting policy, as explained in Annexure 4 of these Restated Consolidated Financial Statements;
 - (iii) Adjustments for material regrouping of balances to confirm the classifications /grouping and presentation followed for the three-month period ended June 30, 2015; and
 - (iv) Adjustments for qualifications in the Auditors' reports as explained in Annexure 4 of these Restated Consolidated Financial Statements.

Further there are no extra-ordinary items that need to be disclosed separately in the Restated Consolidated Financial Statements requiring adjustments;

6. We have also examined the following restated financial information of the Company set out in the Annexures, proposed to be included in the offer document, prepared by the management and approved by the Board of Directors on December 17, 2015 as at June 30, 2015 and for the three-month period ended June 30, 2015 and as at and for the years ended March 31, 2015, 2014, 2013, 2012 and 2011.

- (i) Annexure 5 – Summary of Significant Accounting Policies and Notes to Accounts
- (ii) Annexure 6 - Summary Statement of Share Capital, as restated
- (iii) Annexure 7 - Consolidated Summary Statement of Reserves and Surplus, as restated
- (iv) Annexure 8 - Consolidated Summary Statement of Secured and Unsecured Loans, as restated
- (v) Annexure 9 – Consolidated Summary Statement of Fixed Assets, as restated
- (vi) Annexure 10 – Consolidated Summary Statement of Non-Current Investments, as restated
- (vii) Annexure 11 – Consolidated Summary Statement of Current Investments, as restated
- (viii) Annexure 12 – Consolidated Summary Statement of Trade Receivables, as restated
- (ix) Annexure 13 – Consolidated Summary Statement of Loans and Advances, as restated
- (x) Annexure 14 – Consolidated Summary Statement of Other Current Assets, as restated
- (xi) Annexure 15 – Consolidated Summary Statement of Current Liabilities and Provisions, as restated
- (xii) Annexure 16 – Consolidated Summary Statement of Key Operational Income and Expenses, as restated
- (xiii) Annexure 17 – Consolidated Summary Statement of Other Income, as restated
- (xiv) Annexure 18 – Consolidated Summary Statement of Dividend Paid / Proposed by the Company
- (xv) Annexure 19 – Consolidated Summary Statement of Accounting Ratios
- (xvi) Annexure 20 – Consolidated Statement of Capitalisation, as restated
- (xvii) Annexure 21 - Consolidated Statement of transactions and balances with Related Parties, as restated

In our opinion, the above financial information contained in Annexures 1 to 21 accompanying this report read along with the Significant Accounting Policies [Refer Annexure 5 (1)] are prepared after making adjustments and regroupings as considered appropriate to confirm the classifications /grouping and presentation followed for the three-month period ended June 30, 2015 and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable; SEBI Regulations and the Guidance Note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

7. This report should not in any way be construed as a reissuance or re-dating 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 statements referred to herein.
8. We have no responsibility to update our report for events and circumstances occurring after the date of this report.
9. Our report is intended solely for use of the management for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

ICAI Firm's Registration No. 008072S

C.R. Rajagopal

Partner

Membership No. 23418

AVINASHI, DECEMBER 17, 2015

S.P. Apparels Limited
Annexure 1: Consolidated Summary Statement of Assets and Liabilities, as restated
Amounts in ₹ million

| Particulars | | As at | | | | | |
|-------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| A | EQUITY AND LIABILITIES | | | | | | |
| 1 | Shareholders' funds | | | | | | |
| | (a) Share capital | 371.45 | 440.49 | 440.49 | 368.00 | 368.00 | 168.00 |
| | (b) Reserves and surplus | 730.43 | 593.82 | 503.39 | 436.73 | 413.09 | 310.44 |
| | | 1,101.88 | 1,034.31 | 943.88 | 804.73 | 781.09 | 478.44 |
| 2 | Minority Interest | (53.41) | (52.89) | (49.80) | (47.72) | (44.39) | (37.67) |
| 3 | Non-current liabilities | | | | | | |
| | (a) Long-term borrowings | 918.27 | 728.23 | 920.08 | 1,001.20 | 1,424.39 | 1,852.61 |
| | (b) Deferred tax liabilities (net) | 324.03 | 316.66 | 172.47 | 121.96 | 102.25 | 154.11 |
| | | 1,242.30 | 1,044.89 | 1,092.55 | 1,123.16 | 1,526.64 | 2,006.72 |
| 4 | Current liabilities | | | | | | |
| | (a) Short-term borrowings | 1,335.55 | 1,565.89 | 1,728.29 | 1,626.12 | 1,644.72 | 1,199.64 |
| | (b) Trade payables | 1,166.10 | 1,214.80 | 1,074.57 | 1,104.63 | 899.28 | 851.96 |
| | (c) Other current liabilities | 210.12 | 287.28 | 422.01 | 668.05 | 549.64 | 644.64 |
| | (d) Short-term provisions | 147.22 | 102.79 | 41.22 | 26.48 | 36.31 | 42.90 |
| | | 2,858.99 | 3,170.76 | 3,266.09 | 3,425.28 | 3,129.95 | 2,739.14 |
| | TOTAL (A) | 5,149.76 | 5,197.08 | 5,252.72 | 5,305.45 | 5,393.29 | 5,186.63 |
| B | ASSETS | | | | | | |
| 1 | Non-current assets | | | | | | |
| | (a) Fixed assets | | | | | | |
| | (i) Tangible assets | 2,652.25 | 2,680.36 | 2,768.59 | 2,907.84 | 2,727.22 | 2,632.56 |
| | (ii) Intangible assets | 13.74 | 15.06 | 20.32 | 25.59 | 30.85 | 36.45 |
| | (iii) Capital work-in-progress | - | - | - | - | 264.59 | 444.72 |
| | | 2,665.99 | 2,695.42 | 2,788.91 | 2,933.43 | 3,022.66 | 3,113.73 |
| | (b) Goodwill on consolidation | 58.68 | 58.68 | 58.68 | 58.68 | 58.68 | 58.68 |
| | (c) Non-current investments | 4.66 | 4.56 | - | 0.50 | 0.50 | 12.70 |
| | (d) Long-term loans and advances | 236.95 | 232.29 | 158.06 | 111.53 | 90.13 | 100.00 |
| | | 2,966.28 | 2,990.95 | 3,005.65 | 3,104.14 | 3,171.97 | 3,285.11 |
| 2 | Current assets | | | | | | |
| | (a) Current investments | 2.13 | 3.19 | 7.08 | 9.15 | 9.20 | - |
| | (b) Inventories | 1,060.75 | 1,073.12 | 1,252.54 | 1,257.01 | 1,229.02 | 951.85 |
| | (c) Trade receivables | 773.19 | 742.94 | 541.97 | 509.24 | 567.55 | 488.84 |
| | (d) Cash and bank balances | 130.60 | 68.48 | 143.93 | 60.78 | 58.17 | 62.36 |
| | (e) Short-term loans and advances | 214.95 | 314.79 | 293.30 | 362.75 | 357.38 | 398.47 |
| | (f) Other current assets | 1.86 | 3.61 | 8.25 | 2.38 | - | - |
| | | 2,183.48 | 2,206.13 | 2,247.07 | 2,201.31 | 2,221.32 | 1,901.52 |
| | TOTAL (B) | 5,149.76 | 5,197.08 | 5,252.72 | 5,305.45 | 5,393.29 | 5,186.63 |

The accompanying summary of restated financials information (Annexure – 5 to 21)forms integral part of this statement.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

C.R.Rajagopal
Partner
Membership Number: 23418

P. Sundararajan
Managing Director

S. Latha
Executive Director

V. Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place: Avinashi
Date: December 17, 2015

S.P. Apparels Limited
Annexure 2: Consolidated Summary Statement of Profit and Loss, as restated
Amounts in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|-----------------------------------------------------------------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | |
| REVENUE | | | | | | |
| Revenue from operations (gross) | 1,217.76 | 4,725.66 | 4,508.72 | 4,285.03 | 4,007.86 | 3,689.67 |
| Less: Excise duty | - | - | - | - | 1.77 | - |
| Revenue from operations (net) | 1,217.76 | 4,725.66 | 4,508.72 | 4,285.03 | 4,006.09 | 3,689.67 |
| Other income | 27.52 | 66.67 | 12.01 | 3.88 | 10.08 | 28.20 |
| Total revenue | 1,245.28 | 4,792.33 | 4,520.73 | 4,288.91 | 4,016.17 | 3,717.87 |
| Expenses | | | | | | |
| (a) Cost of materials consumed | 541.92 | 2,027.52 | 1,830.41 | 1,708.48 | 1,574.94 | 1,786.73 |
| (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (79.37) | 34.97 | 238.40 | (8.14) | (69.14) | (255.64) |
| (c) Employee benefits expense | 293.12 | 999.90 | 760.88 | 786.37 | 745.36 | 485.32 |
| (d) Finance costs | 57.82 | 311.60 | 355.71 | 343.26 | 403.38 | 251.89 |
| (e) Depreciation and amortisation expense | 48.99 | 199.67 | 176.16 | 168.85 | 163.14 | 159.84 |
| (f) Other expenses (including the impact of qualification) | 281.61 | 974.42 | 1,040.45 | 1,248.70 | 1,152.64 | 1,147.72 |
| Total expenses | 1,144.09 | 4,548.08 | 4,402.01 | 4,247.52 | 3,970.32 | 3,575.86 |
| Profit / (Loss) before exceptional and extraordinary items and tax | 101.19 | 244.25 | 118.72 | 41.39 | 45.85 | 142.01 |
| Exceptional items (Expense) (Refer Note 2.2 to Annexure 4) | - | - | - | - | - | (168.89) |
| Exceptional items Income (Refer Note 2.2 to Annexure 4) | - | - | - | - | - | 5.95 |
| Profit / (Loss) before extraordinary items and tax | 101.19 | 244.25 | 118.72 | 41.39 | 45.85 | (20.93) |
| Extraordinary items | - | - | - | - | - | - |
| Profit / (Loss) before tax | 101.19 | 244.25 | 118.72 | 41.39 | 45.85 | (20.93) |
| Tax expense / (benefit): | | | | | | |
| (a) Current tax expense | 26.90 | 69.09 | 28.76 | 11.64 | 14.95 | 1.09 |
| (b) (Less): MAT credit | - | (68.89) | (25.14) | (10.45) | (7.60) | - |
| (c) Wealth Tax | - | - | - | 0.18 | - | 0.10 |
| (d) Deferred Tax | 7.37 | 145.73 | 50.51 | 19.71 | (51.85) | 6.67 |
| NetTax expenses | 34.27 | 145.93 | 54.13 | 21.08 | (44.50) | 7.86 |
| Profit / (Loss) for the period / year before share of Minority Interest | 66.92 | 98.32 | 64.59 | 20.31 | 90.35 | (28.79) |
| Minority Interest | (0.52) | (3.26) | (2.08) | (3.33) | (6.72) | (7.16) |
| Profit / (Loss) for the year , as restated | 67.44 | 101.58 | 66.67 | 23.64 | 97.07 | (21.63) |

The accompanying summary of restated financials information (Annexure – 5 to 21) forms integral part of this statement..

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

C.R.Rajagopal
Partner
Membership Number: 23418

P. Sundararajan
Managing Director

S. Latha
Executive Director

V. Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place: Avinashi
Date: December 17, 2015

S.P. Apparels Limited
Annexure 3: Consolidated Summary Statement of Cash Flows, as restated
Amounts in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|------------------------------------------------------------------------|-------------------------------------------|--------------------|-----------------|----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Profit before tax and exceptional item | 101.19 | 244.25 | 118.72 | 41.39 | 45.85 | 142.01 |
| <i>Adjustments for:</i> | | | | | | |
| Depreciation and amortization expense | 48.99 | 199.67 | 176.16 | 168.85 | 163.14 | 159.84 |
| (Profit) /loss on sale of assets | 0.01 | (1.05) | (0.93) | 0.68 | (0.80) | 11.41 |
| Net (gain)/loss on sale of investments | - | - | (0.29) | - | (1.20) | 0.07 |
| Bad debts written off | 2.59 | 1.77 | 6.16 | 0.19 | 0.08 | 8.99 |
| Reversal of Deferred Employee compensation expenses | - | - | - | - | - | (2.50) |
| Provision for doubtful trade receivables | 0.95 | 0.40 | (10.24) | 6.48 | - | 4.82 |
| Provision no longer required written back | - | - | - | - | - | (4.97) |
| Creditors not longer payable written back | - | - | - | - | (0.11) | (1.59) |
| Finance costs | 57.82 | 311.60 | 355.71 | 343.26 | 403.38 | 251.89 |
| Interest income | (0.91) | (5.20) | (9.41) | (0.71) | (4.56) | (9.46) |
| Unrealised exchange (gain)/loss | (4.12) | 1.87 | 5.84 | - | - | - |
| Provision for MTM (gain)/loss on forward contracts | 54.28 | (22.74) | 16.18 | (44.20) | (22.86) | 30.24 |
| Dividend income | (0.03) | - | - | (0.73) | (0.67) | (0.71) |
| Operating profits before working capital changes | 260.77 | 730.57 | 657.90 | 515.21 | 582.25 | 590.04 |
| <i>Changes in working capital:</i> | | | | | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | | | | | |
| Inventories | 12.37 | 179.42 | 4.47 | (27.99) | (277.17) | (310.14) |
| Trade receivables | (21.64) | (207.09) | (31.87) | 51.64 | (78.71) | (96.88) |
| Loans and advances/Current assets | 56.18 | (1.32) | 34.82 | 20.67 | 64.86 | (245.10) |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | | | | | |
| Trade payables/Other current liabilities/Provisions | (37.83) | 163.90 | (69.17) | 238.08 | 29.22 | 441.93 |
| Cash Generated from Operations | 269.85 | 865.48 | 596.15 | 797.61 | 320.45 | 379.85 |
| Net income tax (paid) / refunds | 0.50 | (29.57) | (15.18) | (10.21) | (9.26) | (6.66) |
| Net Cash from Operating Activities before exceptional item | 270.35 | 835.91 | 580.97 | 787.40 | 311.19 | 373.19 |
| Exceptional Item | - | - | - | - | - | (168.89) |
| Net cash flow from / (used in) operating activities | 270.35 | 835.91 | 580.97 | 787.40 | 311.19 | 204.30 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Capital expenditure on fixed assets, including capital advances | (31.89) | (150.24) | (80.02) | (104.85) | (378.55) | (516.50) |
| Proceeds from sale of fixed assets | 0.40 | 2.18 | 12.85 | 6.22 | 253.80 | 11.48 |
| Bank deposits not considered as cash equivalents | (3.10) | 80.73 | (78.85) | 17.35 | (4.61) | (25.19) |
| Purchase of long term investments | (0.10) | (4.56) | - | - | (0.50) | - |
| Proceeds from sale of long term investments | 1.06 | 3.89 | 2.86 | 0.05 | 4.20 | 1.75 |
| Dividend received – Others | 0.03 | - | - | 0.73 | 0.67 | 0.71 |
| Interest received - Bank deposits | 3.10 | 9.84 | 3.54 | (1.67) | 4.56 | 9.46 |
| Net cash flow from / (used in) investing activities | (30.50) | (58.16) | (139.62) | (82.17) | (120.43) | (518.29) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | | | |
| Proceeds from Issue of Share capital | - | - | 72.49 | - | - | - |
| Proceeds/(repayment) of long term borrowings | 124.95 | (289.10) | (233.36) | (366.89) | (241.26) | 425.98 |

| Particulars | For the three-month period ended | For the year ended | | | | |
|---------------------------------------------------------------------------------------------|-------------------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | | | | | | |
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Proceeds/(repayment) of short term borrowings | (236.05) | (160.29) | 99.52 | (18.60) | 445.08 | 92.07 |
| Finance costs | (69.70) | (323.05) | (375.73) | (299.78) | (403.38) | (251.89) |
| Net cash flow from / (used in) financing activities | (180.80) | (772.44) | (437.08) | (685.27) | (199.56) | 266.16 |
| Net increase / (decrease) in Cash and cash equivalents | 59.05 | 5.31 | 4.27 | 19.96 | (8.80) | (47.83) |
| Cash and cash equivalents at the beginning of the year | 41.11 | 35.83 | 31.53 | 11.57 | 20.37 | 62.25 |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | (0.03) | (0.02) | 0.03 | - | - | - |
| Cash and cash equivalents at the end of the year | 100.13 | 41.11 | 35.83 | 31.53 | 11.57 | 14.42 |
| | | | | | | |
| Cash and cash equivalents at the end of the year comprises of | | | | | | |
| (a) Cash on hand | 20.73 | 6.57 | 2.99 | 5.76 | 6.30 | 8.79 |
| (b) Balances with banks | | | | | | |
| in current account | 79.40 | 34.54 | 32.84 | 25.77 | 4.92 | 11.58 |
| in EEFC account | - | - | - | - | 0.35 | - |
| | 100.13 | 41.11 | 35.83 | 31.53 | 11.57 | 20.37 |

The accompanying summary of restated financials information (Annexure – 5 to 21) forms integral part of this statement.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board of Directors

C.R.Rajagopal
Partner
Membership Number: 23418

P. Sundararajan
Managing Director

S. Latha
Executive Director

V. Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place: Avinashi
Date: December 17, 2015

S.P. Apparels Limited
Annexure 4: Consolidated Summary Statement of Adjustments to Audited Financial Information
Amounts in ₹ million

| Particulars | Note ref | For the period ended | For the year ended | | | | |
|--------------------------------------------------------------------------------------------|----------|----------------------|--------------------|---------------|--------------|----------------|----------------|
| | | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | | |
| Profit / (Loss) for the year before minority interest (as per audited accounts) (A) | | 82.38 | 78.18 | 67.02 | 21.25 | 6.20 | 62.25 |
| Restatement Adjustments | | | | | | | |
| Increase / (decrease) in profits for restatement adjustments: | | | | | | | |
| - Other expenses | 2.1 | - | - | - | - | 30.24 | (30.24) |
| Total effect of adjustments before tax (B) | | - | - | - | - | 30.24 | (30.24) |
| Tax adjustments | | | | | | | |
| Current tax | 1 | - | (4.68) | 2.43 | 0.94 | 7.34 | (6.03) |
| Less: MAT credit | 1 | 15.46 | (15.46) | - | - | - | 5.58 |
| Deferred tax | 2.1 | - | - | - | - | (61.25) | 61.25 |
| Total of tax adjustments (C) | | 15.46 | (20.14) | 2.43 | 0.94 | (53.91) | 60.80 |
| Net effect of increase in profit/ (loss) on adjustments after tax (D) = (B - C) | | (15.46) | 20.14 | (2.43) | 90.94 | 84.15 | (91.04) |
| Profit / (Loss) for the year before minority interest, as restated (E) = (A + D) | | 66.92 | 98.32 | 64.59 | 20.31 | 90.35 | -28.79 |

Note:
Material Regrouping

W.e.f, April 1, 2014, schedule III notified under the Companies Act, 2013 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of Schedule III does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has reclassified the figures for the previous financial years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 in accordance with the requirements applicable for the quarter ended June 30, 2015.

Appropriate adjustments have been made in the Restated unconsolidated Summary Statements of Assets and Liabilities, Profit and Loss and cash flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at and for the quarter ended June 30, 2015, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

1. Prior Period Items

In the financial years ended March 31, 2015, March 31, 2014 and March 31, 2013 audited financial statements had a provision towards tax and MAT Credit entitlement relating to earlier years. These provisions were recorded in the year when identified. However, for the purposes of restated summary statements, such prior period adjustments have been adjusted in respective year to which the provision relates to.

2. Audit Qualifications

There are no qualifications in the Auditors' Reports for the years ended March 31, 2012 to March 31, 2015. The Statement of matters specified in the Companies (Auditors' Report) Order, 2015 and the Companies (Auditors' Report) Order, 2003, annexed to

the Auditors' Report on the audited financial statements for the year ended March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and March, 31 2015 are as follows:

2.1. Adjusting items

For the year ended March 31, 2011 the following are the qualifications in the Auditors' Report of the Holding Company, which has been appropriately dealt with in this consolidated financial statements, as restated:

- Note number 23 (a) of Schedule 20 forming part of financial statements regarding non recognition of mark to market loss on outstanding foreign exchange forward contract amounting to Rs 30.24 million. This was the subject matter of qualification of our audit report for the preceding financial year also.
- Note number (B) 2 of Schedule 20 forming part of financial statements regarding recognition of deferred tax expenses using current applicable effective rate, being the minimum alternate tax (MAT) rate, instead of regular tax rate. Had the Company recognised the deferred tax expenses using regular tax rates, the deferred tax expenses for the year would be higher by Rs 61.25 million.

2.2. Non Adjusting Items

For the year ended March 31, 2015

- (a) We did not audit the financial statements / financial information of Crocodile Products Private Limited, subsidiary, whose financial statements / financial information reflect total assets of Rs.19.44 million as at 31st March, 2015, total revenues of Rs.241.01 million and net cash flows amounting to Rs.0.16 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.
- (b) We did not audit the financial statements / financial information of S.P. Apparels UK (P) Ltd subsidiary, whose financial statements / financial information reflect total assets of Rs.0.93 million as at 31st March, 2015, total revenues of Rs.0.00 million and net cash flows amounting to Rs.0.93 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

These are forming part of CARO and have not been considered in the restated consolidated financial statements

According to the information and explanations given to us, in respect of statutory dues of the Holding Company and subsidiary company, in respect of statutory dues, dues of Income-tax, aggregating to Rs. 21.90 Millions were due by Holding company for a period of 7 to 12 months. There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

Discharge of Statutory dues

According to the information and explanations given to us, in respect of statutory dues of the Holding Company and subsidiary company, in respect of statutory dues, details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

| Name of the Statute | Forum where dispute is pending | Amount involved (Rs in millions) |
|--------------------------|--------------------------------|----------------------------------|
| Income tax Act, 1961 | CIT Appeals (II) | 195.96 |
| Tamil Nadu VAT Act, 2006 | DC (Appeals) | 5.02 |
| Finance Act, 1994 | CCE Appeals (I) | 0.54 |

Delay in repayment of dues to Banks

In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, as at the balance sheet date, there were delay in the repayment of dues to banks aggregating to Rs. 60 Millions by the Holding Company and the subsidiary company has not defaulted in the repayment of dues to banks. The Holding Company and subsidiary company have not issued any debentures.

For the year ended March 31, 2014

- (a) We did not audit the financial statements / financial information of Crocodile Products Private Limited, subsidiary, whose financial statements / financial information reflect total assets of Rs.30.88 million as at 31st March, 2014, total revenues of Rs.119.64 million and net cash flows amounting to Rs.(0.64) million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

According to the information and explanations given to us, in respect of statutory dues of the Holding company and subsidiary company, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable, except for the Holding company the Advance tax under the Income tax Act amounting to Rs 19.70 millions pertaining to the financial year 2013-14.

These are forming part of CARO and have not been considered in the restated consolidated financial statements

Discharge of Statutory dues

According to the information and explanations given to us, in respect of statutory dues of the Holding company and subsidiary company, details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes are given below:

| Name of the Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (Rs in millions) |
|----------------------|----------------|--------------------------------|------------------------------------|----------------------------------|
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | 2009-10 | 22.58 |
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | 2006-07 | 173.38 |
| TNVAT Act | VAT | DC (Appeals) | 2006-12 | 10.78 |

Delay in repayment of dues to Banks

In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, as at the balance sheet date, there were delay in the repayment of dues to banks aggregating to Rs. 64.40 million by the Holding Company which has subsequently been made good and the subsidiary company has not defaulted in the repayment of dues to banks . The Holding Company and subsidiary company have not issued any debentures.

For the year ended March 31, 2013

We did not audit the financial statements / financial information of Crocodile Products Private Limited, subsidiary, whose financial statements / financial information reflect total assets of Rs.26.34 million as at 31st March, 2013, total revenues of Rs.142.24 million and net cash flows amounting to Rs.0.54 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

These are forming part of CARO and have not been considered in the restated consolidated financial statements

Discharge of Statutory dues

According to the information and explanations given to us, in respect of statutory dues of the Holding company and subsidiary company, there are no dues of Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2013 on account of disputes except Income Tax for which the details are as given below:

| Name of the Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (Rs in millions) |
|----------------------|----------------|--------------------------------|------------------------------------|----------------------------------|
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | 2009-10 | 22.58 |
| Income tax Act, 1961 | Income tax | CIT Appeals (II) | 2006-07 | 173.38 |

Delay in repayment of dues to Banks

In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, as at the balance sheet date, there were delay in the repayment of dues to banks aggregating to Rs. 90.78 million by the Holding Company which has subsequently been made good and the subsidiary company has not defaulted in the repayment of dues to banks . The Holding Company and subsidiary company have not issued any debentures.

For the year ended March 31, 2012

We did not audit the financial statements / financial information of Crocodile Products Private Limited, subsidiary, whose financial statements / financial information reflect total assets of Rs.16.72 million as at 31st March, 2012, total revenues of Rs.104.82 million and net cash flows amounting to Rs.(1.29) million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

These are forming part of CARO and have not been considered in the restated consolidated financial statements

Discharge of Statutory dues

According to the information and explanations given to us, in respect of statutory dues of the Holding company and subsidiary company, there are no dues of Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have been disputed except Income Tax for which the details are as given below:

| Name of the Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (Rs in millions) |
|---------------------|-----------------------------|--------------------------------|------------------------------------|----------------------------------|
| Income Tax | Disallowance of expenditure | CIT Appeals | 2008-09 & 2009-10 | 29.38 |

Delay in repayment of dues to Banks

In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, as at the balance sheet date, there were delay in the repayment of dues to banks aggregating to Rs. 102.96 million by the Holding Company which has subsequently been made good and the subsidiary company has not defaulted in the repayment of dues to banks . The Holding Company and subsidiary company have not issued any debentures.

For the year ended March 31, 2011

We did not audit the financial statements / financial information of Crocodile Products Private Limited, subsidiary, whose financial statements / financial information reflect total assets of Rs.31.27 million as at 31st March, 2011, total revenues of Rs.153.05 million and net cash flows amounting to Rs.(1.87) million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

According to the information and explanations given to us, in respect of statutory dues of the Holding company and subsidiary company, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable, except for the Holding company income the tax liability of Assessment year 2006-07 amounting to Rs 6.37 lakhs.

These are forming part of CARO and have not been considered in the restated consolidated financial statements

Delay in repayment of dues to Banks

In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, as at the balance sheet date, there were delay in the repayment of dues to one bank. The maximum amount of default is Rs 20.63 million and maximum period of delay is 30 days. This due was subsequently paid by the company. and the subsidiary company has not defaulted in the repayment of dues to banks . The Holding Company and subsidiary company have not issued any debentures.

Exceptional Item

Exceptional item constitutes of Rs. 168.89 Millions of the Holding Company pertaining to the loss on crystallisation of option / swap / forward contracts taken during the previous year to hedge the foreign exchange exposure on forecasted receivables.

Exceptional items income constitutes Rs. 5.5 million of the subsidiary company pertaining to the reversal of provision held on account of Provision for obsolescence stocks and provision for contingency

1. Significant Accounting Policies**1.1.1. Basis of Accounting and preparation of restated consolidated financial statements**

The restated consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The restated consolidated financial statements have been prepared on accrual basis under the historical cost convention.

The accounting policies have been consistently applied by the Group and are consistent across all the years and for the period ended June 30, 2015 presented.

1.1.2. Principles of consolidation

The restated consolidated financial statements relate to S.P. Apparels Limited (the 'Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the subsidiary companies used in the restated consolidation are drawn upto the same reporting date as that of the Company i.e., June 30, 2015. These have been restated consolidated based on latest available financial statements.
- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the restated consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the restated consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.
- Minority Interest in the net assets of the restated consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.
- Goodwill arising on consolidation is not amortised but tested for impairment.
- Following subsidiary companies have been considered in the preparation of the restated consolidated financial statements:

| Name of the entity | Relationship | Country of Incorporation | Ownership held by | % of Holding and voting power either directly or indirectly through subsidiary as at 31 March, 2015 |
|------------------------------------|--------------|--------------------------|----------------------|-----------------------------------------------------------------------------------------------------|
| Crocodile Products Private Limited | Subsidiary | India | S.P.Apparels Limited | 70% |
| S.P. Apparels UK (P) Limited | Subsidiary | U.K | S.P.Apparels Limited | 100% |

- The restated consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

1.2. Use of estimates

The preparation of the restated consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates

used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.3. Fixed Assets and Depreciation

- Fixed Assets are stated as cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working conditions for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date of commissioning.
- Capital work in progress includes building under construction, construction expenditure incurred thereon and interest on the funds deployed.
- Depreciation on fixed assets is provided under straight line method based on useful life prescribed in Schedule – II of the Companies Act, 2013 Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets held by the holding company, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

| | |
|---------------------------------------------------------|----------|
| General Plant & Machinery | 20 years |
| Computers & Servers | 5 years |
| Buildings – others | 30 years |
| Office Equipments | 10 years |
| Vehicles Car | 10 years |
| Vehicles Others | 8 years |
| Leasehold land amortised over the duration of the lease | |

1.4. Investments

Long term investments are valued at cost, less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost and market value.

1.5. Inventories

Raw Materials, Stores, consumables and packing materials are valued at cost. Work in Progress is valued at cost and includes production overheads as estimated by Management. Finished goods are valued under absorption cost basis at lower of cost and net realisable value after providing for obsolescence and other losses wherever considered necessary. Fabric waste is valued at net realisable value.

1.6. Revenue Recognition and Other income

- Revenue from sales are recognised net of returns, rebates and trade discounts, when risk and rewards of ownership of the goods are transferred to the customer, which generally coincides with dispatch of goods from factory.
- Export incentives comprising mainly of duty drawback are recognised as revenue on accrual basis, wherever certainty of receipts and value thereof are known.
- Revenue from job work undertaken is recognised on delivering the goods to the customer on completion of the work.
- Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive the income is established.

1.7. Foreign Currency Transactions and Translations

- Transaction in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary foreign currency assets and liabilities are translated at the year end exchange rate. Resultant gains or losses are recognised in the restated consolidated statement of profit and loss account.
- The accounting standard AS 11(Revised 2003) on the “Effects of Changes in foreign exchange rates” which was amended with effect from April 1, 2004 provides guidance on accounting of Forward contracts. The Institute of Chartered Accountants of India has clarified that AS 11 (Revised) is not applicable to the forward contracts which are for hedging highly probable forecasted transactions.

- The Group has entered in to forward contracts which are designated as hedge of highly probable forecasted transactions. The Gain/losses of forward contracts designated as highly probable forecasted transactions are recognised in the Restated Consolidated Statement of Profit and Loss in the period in which the forecasted transactions is expected to occur.
- Non-integral foreign operations:
 - i) Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
 - ii) All assets and liabilities of non-integral foreign operations are translated at the year-end rates.
 - iii) The exchange differences on translation of balances relating to non-integral foreign operations are accumulated in a ““Foreign currency translation reserve”” until disposal of the operation, in which case the accumulated balance in ““Foreign currency translation reserve”” is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

1.8. Employee benefits

Short term

Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

Long term

Post retirement benefits comprises of Provident Fund and Gratuity which are accounted as follows:

I. Provident Fund

This is a defined contribution plan, and contributions made to the fund are charged to Restated Consolidated Statement of Profit and loss. The Group has no further obligations for future provident fund benefits other than monthly contributions.

II. Gratuity – Funded

This is a defined benefit plan. The Group makes annual contribution to a gratuity fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognised in full in statement of profit and loss for the period in which they occur. The retirement Benefit obligation recognised in the Balance sheet represents the present value of the defined benefit obligation as adjusted for un-recognised past service cost.

III. Leave Encashment

There is no scheme for encashment of un-availed leave on retirement. Leave encashment by employees are paid annually and provision is made on accrual basis.

1.9. Taxes on Income

- Provision for tax includes provision for current income tax, deferred tax and wealth tax.
- Deferred tax is recognised for all timing differences arising between taxable incomes and accounting income at tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets arising from timing differences and unabsorbed losses are recognised only where there is a virtual certainty that deferred tax assets can be realised against future taxable profits. The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.
- Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of applicable tax laws of the respective jurisdictions where the entities are located.
- Minimum Alternate Tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal tax during the specified period. Accordingly, MAT credit is recognised as an asset in the Consolidated Balance sheet when it is probable that the future economic benefit associated with it will flow to the entity and the asset can be measured reliably.

1.10. Intangible Assets

Intangible assets include software licenses, trademarks, patents and copy-rights. Software licenses are amortized over a period of five years. Trademarks, patents and copyrights would be amortized on a straight line basis over their expected useful lives.

1.11. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized (net of TUF subsidy) till the month in which asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which these are incurred.

1.12. Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which is intended to compensate. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

1.13. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication of impairment exists, the recoverable amount of assets is estimated. An Impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

1.14. Leases

- Finance Leases, which effectively transfer to the group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.
- Leases, where the lessor effectively retains substantially all the risk and rewards of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense item in the Restated Consolidated Statement of Profit and Loss on a straight line basis over the lease term.

1.15. Earnings per share

The earnings considered in ascertaining the group's EPS comprise the net profit attributable to equity shareholders after tax and includes the post tax effect of any extraordinary item. The number of shares used in computing the basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

1.16. Provisions and contingencies

A provision is recognised when an enterprise has a present obligation as a result of the past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognised, however contingent liabilities are disclosed in the notes.

1.17. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.18. Cash flow statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 -Cash flow Statement, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

1.19. Segment Reporting

- The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.
- The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

- Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.
- Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2. Notes to Accounts

- 2.1. The Holding Company's buildings are located on own land and leasehold lands. The promoter director has executed lease deeds in favour of the holding company in respect of land measuring 34.37 acres for a period of 29 years. Of the 34.37 acres, the lease deed has been registered in respect of 28.93 acres and for the balance 5.44 acres registration remains to be effected.
- 2.2. The Holding Company's processing division building at Perundurai is located on lease hold land taken from SIPCOT for a period of 99 years. The holding company had acquired leasehold rights for land from SIPCOT which earlier stood in the name of M/s. Poornam Beverages Pvt Ltd for remaining period of 95 years. The Building was taken on lease from M/s. Poornam Beverages Pvt. Ltd.
- 2.3. Long term Loans and Advances as on 01.04.2010 includes Rs. 168.70 Millions considered recoverable from a bank in respect of payments made towards matured foreign currency contracts. The Holding Company has filed a suit which is in the hearing stage. The Company has made adjustments to the retained earning for the purpose of consolidated restated financial statements.

2.4. Details Of Contingent Liabilities and Commitments:

Amounts in ₹ million

| Particulars | as at | as at | | | | |
|------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | |
| Outstanding export obligations for EPCG license | 115.15 | 290.83 | - | - | - | - |
| Bank Guarantees | - | - | - | - | 4.34 | 2.17 |
| ESI Demand | - | - | - | - | 2.86 | 2.86 |
| Income Tax Demand - disputed (Refer Note (i) below) | 202.96 | 202.96 | 202.96 | 202.96 | 29.58 | - |
| Service Tax – disputed | 0.54 | 0.54 | - | - | - | - |
| VAT – disputed | 5.02 | 5.02 | 10.78 | - | - | - |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 16.45 | 0.80 | 14.86 | 26.06 | 64.50 | 25.92 |
| Total | 340.12 | 500.15 | 228.60 | 229.02 | 101.28 | 30.95 |

Note (i)

Income tax demand - disputed for the three-month period ended 30th June 2015 includes a disputed due of the Holding company amounting to Rs. 173.38 million pertaining to Assessment year 2006-07, the company has received a favourable Order subsequent to the period ended 30th June 2015, as per the Order there is no liability/contingencies which accrues on the company.

- 2.5. Consequent to implementation of the Companies Act 2013 and the change in the useful life of the assets, the depreciation charge for the year is higher by Rs. 17.83 Millions. With respect to assets whose useful life has been exhausted, as at 01st April 2014 the residual value amounting to Rs.3.29 Millions (Net of Deferred Tax) has been adjusted against the opening Surplus balance in the Restated Consolidated Statement of Profit and Loss under Reserves and Surplus.

2.6. Deferred tax liabilities (Net)

Amounts in ₹ million

| Particulars | As at | | | | | |
|--------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | |
| <u>Tax effect of items constituting deferred tax liabilities</u> | | | | | | |
| On difference between book balance and tax balance of fixed assets | (368.35) | (360.55) | (353.68) | (322.55) | (276.81) | (323.47) |

| Particulars | As at | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| <u>Tax effect of items constituting deferred tax assets</u> | | | | | | |
| Unabsorbed depreciation carried forward | 51.48 | 51.48 | 175.71 | 198.01 | 158.70 | 160.06 |
| Others | (7.16) | (7.59) | 5.50 | 2.58 | 15.86 | 9.30 |
| Deferred tax liabilities (net) | (324.03) | (316.66) | (172.47) | (121.96) | (102.25) | (154.11) |
| The entities in the Group have recognised deferred tax asset on unabsorbed depreciation based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Group. | | | | | | |

2.7. Employee benefit plans

Defined contribution plan

The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the entities in the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. Following are the amounts the Group has recognised for Provident Fund contributions and Employee State Insurance Scheme contributions in the Restated Consolidated Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

Amounts in ₹ million

| Particulars | Period ended | Year ended | | | | |
|--------------------------------------------|--------------|------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Contribution to Provident Fund | 16.02 | 42.09 | 24.40 | 31.30 | 37.37 | 27.16 |
| Contribution to Employees' State Insurance | 5.84 | 18.91 | 11.13 | 28.18 | 14.36 | 12.02 |

Defined benefit plan

The Group offers gratuity benefit scheme to its employees. The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements:

Amounts in ₹ million

| Particulars | Three-month period ended | Year ended | | | | |
|------------------------------------------------------------------------------------|--------------------------|------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Changes in present value of obligation during the year | | | | | | |
| Present value of obligation as on 1 st April | 30.81 | 19.60 | 16.15 | 19.42 | 19.77 | 15.02 |
| Interest Cost | 0.61 | 1.42 | 1.56 | 1.61 | 1.68 | 1.32 |
| Current Service Cost | 3.22 | 9.69 | 6.49 | 6.83 | 9.72 | 6.84 |
| Benefits paid | - | (3.39) | (2.65) | (3.21) | (3.98) | (1.12) |
| Actuarial Gain/ (Loss) on Obligations | 0.18 | 3.49 | (1.95) | (8.50) | (7.77) | (2.29) |
| Present value of obligation as on 31 st March | 34.82 | 30.81 | 19.60 | 16.15 | 19.42 | 19.77 |
| Change in Fair Value of Assets during the year | | | | | | |
| Fair Value of Plan Assets as at 1 st April | 0.68 | 3.39 | 1.08 | 3.72 | 7.11 | 7.60 |
| Expected return on plan assets | - | (0.04) | 0.18 | 0.20 | 0.51 | 0.63 |
| Contributions made | - | 0.56 | 4.85 | 0.41 | 0.08 | - |
| Benefits paid | - | (3.39) | (2.65) | (3.21) | (3.98) | (1.12) |
| Actuarial Gain/ (Loss) on plan assets | - | 0.16 | (0.07) | (0.04) | - | - |
| Fair Value of Plan Assets as at 31 st March | 0.68 | 0.68 | 3.39 | 1.08 | 3.72 | 7.11 |
| Net Asset/(Liability) recognised in the Restated Consolidated Balance sheet | | | | | | |
| Present value of obligation as on 31 st March | 34.82 | 30.81 | 19.60 | 16.15 | 19.42 | 19.77 |

| Particulars | Three-month period ended | Year ended | | | | |
|-----------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Fair Value of Plan Assets as at 31 st March | 0.68 | 0.68 | 3.39 | 1.08 | 3.72 | 7.11 |
| Funded Status Surplus/(deficit) | 34.14 | 30.13 | 16.21 | 15.07 | 15.70 | 12.66 |
| Unrecognised past Service Cost | - | - | - | - | - | - |
| Net Asset/(Liability) to be recognised in the Restated Consolidated Balance sheet | 34.14 | 30.13 | 16.21 | 15.07 | 15.70 | 12.66 |
| Expenses recognised during year | | | | | | |
| Current Service Cost | 3.22 | 9.69 | 6.49 | 6.83 | 9.72 | 6.84 |
| Interest Cost | 0.61 | 1.42 | 1.56 | 1.61 | 1.68 | 1.32 |
| Expected return on plan assets | - | 0.04 | (0.18) | (0.20) | (0.51) | (0.63) |
| Actuarial Gain/ (Loss) on Obligations | 0.18 | 3.33 | (1.88) | (8.46) | (7.77) | (2.29) |
| Expenses to be recognised in Restated Consolidated Statement of Profit and Loss | 4.01 | 14.48 | 5.99 | (0.22) | 3.12 | 5.24 |
| Actuarial Assumptions | | | | | | |
| Discount Rate | 8.08% | 7.82% | 9.15% | 8.05% | 8.00% | 8.00% |
| Expected return on plan assets | 8.08% | 8.00% | 0.00% | 8.05% | 8.00% | 8.00% |
| Rate of escalation in salary | 7.00% | 7.00% | 7.00% | 7.00% | 6.50% | 6.50% |
| Attrition rate | 5.00% | 5.00% | 5.00% | 5.00% | 1.00% - | 1.00% - |
| Mortality rate | | | | | 3.00% | 3.00% |
| | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) | Indian Assured Lives Morality (2006-08) |

The Discount rate is based on the prevailing market yields of Government of India Securities as at the Balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors such as supply and demand in the employment market.

The entire fund is fully managed by life Insurance Corporation of India.

2.8. Segment Information

Primary Segment by products

The Group operates primarily in a single business segment of Manufacture, Sale and Trading in Garments.

Secondary Segment by Geographical area based on location of customers

Amounts in ₹ million

| Particulars | As at /Period ended | As at / Year ended | | | | |
|------------------------|---------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Segment Revenue | | | | | | |
| Outside India | 1006.4 | 3,718.01 | 3,303.02 | 3,287.29 | 3,082.23 | 2,884.78 |
| Within India | 211.36 | 1,007.65 | 1,205.70 | 997.74 | 923.86 | 804.89 |
| Segment Assets | | | | | | |
| Outside India | 646.03 | 626.67 | 427.01 | 430.31 | 445.76 | 405.63 |
| Within India | 4,503.73 | 4,570.41 | 4,825.71 | 4,875.14 | 4,947.53 | 4,781.00 |
| Capital expenditure | 19.97 | 111.97 | 43.56 | 351.11 | 505.20 | 331.62 |

2.9. Details of leasing arrangements

(i) Finance lease obligation relating to Vehicles

Amounts in ₹ million

| Particulars | Period ended | Year ended | | | | |
|---------------------------------------------------|--------------|------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Reconciliation of minimum lease payments | | | | | | |
| Future minimum lease payments for a period of | | | | | | |
| not later than one year | 2.18 | 2.18 | - | - | - | - |
| later than one year and not later than five years | 5.97 | 6.51 | - | - | - | - |
| later than five years | - | - | - | - | - | - |
| | 8.15 | 8.69 | - | - | - | - |
| Less: Unmatured finance charges | 1.32 | 1.49 | - | - | - | - |
| Present value of minimum lease payments payable | 6.83 | 7.20 | - | - | - | - |
| not later than one year | 2.08 | 2.08 | - | - | - | - |
| later than one year and not later than five years | 4.74 | 5.12 | - | - | - | - |
| later than five years | - | - | - | - | - | - |

(ii) Operating lease arrangements

The Group has cancellable operating lease agreements for rental building space. As per the lease terms an amount of Rs 6.05 Millions (for the year ended 31st March 2015 Rs.22.23 Millions; for the year ended 31st March 2014 Rs.22.75 Millions) is charged to statement of Profit and Loss account. As lessor the Group realized an income of Rs 0.17 Millions (for the year ended 31st March 2015 Rs 24.15 Millions; for the year ended 31st March 2014 Rs.10.85 Millions) on properties under lease.

2.10. Certain of the Holding company owned and operated stores in relation to the “Crocodile” brand were taken on lease by Poornam. Pursuant to the slump sale agreement, Poornam has transferred his retail business to the Holding company including such properties and certain liabilities (including the term loan availed by Poornam from Muthoot Fincorp Limited to the extent of Rs 30 Million) with effect from August 1, 2015

2.11. The figures have been re-grouped / re-classified wherever necessary.

S.P. Apparels Limited
Annexure 6: Consolidated Summary Statement of Share Capital, as restated
Amounts in ₹ million

| Particulars | As at 30-Jun-15 | | As at 31-Mar-15 | | As at 31-Mar-14 | | As at 31-Mar-13 | | As at 31-Mar-12 | | As at 31-Mar-11 | |
|---------------------------------------------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
| | Number of shares | Rs in Millions | Number of shares | Rs in Millions | Number of shares | Rs in Millions | Number of shares | Rs in Millions | Number of shares | Rs in Millions | Number of shares | Rs in Millions |
| (a) Authorised | | | | | | | | | | | | |
| Equity shares of Rs. 10/- each with voting rights | 27,250,000 | 272.50 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 |
| 10% Redeemable preference shares of Rs.10/- each | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - |
| 6 % Fully Convertible preference shares of Rs.10/- each | - | - | 7,250,000 | 72.50 | 7,250,000 | 72.50 | - | - | - | - | - | - |
| | 47,250,000 | 472.50 | 47,250,000 | 472.50 | 47,250,000 | 472.50 | 40,000,000 | 400.00 | 40,000,000 | 400.00 | 20,000,000 | 200.00 |
| (b) Issued | | | | | | | | | | | | |
| Equity shares of Rs. 10/- each with voting rights | 17,145,212 | 171.45 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 |
| 10% Redeemable preference shares of Rs.10/- each | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - |
| 6 % Fully Convertible preference shares of Rs.10/- each | - | - | 7,249,454 | 72.49 | 7,249,454 | 72.49 | - | - | - | - | - | - |
| | 37,145,212 | 371.45 | 44,049,454 | 440.49 | 44,049,454 | 440.49 | 36,800,000 | 368.00 | 36,800,000 | 368.00 | 16,800,000 | 168.00 |
| (c) Subscribed and fully paid up | | | | | | | | | | | | |
| Equity shares of Rs. 10/- each with voting rights | 17,145,212 | 171.45 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 |
| 10% Redeemable preference shares of Rs.10/- each | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - |
| 6 % Fully Convertible preference shares of Rs.10/- each | - | - | 7,249,454 | 72.49 | 7,249,454 | 72.49 | - | - | - | - | - | - |
| | 37,145,212 | 371.45 | 44,049,454 | 440.49 | 44,049,454 | 440.49 | 36,800,000 | 368.00 | 36,800,000 | 368.00 | 16,800,000 | 168.00 |
| Total | 37,145,212 | 371.45 | 44,049,454 | 440.49 | 44,049,454 | 440.49 | 36,800,000 | 368.00 | 36,800,000 | 368.00 | 16,800,000 | 168.00 |

Notes
i) Terms & Condition of Equity Share Capital

The Company has only one class of equity shares having a par face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The Dividend, if any, proposed by the Board of Directors has to be approved by the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Terms & Condition of 10% Redeemable Preference Share Capital

1. The Company has converted a part of the unsecured loans given by the directors as Redeemable Preference shares
2. The coupon rate is 10%;
3. The period of redemption is 10 years or as allowed by the Directors subject to liquidity;
4. The preference shares are cumulative in respect of dividend payout;
5. The redemption shall be out of accumulated profits or out of fresh issue of shares.

iii) Terms & Condition of 6% Fully Convertible Preference Share Capital

Compulsorily convertible into equity shares of Rs 10/- each at a price of Rs 210/-(Including a premium of Rs 200/-) to M/s Euro Asia Agencies Limited, Hongkong, after expiry of 36 months from the due date(24th July 2013) but before expiry of 60 months.

iv) Details of shares held by each shareholder holding more than 5% shares:

| Particulars | As at 30-Jun-15 | | As at 31-Mar-15 | | As at 31-Mar-14 | | As at 31-Mar-13 | | As at 31-Mar-12 | | As at 31-Mar-11 | |
|---------------------------------------------------------------------------------|-----------------|--------|-----------------|--------|-----------------|--------|-----------------|--------|-----------------|--------|-----------------|--------|
| | No of Shares | % | No of Shares | % | No of Shares | % | No of Shares | % | No of Shares | % | No of Shares | % |
| <u>Equity Shares with voting rights</u> | | | | | | | | | | | | |
| P.Sundararajan | 11,980,000 | 69.96% | 11,980,000 | 71.31% | 11,980,000 | 71.31% | 11,980,000 | 71.31% | 11,980,000 | 71.31% | 11,980,000 | 71.31% |
| S.Latha | 3,000,000 | 17.52% | 3,000,000 | 17.86% | 3,000,000 | 17.86% | 3,000,000 | 17.86% | 3,000,000 | 17.86% | 3,000,000 | 17.86% |
| NYLIM - India Fund | 1,800,000 | 10.51% | 1,800,000 | 10.71% | 1,800,000 | 10.71% | 1,800,000 | 10.71% | 1,800,000 | 10.71% | 1,800,000 | 10.71% |
| <u>10% Redeemable Preference Shares</u> | | | | | | | | | | | | |
| P.Sundararajan | 10,000,000 | 50.00% | 10,000,000 | 50% | 10,000,000 | 50% | 10,000,000 | 50% | 10,000,000 | 50% | - | - |
| S.Latha | 10,000,000 | 50.00% | 10,000,000 | 50% | 10,000,000 | 50% | 10,000,000 | 50% | 10,000,000 | 50% | - | - |
| <u>6 % Compulsorily fully convertible preference shares – Compulsory</u> | | | | | | | | | | | | |
| M/s. Euro Asia Agencies Ltd, Hong Kong | - | - | 7,249,454 | 100% | 7,249,454 | 100% | - | - | - | - | - | - |

v) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | As at 30-Jun-15 | | As at 31-Mar-15 | | As at 31-Mar-14 | | As at 31-Mar-13 | | As at 31-Mar-12 | | As at 31-Mar-11 | |
|------------------------------------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million |
| <u>Equity Shares with voting rights</u> | | | | | | | | | | | | |
| Beginning of the year | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 |
| Movement during the year | 345,121 | 3.45 | - | - | - | - | - | - | - | - | - | - |

| Particulars | As at 30-Jun-15 | | As at 31-Mar-15 | | As at 31-Mar-14 | | As at 31-Mar-13 | | As at 31-Mar-12 | | As at 31-Mar-11 | |
|--------------------------------------------------------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million | No of Shares | Rs in million |
| End of the year | 17,145,121 | 171.45 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 | 16,800,000 | 168.00 |
| <u>10% Redeemable Preference Shares</u> | | | | | | | | | | | | |
| Beginning of the year | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - | - | - |
| Movement during the year | - | - | - | - | - | - | - | - | 20,000,000 | 200.00 | - | - |
| End of the year | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | 20,000,000 | 200.00 | - | - |
| <u>6 % Compulsorily fully convertible preference shares</u> | | | | | | | | | | | | |
| Beginning of the year | 7,249,454 | 72.49 | 7,249,454 | 72.49 | - | - | - | - | - | - | - | - |
| Movement during the year | (7,249,454) | (72.49) | - | - | 7,249,454 | 72.49 | - | - | - | - | - | - |
| End of the year | - | - | 7,249,454 | 72.49 | 7,249,454 | 72.49 | - | - | - | - | - | - |

S.P. Apparels Limited
Annexure 7: Consolidated Summary Statement of Reserves and Surplus, as restated
Amounts in ₹ million

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| (a) Securities premium account | | | | | | |
| Opening balance | 333.19 | 333.19 | 333.19 | 333.19 | 333.19 | 333.19 |
| Add : Premium on shares issued during the year | 69.04 | - | - | - | - | - |
| Less : Utilised during the year for | - | - | - | - | - | - |
| Closing balance | 402.23 | 333.19 | 333.19 | 333.19 | 333.19 | 333.19 |
| (b) Share options outstanding account | | | | | | |
| Opening balance | - | - | - | - | - | 2.50 |
| Less: Written back to Statement of Profit and Loss during the year | - | - | - | - | - | (2.50) |
| Closing balance | - | - | - | - | - | - |
| (c) Foreign currency fluctuation reserve | | | | | | |
| Opening balance | (0.02) | - | - | - | - | - |
| For the period | 0.13 | (0.02) | - | - | - | - |
| Closing balance | 0.11 | (0.02) | - | - | - | - |
| (d) Surplus / (Deficit) in Consolidated Statement of Profit and Loss | | | | | | |
| Opening balance | 260.65 | 170.20 | 103.54 | 79.90 | (22.75) | (1.12) |
| Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred Tax) | - | 3.30 | - | - | - | - |
| Add: Restated Profit / (Loss) for the year | 67.44 | 101.58 | 66.67 | 23.64 | 102.65 | (21.63) |
| Less: Dividends proposed to be distributed to preference shareholders (Rs.0.90/- per share) | - | 6.53 | - | - | - | - |
| Less: Tax on dividend | - | 1.30 | - | - | - | - |
| Closing balance | 328.09 | 260.65 | 170.20 | 103.54 | 79.90 | -22.75 |
| Total | 730.43 | 593.82 | 503.39 | 436.73 | 413.09 | 310.44 |

Surplus in Consolidated Statement of Profit and Loss as at 1-Apr-2010, as restated

| Particulars | Amount Rs. in Million |
|------------------------------------------------------|--------------------------|
| Opening balance as at 1-Apr-2010 | 167.58 |
| Less: | |
| Adjustments of loans and advances (refer note below) | 168.70 |
| Opening balance as at 1-Apr-2010, as restated | -1.12 |

Note:

Long term Loans and Advances as on 01.04.2010 includes Rs. 168.70 Millions considered recoverable from a bank in respect of payments made towards matured foreign currency contracts. The Company has filed a suit which is in the hearing stage. The Company has made adjustments to the retained earning for the purpose of consolidated financials, as restated.

S.P. Apparels Limited
Annexure 8: Consolidated Summary Statement of Secured and Unsecured Loans, as restated
Amounts in ₹ million

| Particulars | | As at | | | | | |
|--------------------------------------------------------------------------------------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Secured loans | | | | | | | |
| - Term loans from banks | | 783.48 | 595.41 | 888.47 | 1,196.77 | 1,606.15 | 1,893.61 |
| - Finance lease obligations | | 6.74 | 7.11 | - | 0.63 | 0.83 | 0.82 |
| - Loan from banks repayable on demand | | 1,331.35 | 1,561.69 | 1,728.29 | 1,626.12 | 1,628.20 | 1,183.70 |
| Total | A | 2,121.57 | 2,164.21 | 2,616.76 | 2,823.52 | 3,235.18 | 3,078.13 |
| Unsecured loans | | | | | | | |
| - Loan from Related Parties | | 297.37 | 360.12 | 362.27 | 285.90 | 244.57 | 398.13 |
| - Loan from banks repayable on demand | | - | - | - | - | 16.52 | 15.94 |
| - Other Loans and advances | | 4.40 | 4.40 | 1.20 | 2.00 | 0.64 | 0.89 |
| Total | B | 301.77 | 364.52 | 363.47 | 287.90 | 261.73 | 414.96 |
| Total borrowings (A + B) | | 2,423.34 | 2,528.73 | 2,980.23 | 3,111.42 | 3,496.91 | 3,493.09 |
| Total borrowings represented by: | | | | | | | |
| - Long-term borrowings | | 918.27 | 728.23 | 920.08 | 1,001.20 | 1,424.39 | 1,852.61 |
| - Short-term borrowings | | 1,335.55 | 1,565.89 | 1,728.29 | 1,626.12 | 1,644.72 | 1,199.64 |
| - Current maturities of long-term borrowings (included in other-current liabilities) | | 169.52 | 234.61 | 331.86 | 484.10 | 427.80 | 440.84 |
| Total | | 2,423.34 | 2,528.73 | 2,980.23 | 3,111.42 | 3,496.91 | 3,493.09 |

S.P. Apparels Limited
Annexure 9: Consolidated Summary Statement of Fixed Assets, as restated
Amounts in ₹ million

| NAME OF THE ASSET | As at June 30, 2015 | | | As at March 31, 2015 | | | As at March 31, 2014 | | |
|--------------------------|---------------------|--------------------------|-----------------|----------------------|--------------------------|-----------------|----------------------|--------------------------|-----------------|
| | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block |
| Tangible Assets | | | | | | | | | |
| Land - Free hold | 5.12 | 0 | 5.12 | 4.43 | - | 4.43 | 4.43 | - | 4.43 |
| Land - Lease hold | 13.03 | 1.04 | 11.99 | 13.03 | 1.01 | 12.02 | 13.03 | 0.89 | 12.14 |
| Buildings | 1498.73 | 345.41 | 1,153.32 | 1,497.69 | 333.41 | 1,164.28 | 1,481.90 | 285.50 | 1,196.40 |
| Plant & Machinery | 2111.31 | 821.68 | 1,289.63 | 2,105.49 | 799.40 | 1,306.09 | 2,069.64 | 713.09 | 1,356.55 |
| Electrical Installations | 76.63 | 31.05 | 45.58 | 68.97 | 27.28 | 41.69 | 51.47 | 13.19 | 38.28 |
| Furniture & Fittings | 117.27 | 60.67 | 56.60 | 115.27 | 57.33 | 57.94 | 110.82 | 41.48 | 69.34 |
| Vehicles | 36.03 | 27.45 | 8.58 | 37.48 | 27.72 | 9.76 | 43.66 | 30.46 | 13.20 |
| Vehicles Leasehold | 10.44 | 0.48 | 9.96 | 10.47 | 0.53 | 9.94 | | | |
| Lab Equipments | 10.14 | 7.94 | 2.20 | 10.15 | 7.74 | 2.41 | 10.15 | 6.47 | 3.68 |
| Office Equipments | 113.94 | 62.87 | 51.07 | 112.18 | 59.56 | 52.62 | 90.32 | 39.04 | 51.28 |
| Windmill | 0 | 0 | - | - | - | - | - | - | - |
| Computers | 116.69 | 98.49 | 18.20 | 116.17 | 96.99 | 19.18 | 113.80 | 90.51 | 23.29 |
| Sub-Total | 4,109.33 | 1,457.08 | 2,652.25 | 4,091.33 | 1,410.97 | 2,680.36 | 3,989.22 | 1,220.63 | 2,768.59 |
| Intangible Assets | | | | | | | | | |
| Goodwill | 40.16 | 30.35 | 9.81 | 40.15 | 29.34 | 10.81 | 40.15 | 25.33 | 14.82 |
| Brand / Trade Marks | 17.26 | 13.33 | 3.93 | 17.26 | 13.01 | 4.25 | 17.26 | 11.76 | 5.50 |
| | | | | | | | - | - | - |
| Sub-Total | 57.42 | 43.68 | 13.74 | 57.41 | 42.35 | 15.06 | 57.41 | 37.09 | 20.32 |
| Total | 4,166.75 | 1,500.76 | 2,665.99 | 4,148.74 | 1,453.32 | 2,695.42 | 4,046.63 | 1,257.72 | 2,788.91 |

| NAME OF THE ASSET | As at March 31, 2013 | | | As at March 31, 2012 | | | As at March 31, 2011 | | |
|--------------------------|----------------------|--------------------------|-----------------|----------------------|--------------------------|-----------------|----------------------|--------------------------|-----------------|
| | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block | Gross Block | Accumulated Depreciation | Net Block |
| Tangible Assets | | | | | | | | | |
| Land - Free hold | 4.43 | - | 4.43 | 4.43 | - | 4.43 | 6.68 | - | 6.68 |
| Land - Lease hold | 13.03 | 0.76 | 12.27 | 13.03 | 0.63 | 12.40 | 13.03 | 0.50 | 12.53 |
| Buildings | 1,481.52 | 238.12 | 1,243.40 | 1,182.65 | 200.41 | 982.24 | 1,037.37 | 167.56 | 869.81 |
| Plant & Machinery | 2,054.58 | 620.38 | 1,434.20 | 2,039.43 | 528.70 | 1,510.73 | 1,721.53 | 450.35 | 1,271.18 |
| Electrical Installations | 49.61 | 10.21 | 39.40 | 46.31 | 7.43 | 38.88 | 40.78 | 4.97 | 35.81 |
| Furniture & Fittings | 107.56 | 33.22 | 74.34 | 101.26 | 25.45 | 75.81 | 87.21 | 18.70 | 68.51 |
| Vehicles | 49.42 | 30.53 | 18.89 | 50.63 | 26.62 | 24.01 | 49.92 | 25.08 | 24.84 |
| Vehicles Leasehold | | | | | | | | | |
| Lab Equipments | 10.15 | 6.10 | 4.05 | 9.95 | 5.74 | 4.21 | 9.69 | 5.39 | 4.30 |
| Office Equipments | 86.15 | 35.10 | 51.05 | 83.09 | 31.30 | 51.79 | 81.93 | 27.67 | 54.26 |
| Windmill | - | - | - | - | - | - | 332.76 | 77.26 | 255.50 |
| Computers | 110.64 | 84.83 | 25.81 | 97.70 | 74.98 | 22.72 | 94.07 | 64.93 | 29.14 |
| Sub-Total | 3,967.09 | 1,059.25 | 2,907.84 | 3,628.48 | 901.26 | 2,727.22 | 3,474.97 | 842.41 | 2,632.56 |
| Intangible Assets | | | | | | | | | |
| Goodwill | 40.15 | 21.31 | 18.84 | 40.15 | 17.30 | 22.85 | 40.15 | 13.28 | 26.87 |
| Brand / Trade Marks | 17.26 | 10.51 | 6.75 | 17.26 | 9.26 | 8.00 | 16.76 | 7.18 | 9.58 |
| | - | - | - | - | - | - | - | - | - |
| Sub-Total | 57.41 | 31.82 | 25.59 | 57.41 | 26.56 | 30.85 | 56.91 | 20.46 | 36.45 |
| Total | 4,024.50 | 1,091.07 | 2,933.43 | 3,685.89 | 927.82 | 2,758.07 | 3,531.88 | 862.87 | 2,669.01 |

S.P. Apparels Limited
Annexure 10: Consolidated Summary Statement of Non-Current Investments, as restated
Amounts in ₹ million

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Unquoted; Trade Investment in Equity Instruments | | | | | | |
| in Other Entities | | | | | | |
| (i) 36,480 shares (As at 31st March 2014 – NIL) of Rs. 10 /-each fully paid up in Gayathri Sustainable Energies India Private Limited | 0.36 | 0.36 | - | - | - | - |
| (ii) 4,20,400 shares (As at 31st March 2014 – NIL) of Rs. 10 /-each fully paid up in LNGS P Ltd. | 4.20 | 4.20 | - | - | - | - |
| (iii) 10340 shares (As at 31st March 2015 – NIL) of Rs. 10 /-each fully paid up in Rasi G Energy P Limited | 0.10 | - | - | - | - | - |
| Investment in Bonds & Debentures | | | | | | |
| Other Entities | - | - | - | - | - | 3.00 |
| Other Non-Current Investments | - | - | - | - | - | 9.70 |
| Other Investments | | | | | | |
| Investment in Mutual Funds | | | | | | |
| SBI Tax Advantage - Fund Series | - | - | - | 0.50 | 0.50 | - |
| Total | 4.66 | 4.56 | - | 0.50 | 0.50 | 12.70 |

S.P. Apparels Limited**Annexure 11: Consolidated Summary Statement of Current Investments, as restated***Amounts in ₹ million**(At lower of cost and market value unless otherwise stated)*

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|-----------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Current portion of the Long Term Investments | | | | | | |
| Unquoted | | | | | | |
| Investments in Mutual Funds | | | | | | |
| Milestone Real estate fund | 2.13 | 3.19 | 7.08 | 9.15 | 9.20 | - |
| Total | 2.13 | 3.19 | 7.08 | 9.15 | 9.20 | - |

S.P. Apparels Limited**Annexure 12: Consolidated Summary Statement of Trade Receivables, as restated***Amounts in ₹ million*

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|---------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | | | | | |
| Unsecured, considered good | 4.78 | 8.01 | 15.68 | 20.64 | 29.64 | 22.02 |
| Doubtful | 1.35 | 0.40 | - | 10.24 | 3.76 | 4.82 |
| | 6.13 | 8.41 | 15.68 | 30.88 | 33.40 | 26.84 |
| Less: Provision for doubtful trade receivables | 1.35 | 0.40 | - | 10.24 | 3.76 | 4.82 |
| | 4.78 | 8.01 | 15.68 | 20.64 | 29.64 | 22.02 |
| Other Trade receivables | | | | | | |
| Unsecured, considered good | 768.41 | 734.93 | 526.29 | 488.60 | 537.91 | 466.82 |
| Total | 773.19 | 742.94 | 541.97 | 509.24 | 567.55 | 488.84 |

S.P. Apparels Limited
Annexure 13: Consolidated Summary Statement of Loans and Advances, as restated
LONG TERM LOANS AND ADVANCES
[Unsecured, considered good]
Amounts in ₹ million

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|------------------------------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| (a) Capital advance | 31.37 | 24.26 | 21.77 | 18.84 | 15.24 | 22.37 |
| (b) Security Deposits | 62.59 | 62.92 | 55.20 | 38.02 | 31.07 | 50.95 |
| (c) MAT Credit Entitlement | 127.50 | 127.50 | 58.61 | 33.47 | 23.03 | 9.85 |
| (d) Balances with Government Authorities | | | | | | |
| (i) VAT Credit Receivable | 0.66 | 0.66 | 0.66 | 0.63 | 0.62 | 0.67 |
| (ii) Income Tax Receivable | 11.58 | 11.58 | 11.30 | 11.29 | 10.89 | 6.86 |
| (iii) Others | 3.04 | 5.16 | 5.58 | 4.34 | 4.34 | 4.35 |
| (e) Other Loans and Advances | 0.21 | 0.21 | 4.94 | 4.94 | 4.94 | 4.95 |
| | | - | - | - | - | - |
| Total | 236.95 | 232.29 | 158.06 | 111.53 | 90.13 | 100.00 |

SHORT TERM LOANS AND ADVANCES
[Unsecured, considered good]
Amounts in ₹ million

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|-------------------------------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| (a) Loans and advances to related parties | 0.45 | 0.70 | - | 9.91 | - | - |
| (b) Security deposit | - | - | - | 8.70 | 13.44 | 20.72 |
| (b) Loans and advances to employees | 1.03 | 1.07 | 0.64 | 0.54 | 0.33 | 1.60 |
| (c) Prepaid expenses | 10.52 | 9.66 | 7.40 | 8.58 | 6.54 | 9.51 |
| (d) Balances with government authorities | | | | | | |
| (i) Export Incentives Receivables | 75.29 | 148.39 | 133.04 | 124.99 | 99.80 | 75.84 |
| (ii) VAT credit receivable | 44.43 | 38.52 | 17.14 | 16.77 | 21.06 | 17.79 |
| (iii) Service Tax credit receivable | - | - | 0.01 | 0.61 | 7.60 | 3.97 |
| (iv) Terminal excise duty receivable | 0.17 | 0.16 | - | 1.83 | 3.06 | 7.36 |
| (v) TUF receivable | 28.65 | 28.03 | 36.25 | 43.28 | 40.47 | 49.01 |
| (vi) Income Tax refund receivable | - | - | - | - | 3.82 | - |
| (vii) Others | - | - | - | - | - | 0.57 |
| (e) Others | | | | | | |
| (i) Advance to suppliers | 54.41 | 44.69 | 71.11 | 105.58 | 134.83 | 182.01 |
| (ii) Others | - | 43.57 | 27.71 | 41.96 | 26.43 | 30.09 |
| Total | 214.95 | 314.79 | 293.30 | 362.75 | 357.38 | 398.47 |

S.P. Apparels Limited
Annexure 14: Consolidated Summary Statement of Other Current and Non-Current Assets, as restated
INVENTORIES
Amounts in ₹ million

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|------------------------------------------------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|
| (a) Raw Materials | 404.14 | 496.16 | 606.77 | 433.65 | 420.70 | 237.97 |
| (b) Work-in-progress | 418.38 | 370.10 | 413.36 | 674.93 | 636.53 | 538.97 |
| (c) Finished goods (other than those acquired for trading) | 132.68 | 101.59 | 93.30 | 70.13 | 100.39 | 128.63 |
| (d) Stores and Consumables | 105.55 | 105.27 | 139.11 | 78.30 | 71.40 | 46.28 |
| Total | 1,060.75 | 1,073.12 | 1,252.54 | 1,257.01 | 1,229.02 | 951.85 |
| DETAILS OF INVENTORIES OF WORK-IN-PROGRESS | | | | | | |
| (a) Garments | 388.85 | 344.56 | 389.83 | 662.11 | 631.53 | 535.59 |
| (b) Yarn | 29.53 | 25.54 | 23.53 | 12.82 | 5.00 | 3.38 |
| Total | 418.38 | 370.10 | 413.36 | 674.93 | 636.53 | 538.97 |

CASH AND BANK BALANCES
Amounts in ₹ million

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|-------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| A. Cash and cash equivalents | | | | | | |
| (a) Cash on hand | 20.73 | 6.57 | 2.99 | 5.76 | 6.30 | 8.79 |
| (b) Balances with banks | | | | | | |
| (i) in current accounts | 79.40 | 34.54 | 32.84 | 25.77 | 4.92 | 11.58 |
| (ii) in EEFC accounts | | | | | 0.35 | |
| Total - Cash and cash equivalents (A) | 100.13 | 41.11 | 35.83 | 31.53 | 11.57 | 20.37 |
| B. Other bank balances | | | | | | |
| (a) in earmarked accounts | | | | | | |
| Balance held as margin money or security against borrowings | 30.47 | 27.37 | 108.10 | 29.25 | 46.60 | 41.99 |
| Total - Other bank balances (B) | 30.47 | 27.37 | 108.10 | 29.25 | 46.60 | 41.99 |
| Total (A + B) | 130.60 | 68.48 | 143.93 | 60.78 | 58.17 | 62.36 |

OTHER CURRENT ASSETS
Amounts in ₹ million

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|---------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| (a) Accruals - Interest accrued on deposits | 1.42 | 3.61 | 8.25 | 2.38 | - | - |
| (b) Others - Insurance claims | 0.44 | - | - | - | - | - |
| Total | 1.86 | 3.61 | 8.25 | 2.38 | - | - |

S.P. Apparels Limited**Annexure 15: Consolidated Summary Statement of Current Liabilities and Provisions, as restated****TRADE PAYABLES***Amounts in ₹ million*

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|----------------------------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Trade payables: | | | | | | |
| a) Dues to micro and small enterprises | - | - | - | - | - | - |
| b) Others | 1,166.10 | 1,214.80 | 1,074.57 | 1,104.63 | 899.28 | 851.96 |
| Total | 1,166.10 | 1,214.80 | 1,074.57 | 1,104.63 | 899.28 | 851.96 |

OTHER CURRENT LIABILITIES*Amounts in ₹ million*

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|-----------------------------------------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| (a) Current maturities of long-term debt | 167.96 | 233.09 | 331.86 | 483.47 | 426.97 | 440.02 |
| (b) Current maturities of finance lease obligations | 1.56 | 1.52 | - | 0.63 | 0.83 | 0.82 |
| (c) Interest accrued but not due on borrowings | 0.05 | 0.54 | - | - | - | - |
| (d) Interest accrued and due on borrowings | 0.08 | 11.47 | 23.46 | 43.48 | - | - |
| (e) Other payables | | | | | | |
| (i) Statutory remittances | 18.93 | 18.25 | 10.45 | 45.82 | 10.67 | 16.75 |
| (ii) Payables on purchase of fixed assets | 12.31 | 17.12 | 52.90 | 86.43 | 101.16 | 161.77 |
| (iv) Trade / security deposits received | 7.30 | 3.95 | 2.42 | 1.02 | 9.19 | 0.95 |
| (v) Advance from customers | 1.93 | 1.34 | 0.92 | 7.20 | 0.82 | 5.57 |
| (vi) Others | - | - | - | - | - | 18.76 |
| Total | 210.12 | 287.28 | 422.01 | 668.05 | 549.64 | 644.64 |

SHORT TERM PROVISIONS*Amounts in ₹ million*

| Particulars | As at 30 Jun 2015 | As at 31 Mar 2015 | As at 31 Mar 2014 | As at 31 Mar 2013 | As at 31 Mar 2012 | As at 31 Mar 2011 |
|---------------------------------------------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| (a) Provision for employee benefits: | | | | | | |
| (i) Provision for compensated absences | 2.25 | - | - | - | - | - |
| (ii) Provision for gratuity (net) | 34.13 | 30.13 | 16.21 | 15.07 | 15.70 | 12.66 |
| (b) Provision - Others: | | | | | | |
| (i) Provision for tax (net of advance tax) | 92.11 | 64.83 | 25.01 | 11.41 | 13.23 | - |
| (ii) Provision for Proposed preference dividend | 6.53 | 6.53 | - | - | - | - |
| (iii) Provision for tax on proposed preference dividend | 1.30 | 1.30 | - | - | - | - |
| (iv) Provision for MTM losses on forward contracts | 10.90 | - | - | - | 7.38 | 30.24 |
| Total | 147.22 | 102.79 | 41.22 | 26.48 | 36.31 | 42.90 |

Note: There are no dues to Micro and Small Enterprises as at the Balance Sheet date. The Micro and Small Enterprises have been identified on the basis of information available with the Company and its subsidiaries which has been relied upon by the auditors.

S.P. Apparels Limited
Annexure 16: Consolidated Summary Statement of Key Operational Income and Expenses, as restated
16A – KEY OPERATIONAL INCOME
Revenue from operations
Amount in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|---------------------------------------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| (a) Sale of Products | 1,088.01 | 4,179.68 | 3,994.01 | 3,913.71 | 3,575.22 | 3,347.70 |
| (b) Sale of Services | 39.22 | 208.21 | 207.73 | 89.33 | 122.73 | 24.29 |
| (c) Other Operating Revenues | 90.53 | 337.77 | 306.98 | 281.99 | 309.91 | 317.68 |
| | 1,217.76 | 4,725.66 | 4,508.72 | 4,285.03 | 4,007.86 | 3,689.67 |
| Less: Excise Duty | - | - | - | - | 1.77 | - |
| Total Revenue from Operations | 1,217.76 | 4,725.66 | 4,508.72 | 4,285.03 | 4,006.09 | 3,689.67 |
| Sale of Products Comprises of Manufactured Goods | | | | | | |
| Garments | 1050.89 | 3,904.81 | 3,489.29 | 3,559.56 | 3,381.91 | 3,162.70 |
| Yarn | 32.37 | 172.99 | 222.05 | 205.55 | 123.16 | 137.69 |
| Fabric | 3.49 | 96.96 | 276.36 | 144.44 | 67.12 | 44.66 |
| Cotton Waste | 1.26 | 4.92 | 6.31 | 4.16 | 3.03 | 2.65 |
| | 1,088.01 | 4,179.68 | 3,994.01 | 3,913.71 | 3,575.22 | 3,347.70 |
| Traded Goods | | | | | | |
| Yarn | - | - | - | - | - | - |
| Garments | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Total - Sale of Products | 1,088.01 | 4,179.68 | 3,994.01 | 3,913.71 | 3,575.22 | 3,347.70 |
| Sale of Services Comprises of | | | | | | |
| Dyeing Charges Received | 38.26 | 200.79 | 196.84 | 83.55 | 120.06 | 19.65 |
| Embroidery Charges Received | 0.36 | 2.81 | 6.72 | 1.43 | 1.92 | 1.21 |
| Printing Charges Received | 0.01 | 3.29 | 2.61 | 2.84 | 0.73 | 3.06 |
| Others | 0.59 | 1.32 | 1.56 | 1.51 | 0.02 | 0.37 |
| Total - Sale of Services | 39.22 | 208.21 | 207.73 | 89.33 | 122.73 | 24.29 |
| Other Operating Revenues | | | | | | |
| Duty Draw Back and other Export Incentives | 90.53 | 337.22 | 306.12 | 281.16 | 258.69 | 260.68 |
| Sale of Scrap | - | 0.55 | 0.76 | 0.08 | 0.02 | - |
| Wind Power Generation | - | - | - | - | 46.86 | 56.33 |
| Others | - | - | 0.10 | 0.75 | 4.34 | 0.67 |
| Total - Other Operating Revenues | 90.53 | 337.77 | 306.98 | 281.99 | 309.91 | 317.68 |

16B – KEY OPERATIONAL EXPENSES
COST OF MATERIALS CONSUMED

Amount in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|------------------------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | |
| Opening Stock | 601.43 | 745.88 | 511.95 | 492.10 | 284.07 | 232.41 |
| Add: Purchases | 450.18 | 1,883.07 | 2,064.34 | 1,728.33 | 1,782.97 | 1,838.39 |
| | 1,051.61 | 2,628.95 | 2,576.29 | 2,220.43 | 2,067.04 | 2,070.80 |
| Less: Closing Stock | 509.69 | 601.43 | 745.88 | 511.95 | 492.10 | 284.07 |
| Total - Cost of Material consumed | 541.92 | 2,027.52 | 1,830.41 | 1,708.48 | 1,574.94 | 1,786.73 |
| Purchases Comprise of: | | | | | | |
| Yarn | 79.49 | 473.43 | 528.34 | 504.51 | 408.62 | 480.63 |
| Fabric | 132.04 | 371.56 | 587.71 | 418.23 | 579.97 | 612.08 |
| Accessories | 46.62 | 207.13 | 191.44 | 162.18 | 123.21 | 119.09 |
| Cotton | 38.32 | 169.23 | 124.47 | 80.84 | 80.57 | 64.88 |
| Chemical & Dyes | 43.78 | 213.79 | 171.87 | 132.74 | 141.92 | 138.19 |
| Garments | 0.88 | 71.48 | 75.97 | 107.19 | 132.20 | 122.17 |
| Packing Materials, Stores & Consumables | 109.05 | 376.45 | 384.54 | 322.64 | 316.48 | 301.35 |
| Total - Purchases | 450.18 | 1,883.07 | 2,064.34 | 1,728.33 | 1,782.97 | 1,838.39 |

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Amount in ₹ Million

| Particulars | For the three-month period ended | For the year ended | | | | |
|--------------------------------------------------|----------------------------------|--------------------|---------------|---------------|----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | |
| <u>Inventories at the beginning of the year:</u> | | | | | | |
| Finished goods | 101.59 | 93.30 | 70.13 | 100.39 | 128.63 | 119.51 |
| Work-in-progress | 370.10 | 413.36 | 674.93 | 636.53 | 538.97 | 292.04 |
| Waste Stock | - | - | - | - | 0.18 | 0.59 |
| | 471.69 | 506.66 | 745.06 | 736.92 | 667.78 | 412.14 |
| <u>Inventories at the end of the year:</u> | | | | | | |
| Finished goods | 132.68 | 101.59 | 93.30 | 70.13 | 100.39 | 128.63 |
| Work-in-progress | 418.38 | 370.10 | 413.36 | 674.93 | 636.53 | 538.97 |
| Waste Stock | - | - | - | - | - | 0.18 |
| | 551.06 | 471.69 | 506.66 | 745.06 | 736.92 | 667.78 |
| Net (increase) / decrease | (79.37) | 34.97 | 238.40 | (8.14) | (69.14) | (255.64) |

EMPLOYEE BENEFITS EXPENSES

Amount in ₹ Million

| Particulars | For the three-month period ended | For the year ended | | | | |
|-----------------------------------------------|----------------------------------|--------------------|---------------|---------------|---------------|---------------|
| | | | | | | |
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Salaries & Wages | 241.79 | 802.51 | 631.38 | 631.57 | 601.42 | 377.36 |
| Contribution to Provident Funds & other Funds | 25.87 | 75.48 | 41.52 | 59.26 | 54.85 | 44.42 |
| Staff Welfare Expenses | 25.46 | 121.91 | 87.98 | 95.54 | 89.09 | 63.54 |
| Total - Employee benefits expenses | 293.12 | 999.90 | 760.88 | 786.37 | 745.36 | 485.32 |

FINANCE COSTS

Amount in ₹ Million

| Particulars | For the three-month period ended | For the year ended | | | | |
|------------------------------------------------------------------------|----------------------------------|--------------------|---------------|---------------|---------------|---------------|
| | | | | | | |
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| (a) Interest Cost on | | | | | | |
| (i) Borrowings | 50.42 | 273.15 | 294.84 | 334.99 | 312.17 | 227.45 |
| (ii) Others Interest & Bank Charges | 11.52 | 36.58 | 58.18 | 42.47 | 51.30 | 18.09 |
| (b) Other Borrowing Cost | | - | 0.07 | 0.01 | 0.18 | 6.35 |
| (c) Net (Gain)/ Loss on Foreign currency transactions and translations | (4.12) | 1.87 | 2.62 | (34.21) | 39.73 | - |
| Total - Finance Cost | 57.82 | 311.60 | 355.71 | 343.26 | 403.38 | 251.89 |

OTHER EXPENSES

Amounts in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|------------------------------------------------------------|-------------------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| | | | | | | |
| Fabrication Charges | 13.14 | 54.19 | 41.68 | 31.19 | 39.41 | 31.17 |
| Power & Fuel | 54.48 | 186.38 | 188.39 | 254.50 | 165.72 | 150.79 |
| Repairs & Maintenance - Building | 4.62 | 23.10 | 8.42 | 14.12 | 13.18 | 5.68 |
| Repairs & Maintenance - Machinery | 10.11 | 73.35 | 52.41 | 47.14 | 55.16 | 41.35 |
| Repairs & Maintenance - Others | 6.24 | 23.92 | 24.79 | 22.68 | 21.14 | 7.47 |
| Other Manufacturing Expenses | 77.03 | 385.16 | 417.28 | 485.75 | 539.10 | 619.40 |
| Payments to Auditors (Refer - details below) | 0.34 | 1.97 | 2.23 | 1.39 | 2.14 | 1.77 |
| Insurance | 0.89 | 4.82 | 5.73 | 4.88 | 3.89 | 3.74 |
| Legal & Professional Charges | 1.54 | 9.10 | 12.13 | 5.91 | 5.64 | 9.44 |
| Printing and Stationary | 2.00 | 10.51 | 6.94 | 9.32 | 11.63 | 7.41 |
| Telephone, Postage, Telegrams & Courier | 1.07 | 3.83 | 4.96 | 4.68 | 5.58 | 10.93 |
| Travelling and Conveyance | 7.25 | 26.98 | 18.91 | 22.41 | 21.92 | 13.69 |
| Factory Lease Rent | 1.06 | 3.78 | 3.68 | 3.44 | 4.24 | 4.21 |
| Rent | 5.90 | 22.18 | 22.88 | 24.59 | 30.66 | 22.10 |
| Rates & Taxes | 2.26 | 11.56 | 15.64 | 9.44 | 8.21 | 7.48 |
| Loss on Sale of Assets | 0.01 | - | - | 0.68 | - | 11.41 |
| Managerial Remuneration | 3.30 | 12.00 | 8.40 | 8.40 | 8.40 | 8.40 |
| Director Sitting Fees | 0.06 | 0.10 | 0.13 | 0.09 | 0.09 | 0.07 |
| Miscellaneous expenses | 2.85 | 13.08 | 15.52 | 13.52 | 14.22 | 9.61 |
| Commission & Brokerage | 0.73 | 1.84 | 3.69 | 2.55 | 1.70 | 2.71 |
| Bad Debts and loans & advances written off | 2.59 | 1.77 | 6.16 | 0.19 | 0.08 | 8.99 |
| Donation | 0.23 | 0.12 | 0.76 | 0.50 | 1.04 | 2.16 |
| Expenditure on Corporate Social Responsibility | - | 0.54 | - | - | - | - |
| Clearing , Forwarding & Freight | 17.31 | 83.67 | 104.83 | 166.86 | 83.30 | 74.84 |
| Discount & Allowance | 1.08 | 12.88 | 13.40 | 33.04 | 13.53 | 18.21 |
| Business Promotional Expenses | 7.42 | 24.59 | 15.69 | 21.99 | 28.01 | 13.55 |
| Loss on sale of investments (Net) | - | - | - | - | - | 0.07 |
| Provisions for doubtful trade receivables | 0.95 | 0.40 | (10.24) | 6.48 | - | 4.82 |
| Net Loss on Foreign currency transactions and translations | - | - | 35.12 | 90.95 | 93.53 | 20.27 |
| Provisions for MTM (Gain)/Loss on forward contracts | 54.28 | (22.74) | 16.18 | (44.20) | (22.86) | 30.24 |
| Royalty | 2.87 | 5.34 | 4.74 | 6.21 | 3.98 | 5.74 |
| Total - Other Expenses | 281.61 | 974.42 | 1,040.45 | 1,248.70 | 1,152.64 | 1,147.72 |
| Payment to auditors Comprises: | | | | | | |
| As auditors - statutory audit (including service tax) | 0.34 | 1.45 | 1.22 | 1.22 | 1.30 | 1.60 |
| For taxation matters | - | 0.18 | 0.31 | 0.15 | 0.16 | 0.06 |
| For other services | - | 0.33 | 0.66 | - | 0.62 | 0.04 |
| Reimbursement of expenses | - | 0.01 | 0.04 | 0.02 | 0.06 | 0.07 |
| Total | 0.34 | 1.97 | 2.23 | 1.39 | 2.14 | 1.77 |

S.P. Apparels Limited
Annexure 17: Consolidated Summary Statement of Other Income, as restated
Amounts in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|-----------------------------------------------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Other Income | 27.52 | 66.67 | 12.01 | 3.88 | 10.08 | 28.20 |
| Profit before tax, as restated | 101.19 | 244.25 | 118.72 | 41.39 | 45.85 | -20.93 |
| % of other income to profit before tax, as restated | 27.20% | 27.30% | 10.12% | 9.37% | 21.98% | -134.73% |

Details of other income
Amounts in ₹ million

| Particulars | For the three-month period ended | For the year ended | | | | |
|-----------------------------------------------------------|----------------------------------|--------------------|--------------|-------------|--------------|--------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Recurring | | | | | | |
| Interest from bank deposits | 0.91 | 5.20 | 9.41 | 0.71 | 4.56 | 9.46 |
| Rental income | - | 0.01 | 0.01 | 0.01 | 0.29 | - |
| | 0.91 | 5.21 | 9.42 | 0.72 | 4.85 | 9.46 |
| Non-recurring | | | | | | |
| Profit on sale of fixed assets | - | 1.05 | 0.93 | - | 0.80 | - |
| Dividend Income | 0.03 | - | - | 0.73 | 0.67 | 0.71 |
| Net gain on foreign currency transactions and translation | 26.50 | 59.33 | - | - | - | - |
| Profit on Redemption of Investments | - | - | 0.29 | - | 1.20 | - |
| Excess provision written back | - | - | - | - | - | 4.97 |
| Lab testing charges | 0.05 | 0.29 | - | - | - | - |
| Miscellaneous income | 0.03 | 0.79 | 1.37 | 2.43 | 2.56 | 13.06 |
| | 26.61 | 61.46 | 2.59 | 3.16 | 5.23 | 18.74 |
| Total | 27.52 | 66.67 | 12.01 | 3.88 | 10.08 | 28.20 |

S.P. Apparels Limited**Annexure 18: Consolidated Summary Statement of Dividend Paid / Proposed by the Company***Amounts in ₹ million*

| Particulars | For the three-month period ended | For the year ended | | | | |
|--------------------------------------------------------------------------------------------|----------------------------------|--------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| The Company has not proposed or paid dividend to equity share holders during these periods | | | | | | |

S.P. Apparels Limited
Annexure 19: Consolidated Summary Statement of Accounting Ratios
(Number / Amount Rs. in Million, Except Per Share Data)

| Particulars | For the three-month period ended | For the year ended | | | | |
|-------------------------------------------------------------------------|----------------------------------|--------------------|--------------|--------------|---------------|----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
| Basic and Diluted Earnings Per Share (Rs.) | | | | | | |
| Basic Earnings Per Share (Basic EPS) | | | | | | |
| Profit for the year | 67.44 | 101.58 | 66.67 | 23.64 | 97.07 | (21.63) |
| Less : Preference dividend and tax thereon | - | 7.82 | - | - | - | - |
| Profit for the year attributable to the equity shareholders | 67.44 | 93.76 | 66.67 | 23.64 | 97.07 | (21.63) |
| Number of Weighted average equity shares | 17.15 | 16.80 | 16.80 | 16.80 | 16.80 | 16.80 |
| Par value per share | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earning Per Share - Basic | 3.93 | 5.58 | 3.97 | 1.41 | 5.78 | (1.29) |
| Diluted Earnings Per Share (Diluted EPS) | | | | | | |
| Profit for the year | 67.44 | 101.58 | 66.67 | 23.64 | 97.07 | (21.63) |
| Less : Preference dividend and tax thereon | - | 7.82 | - | - | - | - |
| Profit for the year attributable to the equity shareholders | 67.44 | 93.76 | 66.67 | 23.64 | 97.07 | (21.63) |
| Number of Weighted average equity shares(in Millions) | 17.15 | 17.15 | 17.15 | 16.80 | 16.80 | 16.80 |
| Par Value per share | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earning Per Share - Diluted | 3.93 | 5.47 | 3.89 | 1.41 | 5.78 | (1.29) |
| Net Assets Value | | | | | | |
| Net worth for equity share holders | 901.77 | 761.84 | 671.39 | 604.73 | 581.09 | 478.44 |
| Number of equity shares outstanding (including potential equity shares) | 17.15 | 16.80 | 16.80 | 16.80 | 16.80 | 16.80 |
| Net Assets Value per equity share (Rs.) | 52.58 | 45.35 | 39.96 | 36.00 | 34.59 | 28.48 |
| Return on Net Worth | | | | | | |
| Profit after tax, as restated | 67.44 | 93.76 | 66.67 | 23.64 | 97.07 | -21.63 |
| Net worth, as restated | 901.77 | 761.84 | 671.39 | 604.73 | 581.09 | 478.44 |
| Return on Net worth (%) for equity shareholders | 7.48% | 13.33% | 9.93% | 3.91% | 16.70% | (4.52%) |

Note: The ratios have been computed as per the following formulae:

(i) Basic and Diluted Earnings per Share

$$\frac{\text{Profit after tax, as restated for the year / period, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

(ii) Net Assets Value (NAV)

$$\frac{\text{Net worth, as restated, at the end of the year / period}}{\text{Number of equity shares outstanding at the end of the year / period}}$$

(iii) Return on Net worth (%)

$$\frac{\text{Profit after tax, as restated for the year / period, attributable to equity share holders}}{\text{Net worth (excluding revaluation reserve), as restated, at the end of the year / period}}$$

(iv) Net worth for ratios mentioned above is as arrived as mentioned below:
Net worth, as restated = Equity share capital + Shares pending allotment + Share application money pending allotment + Reserves and surplus (including Capital Reserve, Securities Premium, Exchange Reserve (on Consolidation), Share options outstanding account and surplus / (deficit) in Consolidated Statement of Profit and Loss).

All the above are based on Consolidated Financial Information, as restated.

S.P. Apparels Limited**Annexure 20: Consolidated Statement of Capitalisation, as restated***Amounts in ₹ million*

| Particulars | Pre-Issue As at 30-Jun- 15 | Post-Issue * |
|---------------------------------------------------------------|----------------------------------|--------------|
| Debts | | |
| Short term debts | 1,335.55 | |
| Long term debts (incl. current maturities of long term debts) | 1,087.79 | |
| Total debts | 2,423.34 | |
| Shareholders' funds | | |
| Share capital | 371.45 | |
| Reserves and Surplus | 730.43 | |
| Total Shareholders' funds | 1,101.88 | |
| Total debts / Total Shareholders' funds | 219.93% | |
| Long term debts / Total Shareholders' funds | 98.72% | |

* Shareholders fund post issue can be calculated only on the conclusion of the book building process.

Notes

1. Short term borrowings represent debts which are due within 12 months from 30-Jun-15.
2. Long term debts include current portion of long-term borrowings repayable over the next twelve months.

S.P. Apparels Limited

Annexure 21: Consolidated Statement of Related party transactions and balances as restated

Details of Related Parties

Amounts in ₹ million

| Name of Related Party | Nature of Relationship |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key Managerial Personnel P.Sundararajan S.Latha | Managing Director Executive Director (Wife of Mr.P.Sundararajan) |
| Relative of Key Managerial Personnel S.Chenduran P.Velusamy P.Ashokaramam | Son of Mr.P.Sundararajan Brother of Mr.P.Sundararajan Brother of Mr.P.Sundararajan |
| Enterprises owned by relatives of Key Managerial Personnel SP Superfine Cotton Mills Private Limited Perumal Spinning Mills Private Limited | Enterprise over which relatives of Key Managerial Personnel are able to exercise significant influence. Enterprise over which relatives of Key Managerial Personnel are able to exercise significant influence. |
| Enterprises owned by key Managerial Personnel Poornam Enterprises Private Limited S.P.Textiles S.P.Lifestyles | Enterprise over which Key Managerial Personnel are able to exercise significant influence Enterprise over which Key Managerial Personnel are able to exercise significant influence Enterprise over which Key Managerial Personnel are able to exercise significant influence |

Amount in ₹ million

| Particulars | Transaction Details | | | | | | | | |
|----------------------------------------------|-------------------------|------------------------------|-----------------|--------------|-----------------|---------------------|-------------------|------------------------------------|------------------|
| | Sale of Goods & Service | Purchase of Goods & services | Interest income | Remuneration | Lease Rent Paid | Lease Rent Received | Interest Expenses | Unsecured loan Accepted / (Repaid) | Loans & Advances |
| Key Managerial Personnel | | | | | | | | | |
| Mr.P.Sundararajan | | | | | | | | | |
| 30-Jun-15 | | | | 2.10 | 0.85 | - | - | -56.87 | 6.40 |
| 31-Mar-15 | - | - | - | 8.40 | 3.03 | - | - | 39.02 | 35.82 |
| 31-Mar-14 | - | - | - | 4.80 | 2.93 | - | - | 67.07 | 24.08 |
| 31-Mar-13 | - | - | - | 4.80 | 2.90 | - | - | 32.08 | - |
| 31-Mar-12 | - | - | - | 4.80 | 3.49 | - | 1.95 | -79.80 | - |
| 31-Mar-11 | - | - | - | 4.80 | 3.49 | - | 1.81 | 16.77 | - |
| Mrs. S.Latha | | | | | | | | | |
| 30-Jun-15 | | | | 0.90 | 0.21 | | | 0.67 | 1.00 |
| 31-Mar-15 | - | - | - | 3.60 | 0.75 | - | - | -2.35 | 0.90 |
| 31-Mar-14 | - | - | - | 3.60 | 0.75 | - | - | 29.15 | 2.24 |
| 31-Mar-13 | - | - | - | 3.60 | 0.54 | - | - | 2.85 | - |
| 31-Mar-12 | - | - | - | 3.60 | 0.65 | - | - | - | - |
| 31-Mar-11 | - | - | - | 3.60 | 0.65 | - | - | - | - |
| Relatives of key managerial personnel | | | | | | | | | |
| Mr.S.Chendhuran | | | | | | | | | |
| 30-Jun-15 | | | | 0.30 | - | - | - | - | - |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | 0.07 | - |
| 31-Mar-12 | - | - | - | - | - | - | - | 0.11 | - |
| 31-Mar-11 | - | - | - | - | - | - | - | 0.07 | - |
| Mr.P.Ashokraman | | | | | | | | | |
| 30-Jun-15 | | | | | | | | | |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Mr.P.Velusamy | | | | | | | | | |
| 30-Jun-15 | | | | | | | | | |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Enterprises owned by KMP | | | | | | | | | |
| Poornam Beverages P Ltd. | | | | | | | | | |
| 30-Jun-15 | 10.18 | | | | 0.15 | | | | |
| 31-Mar-15 | 12.84 | 20.20 | - | - | 0.60 | - | - | - | 0.30 |
| 31-Mar-14 | - | - | - | - | 0.60 | - | - | - | - |
| 31-Mar-13 | - | - | - | - | 0.60 | - | - | -0.10 | - |

Amount in ₹ million

| Particulars | Transaction Details | | | | | | | | |
|----------------------------------------------|-------------------------|------------------------------|-----------------|--------------|-----------------|---------------------|-------------------|------------------------------------|------------------|
| | Sale of Goods & Service | Purchase of Goods & services | Interest income | Remuneration | Lease Rent Paid | Lease Rent Received | Interest Expenses | Unsecured loan Accepted / (Repaid) | Loans & Advances |
| 31-Mar-12 | - | - | - | - | 0.60 | - | - | - | - |
| 31-Mar-11 | - | - | - | - | 0.60 | - | - | - | - |
| S.P.Textiles | | | | | | | | | |
| 30-Jun-15 | | | | | | | | | |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| S.P.Lifestyles | | | | | | | | | |
| 30-Jun-15 | | | | | | | | | |
| 31-Mar-15 | - | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | - | 4.36 | - | - | - | - | - | - | - |
| 31-Mar-12 | - | 17.00 | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Enterprises owned by relatives of KMP | | | | | | | | | |
| Perumal Spinning Mills P Ltd, Salem | | | | | | | | | |
| 30-Jun-15 | | | | | | | | | |
| 31-Mar-15 | 0.02 | - | - | - | - | - | - | - | - |
| 31-Mar-14 | - | - | - | - | - | - | - | - | - |
| 31-Mar-13 | 0.05 | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | 0.44 | -5.52 | - |
| 31-Mar-11 | 0.03 | 11.50 | - | - | - | - | 0.72 | 5.52 | - |
| S.P.Superfine Mills P Ltd., Salem | | | | | | | | | |
| 30-Jun-15 | 0.02 | 11.62 | | | | | | | |
| 31-Mar-15 | 0.08 | 21.92 | - | - | - | - | - | - | - |
| 31-Mar-14 | 0.08 | 0.01 | - | - | - | - | - | - | - |
| 31-Mar-13 | 0.07 | 5.00 | - | - | - | - | - | - | - |
| 31-Mar-12 | 0.04 | - | - | - | - | - | - | - | - |
| 31-Mar-11 | 0.05 | 12.79 | - | - | - | - | - | - | - |

Amount in ₹ million

| Particulars | Outstanding Balances | | | | | | | | |
|----------------------------------------------|-----------------------------|--------------------------|--------------------------------------|--------------------|----------------|---------------------|-------------------|------------------------------|---------------------|
| | Remuner ation payable | Lease Rent payable | Lease Rent security deposit | Unsecur ed Loan | Current a/c | Sundry Creditors | Sundry Debtors | Inv't in Equity Shares | Loans & Advances |
| Key Managerial Personnel | | | | | | | | | |
| Mr.P.Sundararajan | | | | | | | | | |
| 30-Jun-15 | 0.48 | 0.84 | 4.22 | 248.31 | | | | | |
| 31-Mar-15 | 0.48 | 2.47 | 4.22 | 311.47 | - | - | - | - | - |
| 31-Mar-14 | 0.23 | 2.41 | 4.22 | 308.47 | -24.08 | - | - | - | - |
| 31-Mar-13 | 3.22 | 6.89 | 4.22 | 261.60 | - | - | - | - | - |
| 31-Mar-12 | 0.28 | 4.28 | 4.22 | 226.80 | - | - | - | - | - |
| 31-Mar-11 | 0.83 | 3.14 | 4.22 | 304.84 | - | - | - | - | - |
| Mrs. S.Latha | | | | | | | | | |
| 30-Jun-15 | 0.07 | 0.21 | 0.78 | 31.43 | | | | | |
| 31-Mar-15 | 0.07 | 0.67 | 0.78 | 31.76 | - | - | - | - | - |
| 31-Mar-14 | 0.07 | 0.63 | 0.78 | 37.25 | -2.24 | - | - | - | - |
| 31-Mar-13 | 2.70 | 1.66 | 0.78 | 8.10 | - | - | - | - | - |
| 31-Mar-12 | 0.71 | 1.17 | 0.78 | 5.25 | - | - | - | - | - |
| 31-Mar-11 | 1.04 | 0.58 | 0.78 | 75.20 | - | - | - | - | - |
| Relatives of key managerial personnel | | | | | | | | | |
| Mr.S.Chendhuran | | | | | | | | | |
| 30-Jun-15 | 0.23 | - | - | 10.25 | - | | | | |
| 31-Mar-15 | - | - | - | 10.25 | - | - | - | - | - |
| 31-Mar-14 | - | - | - | 10.25 | - | - | - | - | - |
| 31-Mar-13 | - | - | - | 10.25 | - | - | - | - | - |
| 31-Mar-12 | - | - | - | 10.18 | - | - | - | - | - |
| 31-Mar-11 | - | - | - | 10.07 | - | - | - | - | - |
| Mr.P.Ashokraman | | | | | | | | | |
| 30-Jun-15 | | | | 2.50 | | 0.04 | | | |
| 31-Mar-15 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| 31-Mar-14 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| 31-Mar-13 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| 31-Mar-12 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| 31-Mar-11 | - | - | - | 2.50 | - | 0.04 | - | - | - |
| Mr.P.Velusamy | | | | | | | | | |
| 30-Jun-15 | | | | | | 0.04 | | | |
| 31-Mar-15 | - | - | - | - | - | 0.04 | - | - | - |
| 31-Mar-14 | - | - | - | - | - | 0.04 | - | - | - |
| 31-Mar-13 | - | - | - | - | - | 0.04 | - | - | - |
| 31-Mar-12 | - | - | - | - | - | 0.04 | - | - | - |
| 31-Mar-11 | - | - | - | - | - | 0.04 | - | - | - |
| Enterprises owned by KMP | | | | | | | | | |
| Poornam Beverages P Ltd. | | | | | | | | | |
| 30-Jun-15 | | | | | | - | 0.89 | | 0.05 |
| 31-Mar-15 | - | - | - | - | - | - | 5.48 | - | 0.30 |
| 31-Mar-14 | - | - | - | - | - | - | 17.37 | - | - |
| 31-Mar-13 | - | - | - | - | - | 2.09 | - | - | - |
| 31-Mar-12 | - | 0.54 | - | - | - | 1.67 | - | - | - |

Amount in ₹ million

| Particulars | Outstanding Balances | | | | | | | | |
|----------------------------------------------|----------------------|--------------------|-----------------------------|----------------|-------------|------------------|----------------|------------------------|------------------|
| | Remuneration payable | Lease Rent payable | Lease Rent security deposit | Unsecured Loan | Current a/c | Sundry Creditors | Sundry Debtors | Inv't in Equity Shares | Loans & Advances |
| 31-Mar-11 | - | 0.54 | - | - | - | 1.13 | - | - | - |
| S.P.Textiles | | | | | | | | | |
| 30-Jun-15 | | | | | | 2.05 | | | |
| 31-Mar-15 | - | - | - | - | - | 2.05 | - | - | - |
| 31-Mar-14 | - | - | - | - | - | 2.05 | - | - | - |
| 31-Mar-13 | - | - | - | - | - | 2.05 | - | - | - |
| 31-Mar-12 | - | - | - | - | - | 1.02 | - | - | - |
| 31-Mar-11 | - | - | - | - | - | 1.94 | - | - | - |
| S.P.Lifestyles | | | | | | | | | |
| 30-Jun-15 | | | | 4.03 | | 5.77 | | | 0.40 |
| 31-Mar-15 | - | - | - | 4.03 | - | 3.37 | - | - | - |
| 31-Mar-14 | - | - | - | 6.13 | - | 2.97 | - | - | - |
| 31-Mar-13 | - | - | - | 3.55 | - | - | - | - | 0.44 |
| 31-Mar-12 | - | - | - | - | - | - | - | - | 5.00 |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |
| Enterprises owned by relatives of KMP | | | | | | | | | |
| Perumal Spinning Mills P Ltd, Salem | | | | | | | | | |
| 30-Jun-15 | | | | | | 9.50 | | | |
| 31-Mar-15 | - | - | - | - | - | 11.50 | - | - | - |
| 31-Mar-14 | - | - | - | - | - | 11.50 | - | - | - |
| 31-Mar-13 | - | - | - | - | - | 11.50 | 0.05 | - | - |
| 31-Mar-12 | - | - | - | - | - | 11.50 | - | - | - |
| 31-Mar-11 | - | - | - | 5.52 | - | 11.50 | - | - | - |
| S.P.Superfine Mills P Ltd., Salem | | | | | | | | | |
| 30-Jun-15 | | | | | | 6.06 | | | |
| 31-Mar-15 | - | - | - | - | - | 3.64 | - | - | - |
| 31-Mar-14 | - | - | - | - | - | 0.01 | - | - | - |
| 31-Mar-13 | - | - | - | - | - | - | - | - | - |
| 31-Mar-12 | - | - | - | - | - | - | - | - | - |
| 31-Mar-11 | - | - | - | - | - | - | - | - | - |

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the sections "Summary Financial Information" and "Financial Statements" on pages 44 and 166, respectively. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Consolidated Financial Statements. The Restated Consolidated Financial Statements are based on our audited financial statements and are restated in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations. Our audited financial statements are prepared in accordance with Indian GAAP, which differs in certain material respects with IFRS and U.S. GAAP.

This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the section "Risk Factors" on page 13. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, refer to the section "Forward-Looking Statements" on page 12.

Our fiscal year ends on March 31. Accordingly, unless otherwise stated, all references to a particular fiscal year are to the 12-month period ended March 31 of such year.

Overview

We are a leading manufacturer and exporter of knitted garments for infants and children in India. These are manufactured at our integrated facilities that allow us to provide end-to-end garment manufacturing services from greige fabric to finished products. We also manufacture and retail menswear garments in India under the brand 'Crocodile'. We believe our core competency lies in our clear understanding of the specifications of knitted garments in the infants and children category, the buying preferences of our customers and our ability to deliver products of a consistent high quality that meet the product specifications and stringent compliance requirements of our international customers. Our long-standing relationship with our major customers has been one of the most significant factors contributing to our growth.

Our Company is led by our Promoters, who are first generation entrepreneurs and have over the years grown the business of the Company to become the second largest exporter among manufacturers of knitted garments for infants and children in India in terms of revenue in the Fiscal Year 2014. (Source: Technopak Report) Our export business for knitted garments for infants and children constitutes a significant portion of our business. 88.09%, 84.62%, 79.84% and 83.20% of our total revenues for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively, were generated by our business of export of knitted garments products for infants and children (including duty drawback and other export incentives). Our product range for knitted garments for infants and children includes body suits, sleep suits, tops and bottoms. For Fiscal Year 2015, we exported approximately 29.15 million pieces of knitted garments for infants and children directly to our international customers, including TESCO and Primark. We also manufacture and retail menswear garments in India under the brand 'Crocodile' pursuant to a sub-license granted to us by one of our Subsidiaries, CPPL. For more information in relation to the sub-license, see the section "History and Certain Corporate Matters – Summary of Certain Agreements – Other Material Agreements" on page 143. We are considering the launch of products in the women's essential garments category under the 'Natalia' brand owned by our Company, subject to compliance with applicable law.

Our facilities are equipped to provide various products within the garments manufacturing production chain to our customers. Our business consists of two main divisions – (i) garments division (for manufacture and export of knitted garments for infants and children); and (ii) retail division (for manufacture, distribution and marketing of products in India under the brand name 'Crocodile').

We have two Subsidiaries, Crocodile Products Private Limited ("CPPL") and S.P. Apparels (UK) (P) Limited ("SPUK"). CPPL, which is a joint venture between our Company and Crocodile International Pte. Ltd. ("CIPL"), is engaged in the business of, *inter alia*, establishing and managing units to manufacture, trade, deal, import and export garments and has entered into a technology license agreement with CIPL for the exclusive manufacture, distribution and marketing of menswear products under the trademark 'Crocodile' in India. We sell the 'Crocodile' branded

products through a sales and distribution network that includes 31 exclusive brand outlets, of which 27 are company owned operated stores and four are franchise stores, and third-party e-commerce platforms. We also have agreements with distributors in relation to the sale, marketing and distribution of ‘Crocodile’ products. SPUK was incorporated in 2014 to explore possible marketing opportunities and engage in trading activities with new customers in the United Kingdom, Ireland and other European countries. SPUK has a design studio and has hired experienced designer consultants that provide design support services to our customers. SPUK also provides after sales service to our customers for any technical and other grievance.

Our 20 operating manufacturing facilities and the manufacturing facility at Kavindapadi which we are in the process of establishing, are located in and around the region of Avinashi, Tamil Nadu, India and within a radius of approximately 125 kilometres of our Registered Office. The wide range of infrastructure and machinery at our facilities for production of yarn, dyeing of fabric, sewing, cutting, printing, embroidery and finishing of garments enable us to service our customers by fulfilling multiple bulk orders in a timely manner. Our design, testing, fitment and quality inspection laboratory helps us in delivering products of high quality that comply with the stringent standards set by our customers. The proximity of our manufacturing facilities and our integrated set-up allows us to optimize our operations and service for our customers in a timely manner.

Our strong focus on quality has helped us become the preferred vendor of choice for certain of our large international customers. In recognition of our high quality of manufacturing operations, we have been awarded the ‘Gold Supplier Award’ by TESCO in 2013, ‘Values Award’ by TESCO in 2011-12 and ‘Trading Fairly Award’ for setting benchmarks in Tirupur for compliance with labor standards, investing in workers and supporting community projects by TESCO in 2009.

In November 2014, we received safety awards from the Directorate of Industrial Safety and Health, Government of Tamil Nadu for the least number of accidents during the calendar years 2011 and 2010.

On a restated consolidated basis, we generated total revenues of ₹1,245.28 million, ₹4,792.33 million, ₹4,520.73 million and ₹4,288.91 million for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively. We recorded a profit after tax of ₹67.44 million, ₹101.58 million, ₹66.67 million and ₹23.64 million for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively.

Factors Affecting Our Results of Operations

Our business and results of operations are affected by a number of important factors, including:

Dependence on exports of knitted garments for infants and children

Our export business for knitted garments for infants and children constitutes a significant portion of our business. 88.09%, 84.62%, 79.84% and 83.20% of our total revenues for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013, respectively, were generated by our business of export of knitted garments products for infants and children (including duty drawback and other export incentives). Typically, we do not enter into long-term sales contracts with any of our export customers for knitted garments for infants and children. We execute sales orders based on the purchase orders received from customers and manufacture our products to meet the requirements of our customers, as specified by them in the purchase orders. Our customers generally place their orders at the start of each season, however since we do not enter into long-term sales contracts with them, there is no binding requirement for them to provide any orders. Customers can terminate their relationship with us due to a change in their policies, vendor preference or any other reason upon relatively short notice, which could materially and adversely impact our business and results of operations.

Evolving customer needs and market trends

For our garments export business: Our business is dependent on understanding and responding to our customers’ requirements in a timely manner. Our design team works closely with customers to understand their requirements to prepare pre-order and pre-production samples. We have made and would be required to make changes in our designs and products to enable such customer needs and specifications and have incurred, and expect to incur, costs to design and manufacture such products. We have, in the past, and will continue in the future, to be required to adapt

our products in accordance with evolving customer requirements. If we are unable to adapt in a timely manner, or at all, to customer requirements and latest trends in the garments industry, including as a result of any inability to understand or implement customer specifications effectively or offer customized garments to our customers, it would materially and adversely affect our business, prospects, financial results and reputation.

For our retail business: The market for menswear in the country is highly competitive with several players present in various segments in brick and mortar stores and through third party e-commerce platforms. If we are unable to anticipate consumer preferences or industry changes, or if we are unable to modify our products and their prices on a timely basis, we may lose customers to our competitors (located in brick and mortar stores and on third party e-commerce platforms), or may be forced to reduce our sales realization on products by having to offer them at a discount, thereby reducing our margins. For instance, manufacturing for a season begins well in advance of the season and we may not be able to incorporate the prevalent trends, or accommodate any sudden emergence of a new trend that may be germane to that season in the collection being released. If our competitors are able to cater to these markets, or if we are not able to anticipate the demand, or misjudge the quantity, *inter alia*, this could lead to lower sales, higher inventories and higher discounts.

Orders from significant customers

A significant proportion of our revenues have historically been derived from a limited number of customers. Over the last five Financial Years, more than 80% of our revenue from exports was contributed by our top five customers. For details in relation to our customers, see the section “*Our Business – Our Operations – Garments Division – Customers*” on page 122. The loss of orders from any of these significant customers, if not replaced with a different or new customer, will result in a considerable reduction in our revenue and could have a material adverse effect on our cash flows and results of operations. If we are unable to establish new, and strengthen our existing, relationships with clients and expand the products and services we offer to our clients, this could materially adversely affect our future growth and our ability to increase our profitability.

Change in Government incentives

The Government of India has provided several production and exports related incentives to the textile sector, from which we currently benefit including, the Revised Restructured Technology Upgradation Fund Scheme, the EPCG Scheme, the Duty Drawback Scheme and the Merchandise Exporter from India Scheme. As a result of these incentives, our operations in India have been subject to relatively lower tax liabilities. These incentives could be modified or removed at any time, which could adversely affect our business and profitability. Furthermore, any failure on the part of our Company to adhere to the requirements of these incentives may result in our Company losing the benefit of some or all of these incentives and/or payment of penalties.

Significant geographic concentration, international market and regulatory risks

Our revenues are currently subject to significant geographic concentration. Our customers are predominantly based in the United Kingdom and our business depends significantly upon, and increases our exposure to adverse developments relating to, the general economic and other conditions in this geographical region. Any external risks including regional economic downturn or changes in the regulatory or trading environment in the United Kingdom may materially and adversely affect our business and financial results.

Additionally, developments in the international textile and garments markets could have an impact on our sales. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in international jurisdictions in which we operate or seek to sell our products. There can be no assurance that such jurisdictions will not impose trade restrictions in the future. Any change in the duty structure that affects our ability to export garments to Europe, including the imposition of, or increase in the rate of, anti-subsidy or anti-dumping duties, may have an adverse effect on our net revenues and results of operations. The safety of children’s and infant’s apparel is highly regulated by various agencies worldwide and not only requires rigorous safety testing to ensure compliance with applicable standards, but also comprehensive performance testing to meet consumer expectations. While we have accredited in-house testing facilities to ensure such compliance, there can be no assurance that we will be able to adapt quickly to any change in international quality standards and such delay may have an adverse effect on our net revenues and results of operations.

Compliance with stringent labor laws or other industry standards

We are subject to a number of stringent labor laws that protect the interests of workers, including legislation that stipulates rigorous procedures for dispute resolution and retrenchment of workers and imposes significant financial obligations on employers. Strikes, lock-outs and other labor action may have an adverse impact on our operations. We cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Also, our third-party suppliers may experience strikes or other labor disruptions and shortages that could affect our operations, possibly for a significant period of time, result in increased wages, shortage in manpower and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. Additionally, we may be unable to recruit employees, in particular skilled employees and retain our current workforce.

Competition

For our garments export business: We face intense competition in our garments export business not only from domestic players but also from low cost manufacturers based in countries such as Vietnam, Pakistan and Bangladesh. Any failure by us to compete effectively, including in respect of the pricing of our garments, could have a material adverse effect on our business, financial condition and results of operations.

For our retail business: We face intense competition both in the exports of knitted garments for infants and children as well as the retail sector. Many of our competitors, specifically the international brands, have significant competitive advantages, including longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution budgets and other resources than we do. The intense competition that we face may result in increased pricing pressure, reduced profit margin or loss of market share or a failure to increase our market share. There can be no assurance that we will be able to effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

Exchange rates

77.58% of our total revenue in Fiscal 2015 was earned from customers outside India and denominated in foreign currency in our business of knitted garments for infants and children. While a large portion of our expenses are paid in Indian Rupees, our revenues are mostly in foreign currencies, predominantly in British Pound Sterling and U.S. Dollar. For further information, see the section “*Risk Factors – Internal Risks – Risks Related to our Business – We derive a significant portion of our revenue in British Pound Sterling and U.S. Dollar and hence are exposed to the risks associated with fluctuations in foreign exchange rates which could negatively impact our profitability and financial condition*” on pages 14. The Indian Rupee has depreciated 29.84% and 31.91% against the British Pound Sterling and the U.S. Dollar, respectively, from March 31, 2011 to June 30, 2015. We expect that a majority of our revenues will continue to be generated in foreign currencies and that a significant portion of our expenses will continue to be denominated in Indian Rupees. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian Rupee and other foreign currencies. We manage in part our foreign exchange risk by entering into forward contracts. However, currency hedging arrangements that we have entered into may not mitigate all, or substantially all, of the losses we may suffer as a consequence of any such fluctuations. For the three-month period ended June 30, 2015 and Fiscal Year 2015, Fiscal Year 2014 and Fiscal Year 2013, we experienced mark to market foreign exchange gain/(loss) (net) of ₹(54.28) million, ₹22.74 million, ₹(16.18) million and ₹44.20 million, respectively.

Expansion of retail stores

We plan to enhance and aggressively develop our existing ‘Crocodile’ brand in India. By focusing further resources, including management time and effort, distribution and sales network, opening new company owned and operated stores and other retail outlets and brand management on developing the ‘Crocodile’ brand, we will be diverting our resources from our established business of manufacturing knitted garments for infants and children. Our revenue

from this expansion will depend on various factors including our ability to identify strategic store locations, adequately estimate the demand from these locations, successfully integrate the culture and processes from existing outlets to the new outlets and hire suitable employees to operate these stores. Our inability to develop and grow our retail business segment despite diverting the required resources towards it could have a material adverse effect on our business, financial condition and profitability.

Our Significant Accounting Policies

Certain of our accounting policies require the application of judgment by our management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Our management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amount of revenue and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The following are the significant accounting policies and related judgments and estimates used in the preparation of our financial statements. For more information on each of these policies, see the section “*Financial Statements*” on page 166.

Basis of Accounting and Preparation of Restated Consolidated Financial Statements

The Restated Consolidated Financial Statements have been prepared in accordance with the Indian GAAP in compliance with the accounting standards as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other applicable provisions of the Companies Act, as applicable and the SEBI ICDR Regulations. The Restated Consolidated Financial Statements have been prepared on an accrual basis under the historical cost convention.

Changes in Accounting Policy

The accounting policies have been consistently applied by our Company and the Subsidiaries and are consistent across all the years presented.

Principles of Consolidation

The Restated Consolidated Financial Statements have been prepared on the basis of the financial statements of our Company and Subsidiaries available up to June 30, 2015. The financial statements of our Company and the Subsidiaries have been consolidated on a line-by-line basis by combining items in relation to assets, liabilities, income and expenses after elimination of intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.

The excess of cost to the Company of its investments in the Subsidiaries over its share of equity of the Subsidiaries, at the dates on which the investments in the Subsidiaries were made, is recognized as ‘Goodwill’ being an asset in the Restated Consolidated Financial Statements and is tested for impairment on annual basis. On the other hand, where the equity share of the Company in the Subsidiaries as on the date of investment is in excess of cost of investment of the Company, it is recognized as ‘Capital Reserve’ and shown under the head ‘Reserves & Surplus’, in the Restated Consolidated Financial Statements. The goodwill/capital reserve is determined separately for each Subsidiary and such amounts are not set-off between different entities. Goodwill arising on consolidation is not amortized but tested for impairment.

‘Minority Interest’ in the net assets of the Restated Consolidated Financial Statements consist of the amount of equity attributable to the minority shareholders at the date on which investments in the Subsidiaries were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit/loss of the Subsidiaries for a particular year that is attributable to minority interest is identified and adjusted against the profit after tax of the Company in order to arrive at the income attributable to the shareholders of the Company.

Use of Estimates

The preparation of the Restated Consolidated Financial Statements in conformity with Indian GAAP requires our management to make estimates and assumptions that affect the reported amount of assets, liabilities (including contingent liabilities), income and expenses at the end of the relevant financial year. These estimates and assumptions are based upon our management's evaluation of the relevant facts and circumstances, which in the opinion of our management are prudent and reasonable. There could be differences between such estimates and the actual results and such differences are recognized in the periods in which they are known or materialize.

Fixed Assets and Depreciation

Fixed assets are stated as cost of assets after deduction of accumulated depreciation. The cost of assets comprises of purchase price and is directly attributable to the cost of bringing the assets to working conditions for its intended use and includes the borrowing costs and incidental expenditure during construction period and incurred up to the date of commissioning. Capital work-in-progress includes building under construction, construction expenditure incurred thereon and interest on the funds deployed.

Depreciation on fixed assets is provided under the straight line method based on the useful life in accordance with Schedule II of the Companies Act, 2013. Depreciation on tangible fixed assets is provided under the straight line method based on the useful life in accordance with Schedule II of the Companies Act, 2013, except for the following categories of assets (which are held by our Company) wherein the life of the assets has been assessed based on technical advice received by our management, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, warranties provided by the manufacturers and maintenance support.

| Class of Asset | Number of Years of Useful Life |
|-----------------------------|------------------------------------------|
| General Plant and Machinery | 20 |
| Computers and Servers | 5 |
| Buildings – Others | 30 |
| Office Equipment | 10 |
| Vehicles – Car | 10 |
| Vehicles – Others | 8 |
| Leasehold Land | Amortized over the duration of the lease |

Investments

Long term investments are valued at cost, less provision for diminution (other than any temporary diminution), in the value of such investments. Current investments are carried at lower of cost and market value.

Inventories

Raw materials, stores, consumables and packing materials are valued at cost. Work-in-progress is valued at cost and includes production overheads as estimated by our management. Finished goods are valued under absorption cost basis at the lower of cost and net realizable value after providing for obsolescence and other losses wherever considered necessary. Fabric waste is valued at net realizable value.

Revenue Recognition and Other Income

Revenue from sales is recognized net of returns, rebates and trade discounts, when the risk and rewards of ownership of the goods are transferred to the customer, which generally coincides with dispatch of goods from the manufacturing facility. Revenue from job-work undertaken is recognized on delivering the goods to the customer on completion of the work.

Export incentives comprising mainly of duty drawback are recognized as revenue on accrual basis, wherever certainty of receipts and value thereof are known.

Other income consists of interest income, which is accounted on an accrual basis; dividend income, which is accounted for when the right to receive such income is established; and other items of income are accounted as and when the right to receive such income arises.

Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of such transaction. Monetary foreign currency assets and liabilities are recorded at the exchange rate prevailing at the end of the financial year. Resultant gains or losses are recognized in the statement of profit and loss account.

Our Company and the Subsidiaries have entered into forward contracts for hedging highly probable forecasted transactions. The gains/losses for forward contracts designated as highly probable forecasted transactions are recognized in the profit and loss account in the period in which the forecasted transactions are expected to occur.

Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. All assets and liabilities of non-integral foreign operations are translated at the year-end rates. The exchange differences on translation of balances relating to non-integral foreign operations are accumulated in a 'Foreign Currency Translation Reserve' until disposal of the operation, in which case the accumulated balance in the foreign currency translation reserve is recognized as income/expense in the same period in which the gain or loss on disposal is recognized.

Employee Benefits

Short term employee benefits are charged at the undiscounted amount in the year in which the related service is rendered.

Post retirement employee benefits comprise of provident fund and gratuity which are accounted in the manner set forth below:

Provident Fund

This is a defined contribution plan and contributions made to the fund are charged to the statement of profit and loss account. There are no other obligations other than monthly contributions.

Gratuity Fund

This is a defined benefit plan and annual contributions are made to a gratuity fund administered by the Life Insurance Corporation of India. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognized in full in the statement of profit and loss account for the period in which they occur. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for un-recognized past service cost.

Leave Encashment

There is no scheme for encashment of un-availed leave on retirement. Leave encashment of employees are paid annually and provision is made on accrual basis.

Taxes on Income

Provision for taxes include provision for current income-tax, deferred tax and wealth tax. Provision of current tax is made for the tax payable under Income-tax Act, 1961.

Provision for deferred tax is made for all timing differences arising between taxable incomes and accounting income at currently enacted tax rates. Deferred tax assets arising from timing differences and unabsorbed losses are recognized only where there is a reasonable certainty that deferred tax assets can be realized against future taxable profits. The Company and the Subsidiaries offset deferred tax assets and deferred tax liabilities, and advance income

tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Current tax is determined on the basis of taxable income and tax credits computed for the Company and each Subsidiary in accordance with the applicable tax rates and the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

Minimum Alternate Tax (MAT) credit is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will accrue to the benefit of our Company and the Subsidiaries and the asset can be measured reliably.

Intangible Assets

Intangible assets include software licenses, trademarks, patents and copyright. Software licenses are amortized over a period of five years. Trademarks, patents and copyright would be amortized on a straight line basis over their expected useful lives.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized (net of subsidy received pursuant to the R-TUF scheme) until the month in which such assets are ready for their intended use. Other borrowing costs are recognized as an expense in the period in which such costs are incurred.

Government Grants and Subsidies

Grants and subsidies from the Government are recognized when there is reasonable certainty that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognized as income over the period necessary to match such an expense on a systematic basis to the costs, which it intends to compensate. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication of impairment exists, the recoverable amount for such assets is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

Leases

Finance leases, which effectively transfer to the Company and the Subsidiaries substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the beginning of the lease term and disclosed as leased assets.

Leases, where the lessor effectively retains substantially all the risk and rewards of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense item in the statement of profit and loss account on a straight line basis over the lease term.

Earnings per Share (EPS)

The earnings considered in ascertaining the EPS of our Company and our Subsidiaries comprise the net profit attributable to equity shareholders after tax and includes the post-tax effect of any extraordinary item. The number of equity shares used in computing the basic EPS is the weighted average number of equity shares outstanding during the year. The number of equity shares used in computing diluted EPS comprises of weighted average equity shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued on a fully-diluted basis upon the conversion of all dilutive potential equity shares.

Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of any past event and it is probable that an outflow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognized, however contingent liabilities are disclosed in the notes on accounts.

Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash in hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three-months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 - Cash Flow Statement, whereby profit/loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of our Company and the Subsidiaries are segregated based on the available information.

Segment Reporting

Our Company and the Subsidiaries identify primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit or loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of our Company and the Subsidiaries on a consolidated basis. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to our Company and the Subsidiaries on a consolidated basis and are not allocable to segments on reasonable basis have been included under 'unallocated revenue/expenses/assets/liabilities'.

Certain Qualifications Noted by Auditors

In connection with the audit of our standalone financial statements, certain qualifications and emphasis of matters have been included in the auditor's reports for each of Fiscal Years 2015, 2014, 2013, 2012 and 2011. These comprised the following:

Qualifications

Our Auditors have not made any qualifications in their reports on the Restated Consolidated Financial Statements in relation to the Fiscal Years 2015, 2014, 2013 and 2012.

For the Fiscal Year 2011 the qualifications of our Auditors in the report on the Restated Consolidated Financial Statements of our Company are as follows:

- There was non-recognition of mark to market loss by our Company on outstanding foreign exchange forward contract amounting to ₹30.24 million.

- Recognition of deferred tax expenses was done by using current minimum alternate tax rate instead of the regular tax rate. If our Company had recognized the deferred tax expenses by using regular tax rates, the deferred tax expenses for the Fiscal Year 2011 would have been higher by ₹61.25 million.

If the adjustments mentioned above had been made in the financial statements of our Company for the Fiscal Year 2011, the profit after tax and reserves and surplus of our Company for Fiscal Year 2011 would have been lower by ₹90.88 million. The basic and diluted earnings per share would be lower by ₹5.41. This has been appropriately dealt with by our Auditors in the Restated Consolidated Financial Statements.

Segment Information

Our Company and the Subsidiaries operate primarily in a single business segment of manufacture, sale and trade of garments. The secondary segment is derived on the basis of geographical area based on the location of our customers. Our segment-wise revenue for the three-month period ended June 30, 2015 and the Fiscal Years 2015, 2014 and 2013 is as follows:

| Particulars | As at/For the three-month period ended (in ₹ millions) | As at/For the Fiscal Year (in ₹ millions) | | |
|------------------------|-----------------------------------------------------------|-------------------------------------------|----------|----------|
| | June 30, 2015 | 2015 | 2014 | 2013 |
| Segment Revenue | | | | |
| Outside India | 1,006.4 | 3,718.01 | 3,303.02 | 3,287.29 |
| Within India | 211.36 | 1,007.65 | 1,205.70 | 997.74 |
| Segment Assets | | | | |
| Outside India | 646.03 | 626.67 | 427.01 | 430.31 |
| Within India | 4,503.73 | 4,570.41 | 4,825.71 | 4,875.14 |
| Capital Expenditure | 19.97 | 111.97 | 43.56 | 351.11 |

Our Income

Revenue from Operations

Sale of Manufactured Products

Sale of manufactured products includes revenue from sale of garments, including knitted garments for infants and children, yarn, fabric and cotton waste.

Sale of Services – Dyeing, Embroidery, Printing

Sale of services comprises of revenue from sale of services in relation to dyeing, embroidery, printing and other charges.

Other Operating Revenues

Our other operating revenues comprise of revenues in relation to duty drawback and other export incentives and sale of scrap.

Other Income

The key components of our other income are interest from bank deposits, rental income, profits from sale of fixed assets, dividend income, net gain on foreign currency transactions and translation, profits from redemption of investments, laboratory testing charges and miscellaneous income.

Our Expenses

Our expenses primarily consist of the following:

Cost of Materials Consumed

We purchase materials like yarn, fabric, accessories, cotton, chemicals and dyes, packing materials, stores and consumables and garments. However, it is pertinent to note that the purchase of garments is dependent on several factors, including, our ability to fulfil orders received from our customers based on our internal production capacity. Therefore, there may be a non-linear relationship between the movement in our revenue and production with the movement in the purchase of garments.

Change in Inventories of Finished Goods and Work-in-Progress

This includes inventories of finished goods and work-in-progress (including garments and yarn).

Employee Benefits Expenses

Our employee benefits include salaries and wages, contributions to provident fund, employees' state insurance and other funds like gratuity, staff welfare and other employee benefits expenses.

Finance Costs

This includes interest on borrowings, other interest charges, bank charges, other borrowing costs and net gain/loss on foreign currency transactions and translations.

Other Expenses

Our other expenses include fabrication charges, electricity charges, fuel charges, repair and maintenance charges on building and machinery, insurance, manufacturing expenses (including amount paid to third party contract manufacturers), business promotion, travelling and conveyance, communication costs, printing and stationery, legal and professional fees, lease rent payments for our manufacturing facilities, rent, commission and brokerage, donations, managerial remuneration, provisions for doubtful trade receivables, bad debts and loans and advances written off, loss on sale of investments/assets, clearing forwarding and freight, provisions for mark to market gain/loss on forward contracts and royalty.

Our Results of Operations

The table below sets forth our restated consolidated summary results of operations for the three-month period ended June 30, 2015 and for the Fiscal Years 2015, 2014 and 2013 and each item as a percentage of our total revenue for the periods indicated.

| Particulars | Three-month period ended June 30, 2015 | | Fiscal Year 2015 | | Fiscal Year 2014 | | Fiscal Year 2013 | |
|--------------------------------|----------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Amount (₹ million) | % of Total Revenue | Amount (₹ million) | % of Total Revenue | Amount (₹ million) | % of Total Revenue | Amount (₹ million) | % of Total Revenue |
| REVENUE | | | | | | | | |
| Revenue from operations (net) | 1,217.76 | 97.79 | 4,725.66 | 98.61 | 4,508.72 | 99.73 | 4,285.03 | 99.91 |
| Other income | 27.52 | 2.21 | 66.67 | 1.39 | 12.01 | 0.27 | 3.88 | 0.09 |
| Total revenue | 1,245.28 | 100.00 | 4,792.33 | 100.00 | 4,520.73 | 100.00 | 4,288.91 | 100.00 |
| | | | | | | | | |
| Expenses | | | | | | | | |
| (a) Cost of materials consumed | 541.92 | 43.52 | 2,027.52 | 42.31 | 1,830.41 | 40.49 | 1,708.48 | 39.83 |

| Particulars | Three-month period ended June 30, 2015 | | Fiscal Year 2015 | | Fiscal Year 2014 | | Fiscal Year 2013 | |
|-----------------------------------------------------------------------------------|----------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Amount (₹ million) | % of Total Revenue | Amount (₹ million) | % of Total Revenue | Amount (₹ million) | % of Total Revenue | Amount (₹ million) | % of Total Revenue |
| | | | | | | | | |
| (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (79.37) | (6.37) | 34.97 | 0.73 | 238.40 | 5.27 | (8.14) | (0.19) |
| (c) Employee benefits expense | 293.12 | 23.54 | 999.90 | 20.86 | 760.88 | 16.83 | 786.37 | 18.33 |
| (d) Finance costs | 57.82 | 4.64 | 311.60 | 6.50 | 355.71 | 7.87 | 343.26 | 8.00 |
| (e) Depreciation and amortisation expense | 48.99 | 3.93 | 199.67 | 4.17 | 176.16 | 3.90 | 168.85 | 3.94 |
| (f) Other expenses | 281.61 | 22.61 | 974.42 | 20.33 | 1,040.45 | 23.02 | 1,248.70 | 29.11 |
| Total expenses | 1,144.09 | 91.87 | 4,548.08 | 94.90 | 4,402.01 | 97.37 | 4,247.52 | 99.03 |
| Profit/(Loss) before tax | 101.19 | 8.13 | 244.25 | 5.10 | 118.72 | 2.63 | 41.39 | 0.97 |
| Tax expense/(benefit): | | | | | | | | |
| (a) Current tax expense | 26.90 | 2.16 | 69.09 | 1.44 | 28.76 | 0.64 | 11.64 | 0.27 |
| (b) (Less): MAT credit | | 0.00 | (68.89) | (1.44) | (25.14) | (0.56) | (10.45) | (0.24) |
| (c) Wealth Tax | - | 0.00 | - | 0.00 | - | 0.00 | 0.18 | 0.00 |
| (d) Deferred Tax | 7.37 | 0.59 | 145.73 | 3.04 | 50.51 | 1.12 | 19.71 | 0.46 |
| Net Tax expenses | 34.27 | 2.75 | 145.93 | 3.05 | 54.13 | 1.20 | 21.08 | 0.49 |
| Net Profit for the year before Minority Interest | 66.92 | 5.37 | 98.32 | 2.05 | 64.59 | 1.43 | 20.31 | 0.47 |
| Minority Interest | (0.52) | (0.04) | (3.26) | (0.07) | (2.08) | (0.05) | (3.33) | (0.08) |
| Net Profit for the year (as restated) | 67.44 | 5.42 | 101.58 | 2.12 | 66.67 | 1.47 | 23.64 | 0.55 |

Three-month period ended June 30, 2015

Total Revenue

We had total revenue of ₹1,245.28 million for the three-month period ended June 30, 2015.

Revenue from Operations

Our total revenue from operations was ₹1,217.76 million for the three-month period ended June 30, 2015, which amounted to 97.79% of our total revenues. As a percentage of our revenue from operations, 89.35% was derived from the sale of manufactured products like garments, yarn, fabric and cotton waste, 3.22% was derived from the sale of services such as dyeing, embroidery, printing and other services and 7.43% was derived from other operating revenues like duty drawback and other export incentives.

Other Income

We had revenue from other income of ₹27.52 million for the three-month period ended June 30, 2015. This was primarily attributable to income from net gain on foreign currency transactions and translation and other income like interest from bank deposits, dividend income and laboratory testing charges.

Total Expenses

We had total expenses of ₹1,144.09 million for the three-month period ended June 30, 2015. This was primarily attributable to expenses for consumption of materials, change in inventories of finished goods and work-in-progress, employee benefits expenses, finance costs, depreciation and amortization expenses and other expenses, power and fuel, manufacturing expenses, clearing, forwarding and freight and provision for mark to market loss on forward contracts. As a percentage of our total revenue, our expenses were 91.87% in the three-month period ended June 30, 2015.

Cost of Materials Consumed

Our total cost of materials consumed for the three-month period ended June 30, 2015 totalled ₹541.92 million. Our costs in relation to purchase of materials like yarn, fabric, accessories, cotton, chemicals and dyes, garments, packing material, stores and consumables totalled ₹450.18 million for the three-month period ended June 30, 2015.

Changes in Inventories of Finished Goods and Work-in-Progress

Net increase in inventories of finished goods and work-in-progress totalled ₹79.37 million for the three-month period ended June 30, 2015 which was primarily attributable to increase in our closing stock of finished goods and work-in-progress.

Employee Benefits Expenses

Our employee benefits expenses for the three-month period ended June 30, 2015 totalled ₹293.12 million. As a percentage of our total expenses, employee benefits expenses were 25.62% in the three-month period ended June 30, 2015.

Finance Costs

Our finance costs totalled ₹57.82 million for the three-month period ended June 30, 2015, which was primarily attributable to interest on borrowings and other interest and bank charges. As a percentage of our total expenses, finance costs were 5.05% in the three-month period ended June 30, 2015.

Other Expenses

Our other expenses totalled ₹281.61 million for the three-month period ended June 30, 2015, which was attributable partly due to a provision for mark to market loss on forward contracts and on account of power and fuel expenses, amount written off for bad debts and loans and advances, repairs and maintenance, other manufacturing expenses, administration and other selling expenses.

Restated Profit before Tax

As a result of the factors outlined above, our restated profit before tax for the three-month period ended June 30, 2015 totalled ₹101.19 million. As a percentage of total revenue, our profit before tax was 8.13% for the three-month period ended June 30, 2015.

Tax Expenses

We recorded a current tax of ₹26.90 million for the three-month period ended June 30, 2015, which was primarily due to taxable profit. Our minority interest for the three-month period ended June 30, 2015 totalled ₹(0.52) million.

Net Profit after Tax and Minority Interest

As a result of the factors outlined above, our restated profit after tax and minority interest totalled ₹67.44 million for the three-month period ended June 30, 2015.

Fiscal 2015 Compared to Fiscal 2014

Total Revenue

We had total revenue of ₹4,792.33 million in Fiscal 2015, an increase of 6.01% over our total revenue of ₹4,520.73 million in Fiscal 2014. The increase in total revenue was primarily due to a 4.81% increase in total revenue from operations from ₹4,508.72 million in Fiscal 2014 to ₹4,725.66 million in Fiscal 2015 and a 455.12% increase in other income from ₹12.01 million in Fiscal 2014 to ₹66.67 million in Fiscal 2015.

Revenue from Operations

We had total revenue from operations of ₹4,725.66 million in Fiscal 2015, an increase of 4.81% over our total revenue from operations of ₹4,508.72 million in Fiscal 2014. The increase in revenue from operations was primarily due to a 4.65% increase in the sale of manufactured products from ₹3,994.01 million in Fiscal 2014 to ₹4,179.68 million in Fiscal 2015 and a 10.03% increase in other operating revenues (including with respect to duty draw back and other export incentives) from ₹306.98 million in Fiscal 2014 to ₹337.77 million in Fiscal 2015.

Other Income

We had revenue from other income of ₹66.67 million in Fiscal 2015, an increase of 455.12% over our total revenue from other income of ₹12.01 million in Fiscal 2014. The increase in revenue from other income was primarily due to a significant increase in non-recurring income from ₹2.59 million in Fiscal 2014 to ₹61.46 million in Fiscal 2015. A substantive portion of the increase in our non-recurring income was due to increase in our net gain on foreign currency transactions and translation which was nil in Fiscal 2014 and increased to ₹59.33 million in Fiscal 2015 and marginal increase in profit on sale of fixed assets from ₹0.93 million in Fiscal 2014 to ₹1.05 million in Fiscal 2015 and laboratory testing charges from nil in Fiscal 2014 to ₹0.29 million in Fiscal 2015.

Total Expenses

We had total expenses of ₹4,548.08 million in Fiscal 2015, an increase of 3.32% over our total expenses of ₹4,402.01 million in Fiscal 2014. The increase in our total expenses was primarily due to a 10.77% increase in our cost of materials consumed from ₹1,830.41 million in Fiscal 2014 to ₹2,027.52 million in Fiscal 2015, 13.35% increase in depreciation and amortization expense from ₹176.16 million in Fiscal 2014 to ₹199.67 million in Fiscal 2015 and 31.41% increase in employee benefits expenses from ₹760.88 million in Fiscal 2014 to ₹999.90 million in Fiscal 2015. This was partially offset by decrease in expenses like changes in inventories of finished goods and work-in-progress, finance costs and other expenses by 85.33%, 12.40% and 6.35%, respectively.

Cost of Materials Consumed

There was 10.77% increase in our total cost of material consumed from ₹1,830.41 million in Fiscal 2014 to ₹2,027.52 million in Fiscal 2015. This was primarily attributable to decreases in the costs of purchase of yarn, fabric, garments and packing materials, stores and consumables by 10.39%, 36.78%, 5.91% and 2.10%, respectively.

Changes in Inventories of Finished Goods and Work-in-Progress

Change in inventories of finished goods and work-in-progress totalled ₹34.97 million in Fiscal 2015, as compared to ₹238.40 million in Fiscal 2014. The decrease in inventory was primarily attributable to operational efficiencies that led to a lower stock holding of our inventories of finished goods and work-in-progress by 64.22% and 83.46%, respectively.

Employee Benefits Expenses

Our employee benefits expenses totalled ₹999.90 million in Fiscal 2015, as compared to ₹760.88 million in Fiscal 2014. The increase in expenses on employee benefits was primarily attributable to a 27.10% increase in salaries and

wages from ₹631.38 million in Fiscal 2014 to ₹802.51 million in Fiscal 2015, an 81.79% increase in contribution to provident and other funds from ₹41.52 million in Fiscal 2014 to ₹75.48 million in Fiscal 2015 and a 38.57% increase in staff welfare expenses from ₹87.98 million in Fiscal 2014 to ₹121.91 million in Fiscal 2015. Such increases were due to an increase in the number of our employees and an annual increment in remuneration payable to employees.

Finance Costs

Our finance costs decreased from ₹355.71 million in Fiscal 2014 to ₹311.60 million in Fiscal 2015, a decrease of 12.40% primarily due to decrease in: (a) the interest paid on borrowings as a consequence of a reduction in the principal amount outstanding on account of repayment of certain debt as well as a reduction in other borrowing costs; and (b) a reduction in net loss on foreign currency transactions and translations arising out of working capital facilities denominated in foreign currencies.

Other Expenses

Our other expenses totalled ₹974.42 million in Fiscal 2015, as compared to ₹1,040.45 million in Fiscal 2014. The decrease in other expenses was primarily attributable to a decrease in selling and manufacturing expenses, recognition of mark to market gain on forward contracts of ₹22.74 million in Fiscal 2015 as compared to a provision for mark to market (loss) on forward contracts of ₹(16.18) million in Fiscal 2014 and a decrease in net (loss) on foreign currency transactions and translations from ₹(35.12) million in Fiscal 2014 to nil in Fiscal 2015.

Restated Profit before Tax

As a result of the factors outlined above, our restated profit before tax increased by 105.74% to ₹244.25 million in Fiscal 2015 from ₹118.72 million in Fiscal 2014. As a percentage of total revenue, our restated profit before tax increased from 2.63% in Fiscal 2014 to 5.10% in Fiscal 2015.

Tax Expenses

We recorded a current tax expense of ₹69.09 million for Fiscal 2015 as compared to ₹28.76 million for Fiscal 2014, an increase of 140.23%. This was primarily due to increase in the profit of the Company. We continued to derive MAT credit and this increase from ₹25.14 million in Fiscal 2014 to ₹68.89 million in Fiscal 2015 helped us offset some of the tax expenses for the year.

Minority Interest

Our minority interest totalled ₹(3.26) million for Fiscal 2015 as compared to ₹(2.08) million for Fiscal 2014, a decrease of 56.79%.

Net Profit after Tax and Minority Interest

As a result of the factors outlined above, our restated profit after tax increased by 52.36% to ₹101.58 million in Fiscal 2015 from ₹66.67 million in Fiscal 2014.

Fiscal 2014 Compared to Fiscal 2013

Total Revenue

We had total revenue of ₹4,520.73 million in Fiscal 2014, an increase of 5.41% over our total revenue of ₹4,288.91 million in Fiscal 2013. The increase in total revenue was primarily due to a 5.22% increase in total revenue from operations from ₹4,285.03 million in Fiscal 2013 to ₹4,508.72 million in Fiscal 2014 and a 209.54% increase in other income from ₹3.88 million in Fiscal 2013 to ₹12.01 million in Fiscal 2014.

Revenue from Operations

We had total revenue from operations of ₹4,508.72 million in Fiscal 2014, an increase of 5.22% over our total revenue from operations of ₹4,285.03 million in Fiscal 2013. The increase in revenue from operations was primarily due to a 2.05% increase in the sale of manufactures products from ₹3,913.71 million in Fiscal 2013 to ₹3,994.01 million in Fiscal 2014, a 132.54% increase in the sale of dyeing, embroidery and other services from ₹89.33 million in Fiscal 2013 to ₹207.73 million in Fiscal 2014, and an 8.86% increase in other operating revenues primarily with respect to duty draw back and other export incentives and sale of scrap from ₹281.99 million in Fiscal 2013 to ₹306.98 million in Fiscal 2014.

Other Income

We had revenue from other income of ₹12.01 million in Fiscal 2014, an increase of 209.54% over our total revenue from other income of ₹3.88 million in Fiscal 2013. The increase in revenue from other income was primarily due to a significant increase in our income from interest from bank deposits totalling ₹9.41 million in Fiscal 2014 as compared to ₹0.71 million in Fiscal 2013. We also earned an amount of ₹0.93 million from profit on sale of fixed assets in Fiscal 2014 as against no such income in Fiscal 2013. This was partially offset by a decrease in our non-recurring income like dividend income and miscellaneous income from ₹3.16 million in Fiscal 2013 to ₹1.66 million in Fiscal 2014.

Total Expenses

We had total expenses of ₹4,402.01 million in Fiscal 2014, an increase of 3.64% over our total expenses of ₹4,247.52 million in Fiscal 2013. The increase in our total expenses was primarily due to a 7.14% increase in our cost of materials consumed from ₹1,708.48 million in Fiscal 2013 to ₹1,830.41 million in Fiscal 2014, change in inventories of finished goods and work-in-progress totalled ₹238.40 million in Fiscal 2014, as compared to ₹(8.14) million in Fiscal 2013, a 3.63% increase in finance costs from ₹343.26 million in Fiscal 2013 to ₹355.71 million in Fiscal 2014 and 4.33% increase in depreciation and amortization expense from ₹168.85 million in Fiscal 2013 to ₹176.16 million in Fiscal 2014. This was partially set-off by the decrease in other expenses from ₹1,248.70 million in Fiscal 2013 to ₹1,040.45 million in Fiscal 2014 and employee benefits expenses from ₹786.37 million in Fiscal 2013 to ₹760.88 million in Fiscal 2014.

Cost of Materials Consumed

There was a 7.14% increase in our total cost of materials consumed from ₹1,708.48 million in Fiscal 2013 to ₹1,830.41 million in Fiscal 2014. This was primarily attributable to increases in the costs of purchase of yarn, fabric, accessories, cotton, chemicals and dyes, packing materials, stores and consumables by 4.72%, 40.52%, 18.04%, 53.97%, 29.48% and 19.19%, respectively, which was partially offset by a decrease of 29.13% in the cost of purchase of garments.

Changes in Inventories of Finished Goods and Work-in-Progress

Change in inventories of finished goods and work-in-progress totalled ₹238.40 million in Fiscal 2014, as compared to ₹(8.14) million in Fiscal 2013. The change in inventory was primarily attributable to a 781.17% reduction in our inventory of work-in-progress on account of change in delivery schedule of our customers.

Employee Benefits Expenses

Our employee benefits expenses totalled ₹760.88 million in Fiscal 2014, as compared to ₹786.37 million in Fiscal 2013. The decrease in expenses on employee benefits was primarily attributable to a 29.94% decrease in contribution to provident and other funds from ₹59.26 million in Fiscal 2013 to ₹41.52 million in Fiscal 2014 and a 7.91% decrease in staff welfare expenses from ₹95.54 million in Fiscal 2013 to ₹87.98 million in Fiscal 2014 due to efficiencies in production together with a reduction in overtime wages paid to employees in Fiscal 2013.

Finance Costs

Our finance costs increased from ₹343.26 million in Fiscal 2013 to ₹355.71 million in Fiscal 2014, an increase of 3.63%, primarily due to a loss on foreign currency transactions and translations arising out of working capital facilities denominated in foreign currencies in Fiscal 2014 as against a gain in Fiscal 2013; increases in other interest and bank charges paid and other borrowing costs, which was partially offset by a decrease in interest on borrowings on account of repayment of certain debt.

Other Expenses

Our other expenses totalled ₹1,040.45 million in Fiscal 2014, as compared to ₹1,248.70 million in Fiscal 2013. The decrease in other expenses was primarily attributable to a significant reduction in power and fuel costs with the easing of the power situation in Tamil Nadu, decrease in the expenses for clearing, forwarding and freight charges and business promotion. Further, net losses on foreign currency transactions and translations on account of customer receivables reduced by 61.39% from ₹90.95 million in Fiscal 2013 to ₹35.12 million in Fiscal 2014 and other manufacturing expenses decreased by 14.10%.

Restated Profit before Tax

As a result of factors outlined above, our restated profit before tax increased by 186.83% to ₹118.72 million in Fiscal 2014 from ₹41.39 million in Fiscal 2013. As a percentage of total revenue, our restated profit before tax increased from 0.97% in Fiscal 2013 to 2.63% in Fiscal 2014.

Tax Expenses

We recorded a current tax expense of ₹28.76 million for Fiscal 2014 as compared to ₹11.64 million for Fiscal 2013, an increase of 147.08%. This was primarily due to increase in the profit of the Company. We continued to derive MAT credit and this increase from ₹10.45 million in Fiscal 2013 to ₹25.14 million in Fiscal 2014 which helped us offset some of the tax expenses for the year.

Minority Interest

Our minority interest totalled ₹(2.08) million for Fiscal 2014 as compared to ₹(3.33) million for Fiscal 2013, an increase of 37.66%.

Net Profit after Tax and Minority Interest

As a result of the factors outlined above, our restated profit after tax increased by 182.01% to ₹66.67 million in Fiscal 2014 from ₹23.64 million in Fiscal 2013, thereby increasing our net profit margin from 0.55% in Fiscal 2013 to 1.47% in Fiscal 2014.

Liquidity and Capital Resources

We finance our operations with cash from operations. Historically, our principal sources of liquidity have been internal accruals, proceeds from sale of our securities, bank overdrafts and working capital facilities and cash flows from operations. We may, require additional cash resources due to changing business conditions or other future developments, including any investments or acquisitions or capital expenditure we may decide to pursue. Our working capital needs are primarily to meet our operating and production expenses (including cost of inventory and receivables). Our capital requirements include the purchase of plant and machinery and related civil works.

As of June 30, 2015, our primary sources of liquidity were ₹100.13 million of cash and bank balances which are available on demand. As of June 30, 2015, there were no bank overdrafts. Our trade receivables increased from ₹742.94 million on March 31, 2015 to ₹773.19 million on June 30, 2015, primarily as a result of an increase in sales. Our other current assets primarily consist of current investments, inventories, short term loans and advances and other current assets like interest accrued on deposits and insurance claims.

We also have secured and unsecured long-term and short-term borrowings from banks, related parties and others. As of November 30, 2015, our total borrowings were ₹2514.78 million. For a description of the terms of our indebtedness, see the section “*Financial Indebtedness*” on page 278.

The following table sets forth our consolidated summary statement of cash flows for the periods indicated:

All figures in ₹ million

| Particulars | For the three-month period ended | For the Fiscal year ended | | |
|-------------------------------------------------------------|----------------------------------|---------------------------|-----------------|-----------------|
| | 30-Jun-15 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit before tax and exceptional item | 101.19 | 244.25 | 118.72 | 41.39 |
| Cash Generated from Operations | 269.85 | 865.48 | 596.15 | 797.61 |
| Net income tax (paid)/refunds | 0.50 | (29.57) | (15.18) | (10.21) |
| Net cash flow from/(used in) operating activities | 270.35 | 835.91 | 580.97 | 787.40 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Net cash flow from/(used in) investing activities | (30.50) | (58.16) | (139.62) | (82.17) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Net cash flow from/(used in) financing activities | (180.80) | (772.44) | (437.08) | (685.27) |
| Net increase/(decrease) in Cash and cash equivalents | 59.05 | 5.31 | 4.27 | 19.96 |
| Cash and cash equivalents at the end of the year | 100.13 | 41.11 | 35.83 | 31.53 |

Net Cash From/(Used In) Operating Activities

Our net cash generated from operating activities for the three-month period ended June 30, 2015 was ₹270.35 million. While our restated profit before tax was ₹101.19 million for the three-month period ended June 30, 2015, we had operating profit before working capital changes of ₹260.77 million primarily as a result of non-cash items such as depreciation and amortization, amount written off for bad debts, provision for doubtful trade receivables, finance costs, provision for mark to market loss on forward contracts and loss on sale of assets. Our working capital adjustments to our net cash from operations for the three-month period ended June 30, 2015, primarily included a decrease in inventories of ₹12.37 million, loans and advances of ₹56.18 million and trade payables/provisions/other current liabilities of ₹37.83 million as offset by an increase in trade receivables of ₹21.64 million.

Our net cash generated from operating activities for the Fiscal 2015 was ₹835.91 million. While our restated profit before tax was ₹244.25 million for Fiscal 2015, we had operating profit before working capital changes of ₹730.57 million primarily as a result of non-cash items such as depreciation and amortization, amount written off for bad debts, provision for doubtful trade receivables, finance costs and unrealized foreign exchange loss. Our working capital adjustments to our net cash from operations for Fiscal 2015, primarily included decrease in inventories of ₹179.42 million, increase in loans and advances and current assets of ₹1.32 million and increase in trade receivables of ₹207.09 million as offset by increase in trade payables/other current liabilities/provisions of ₹163.90 million.

Our net cash generated from operating activities for the Fiscal 2014 was ₹580.97 million. While our restated profit before tax was ₹118.72 million for Fiscal 2014, we had operating profit before working capital changes of ₹657.90 million primarily as a result of non-cash items such as depreciation and amortization, amount written off for bad debts, finance costs, unrealized foreign exchange loss and provision for mark to market loss on forward contracts. Our working capital adjustments to our net cash from operations for Fiscal 2015, primarily included decrease in inventories of ₹4.47 million, decrease in loans and advances and current assets of ₹34.82 million and increase in trade receivables of ₹31.87 million as offset by decrease in trade payables/other current liabilities/provisions of ₹69.17 million.

Our net cash generated from operating activities for the Fiscal 2013 was ₹787.40 million. While our restated profit before tax was ₹41.39 million for Fiscal 2013, we had operating profit before working capital changes of ₹515.21 million primarily as a result of non-cash items such as depreciation and amortization, amount written off for bad debts, provision for doubtful trade receivables, finance costs and loss on sale of assets. Our working capital adjustments to our net cash from operations for Fiscal 2015, primarily included increase in inventories of ₹27.99 million, decrease in loans and advances/current assets of ₹20.67 million and decrease in trade receivables of ₹51.64 million as offset by increase in trade payables/other current liabilities/provisions of ₹238.08 million.

Net Cash From/(Used In) Investing Activities

Our net cash used in investing activities for the three-month period ended June 30, 2015 was ₹30.50 million, primarily consisting of capital expenditure on fixed assets of ₹31.89 million, bank deposits of ₹3.10 million and purchase of long-term investments of ₹0.10 million partially offset by proceeds from the sale of fixed assets of ₹0.40 million, proceeds from the sale of long-term investments of ₹1.06 million, dividend received of ₹0.03 million and interest on bank deposits received of ₹3.10 million.

Our net cash used in investing activities for the Fiscal 2015 was ₹58.16 million, primarily consisting of capital expenditure on fixed assets of ₹150.24 million and purchase of long-term investments of ₹4.56 million partially offset by proceeds from the sale of fixed assets of ₹2.18 million, withdrawal of bank deposits of ₹80.73 million, proceeds from the sale of long-term investments of ₹3.89 million and interest on bank deposits received of ₹9.84 million.

Our net cash used in investing activities for the Fiscal 2014 was ₹139.62 million, primarily consisting of capital expenditure on fixed assets of ₹80.02 million and bank deposits of ₹78.85 million partially offset by proceeds from the sale of fixed assets of ₹12.85 million, proceeds from the sale of long-term investments of ₹2.86 million and interest on bank deposits received of ₹3.54 million.

Our net cash used in investing activities for the Fiscal 2013 was ₹82.17 million, primarily consisting of capital expenditure on fixed assets of ₹104.85 million partially offset by proceeds from the sale of fixed assets of ₹6.22 million, withdrawal of bank deposits of ₹17.35 million, proceeds from the sale of long-term investments of ₹0.05 million and dividend received of ₹0.73 million.

Net Cash From/(Used In) Financing Activities

Our net cash used in financing activities for the three-month period ended June 30, 2015 was ₹180.80 million, primarily consisting of repayment of short-term borrowings of ₹236.05 million and finance costs of ₹69.70 million partially offset by net proceeds of long-term borrowings of ₹124.95 million.

Our net cash used in financing activities for the Fiscal 2015 was ₹772.44 million, primarily consisting of repayment of long-term borrowings of ₹289.10 million, repayment of short term borrowings of ₹160.29 million and finance costs of ₹323.05 million.

Our net cash used in financing activities for the Fiscal 2014 was ₹437.08 million, primarily consisting of repayment of long-term borrowings of ₹233.36 million and finance costs of ₹375.73 million partially offset by proceeds from the issue of share capital of ₹72.49 million and net proceeds of short-term borrowings of ₹99.52 million.

Our net cash used in financing activities for the Fiscal 2013 was ₹685.27 million, primarily consisting of repayment of long-term borrowings of ₹366.89 million, repayment of short-term borrowings of ₹18.60 million and finance costs of ₹299.78 million.

Planned Capital Expenditures

For information relating to our planned capital expenditures, see the section “Objects of the Offer – Details of the Object of the Fresh Issue” on page 75.

Contractual Obligations

As of June 30, 2015, our estimated amount of contracts yet to be executed on capital account (net of advances made already) and not provided for was ₹16.45 million.

Contingent Liabilities

Our Company and the Subsidiaries on a consolidated basis, do not recognize contingent liabilities but discloses it in the financial statements. As of June 30, 2015, we had the following contingent liabilities that had not been provided for:

| Particulars | As at June 30, 2015 (in ₹ millions) |
|-------------------------------------------------|-------------------------------------|
| Outstanding export obligations for EPCG license | 115.15 |
| Bank guarantees | - |
| ESI demand | - |
| Income-tax demand–disputed ⁽¹⁾ | 202.96 |
| Service Tax–disputed | 0.54 |
| VAT–disputed | 5.02 |
| Total | 323.67 |

⁽¹⁾ The income-tax demand – disputed for the period ended June 30, 2015 includes a disputed amount of ₹173.38 million payable by the Company pertaining to Fiscal Year 2006. The Company has received a favorable order subsequent to the period ended June 30, 2015 and as per such order there is no liability/contingencies which accrue on the Company.

For further details on our contingent liabilities and capital commitments, see the section “Financial Statements” on page 166. For further information on tax disputes, see the section “Outstanding Litigation and Material Developments” on pages 293.

Our contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities become non-contingent, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal Year or in the future.

Related Party Transactions

We have in the past engaged, and in the future may engage, in transactions with related parties, including with our affiliates. Such transactions could be for, among other things, managerial remuneration, loans and advances and rental payments. For further information relating to our related party transactions, see the section “Related Party Transactions” on page 164.

Off-Balance Sheet Transactions

We have certain outstanding forward contracts for hedging foreign exchange related risks for the USD, Euro and GBP.

Market Risks

Interest Rate Risk

Our exposure to interest rate risk arises principally from interest on our indebtedness. As of November 30, 2015, our aggregate outstanding indebtedness was ₹2,518.98 million comprising of long-term borrowings, short-term borrowings and current maturities of long-term borrowings. Interest on our indebtedness is linked to the bank’s base lending rate and we are subject to market risk from changes in interest rates. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, de-regulation of the financial sector in

India, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which could adversely affect our operations. We have not entered into any interest rate swaps to hedge the interest rate risk.

Commodity Risk

We are exposed to the price risk associated with the purchase of our key raw material, *i.e.*, cotton and cotton-based products. Typically, we do not enter into long-term contractual arrangements with the suppliers of cotton. Therefore, fluctuations in the price and availability of cotton and cotton-based products may affect our business and results of our operations. The fact that cotton is grown under diverse agro-climatic conditions may impact the availability of cotton. For further information, see the section “*Risk Factors – Internal Risks – Risks Related to our Business – Our Company may not be able to obtain sufficient quantities or required quality of raw materials in a timely manner for our manufacturing operations which could have an impact on the timelines for supplying products to our customers*” on page 19.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Known Trends or Uncertainties

Except as described in the sections “*Risk Factors*” and this “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 13 and 278, respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income.

Future Relationships between Costs and Income

Except as described in the sections “*Risk Factors*” and this “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 13 and 278, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations or finances.

New Product or Business Segments

Except as described in the section “*Management’s Discussion and Analysis of Financial Condition and Results of Operations –Segment Information*” on page 265, we have not announced and do not expect to announce any new products or business segments in the near future.

Competitive Conditions

We currently compete with limited players in the export market for knitted garments for infants and children. We compete directly against wholesalers and direct retailers of garments, diversified garments companies with substantial market share, established companies selling internationally renowned brands as well as domestic retailers and regional competitors. Many of our competitors are large garments companies with strong brand recognition.

We expect that competitive conditions to intensify further as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products which could impact the pace of our growth. For further information, see the sections “*Risk Factors – Internal Risks – Risks Related to our Business - There is significant competition in the retail sector which may have an impact on our retail division in relation to our ‘Crocodile’ menswear brand*”, “*Risk Factors – External Risks – Risks Relating to India – Indian garments exporters face significant competition in our principal markets*” and “*Our Business – Competition*” on pages 25, 30 and 129, respectively.

Other

Forward Contracts with Axis Bank Limited: Our Company has filed a suit against Axis Bank Limited in relation to certain derivative contracts entered into by the Company with Axis Bank Limited. For further details, see the section “*Outstanding Litigation and Material Developments – Litigation involving our Company – Other Litigation initiated by our Company*” on page 293. The amount of ₹168.70 million paid by the Company in respect of such derivative contracts which was recorded in the audited financial statements of the Company as loans and advance and has been adjusted from the opening reserves for Fiscal Year 2011 in the Restated Financial Statements. Our Company may also consider adjusting this amount in the financial statements for the Fiscal Year 2016.

Significant Developments after June 30, 2015

To our knowledge, except as disclosed below and otherwise disclosed in this Draft Red Herring Prospectus, there is no subsequent development after the date of our financial statements contained in this Draft Red Herring Prospectus which materially affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

Poornam Slump Sale: Pursuant to the Slump Sale Agreement, Poornam has transferred its retail business including the properties taken on lease in relation to the ‘Crocodile’ brand to our Company and certain liabilities including the term loan availed by Poornam from Muthoot Fincorp Limited to the extent of ₹30 million with effect from August 1, 2015. For more details, see the section “*Financial Indebtedness*” on page 278.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of outstanding financing arrangements as of November 30, 2015 together with a brief description of certain significant terms of such financing arrangements, in respect of our Company:

Details of Secured Borrowings/Facilities of our Company

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Allahabad Bank | Working capital facilities (Sanction letter dated March 7, 2011 as renewed on March 30, 2013 and February 3, 2015) | 200.00 | | | | The collateral security for the facility are <ul style="list-style-type: none"> second <i>pari passu</i> charge on entire fixed assets of our Company, both present and future first <i>pari passu</i> charge on the landed property provided by the Promoters and the daughter of the Promoters continuing personal guarantee by the Promoters and the daughter of the Promoters |
| | | Facility 1 – Packing credit and packing credit in foreign currency for purchase, production and procurement or processing of goods for eventual shipping to overseas buyers | 200.00 | 200.83 | Base rate +1.50 % p.a. with monthly rests for up to 270 days from February 3, 2015 Base rate +6.00 % p.a. beyond 270 days | Tenor is one year from the date of renewal Repayable on demand | The facility is secured by <ul style="list-style-type: none"> first <i>pari passu</i> charge on entire current assets of our Company, both present and future first <i>pari passu</i> charge on all products, goods, movable property of our Company including engine, machinery, furniture stocks and stores book-debts, outstanding, moneys receivable, bills including supply bills, claims, etc., present and future demand promissory note for ₹200.00 million |
| | | Facility 2 (Sub-limit of Facility 1) – Foreign bills (purchased), foreign bills | 200.00 | - | Base rate +1.50 % p.a. with monthly rests for up to 180 | Tenor is one year from the date of renewal | The facility is secured by <ul style="list-style-type: none"> relative export bills |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | (negotiated) and pre-shipment credit in foreign currency – | | | days from February 3, 2015 Base rate +6.00 % p.a. beyond 180 days | Repayable on demand | <ul style="list-style-type: none"> cover under ECIB (PSC) policy of ECGC Limited As stipulated in Facility 1 |
| 2. | Andhra Bank | <p>Term loan for construction of building and purchase of machinery</p> <p>(Letter of Sanction dated September 27, 2010 and as restructured through letter dated January 7, 2014 and agreement dated September 28, 2010 and supplemental and amendatory agreement dated February 21, 2014 for reschedulement of the term loan)</p> | 188.50 | 162.85 | Base rate 4% p.a. + tax payable | 24 unequal quarterly instalments commencing from June 22, 2015 with 17 months moratorium commencing from November 2013 until March 2015 | <p>The facility is secured by</p> <ul style="list-style-type: none"> first <i>pari passu</i> charge on the assets created using the proceeds of this loan <p>The collateral security for the facility are</p> <ul style="list-style-type: none"> second <i>pari passu</i> charge on the fixed and current assets of our Company equitable mortgage on the land on which the factory at Sathyamangalam is located admeasuring 3 acres owned by Mr. P. Sundararajan (Promoter) personal guarantee by the Promoters and the daughter of the Promoters |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. | Bank of India | Term loan (Sanction letter dated December 6, 2007 renewed on March 13, 2014 and June 26, 2015 and Hypothecation cum Loan Agreement dated June 4, 2010) | 170.60 | 42.45 | Base rate + 5.25% p.a. (concession of 0.40% of the applicable rate provided until June 11, 2016) | Tenor is nine years Repayment in 27 unequal quarterly instalments commencing from September 2010 | <p>This facility is secured by</p> <ul style="list-style-type: none"> • first <i>pari passu</i> charge on the block assets of our Company excluding those exclusively charged to Tamil Nadu Industrial Investment Corporation Limited • exclusive charge by way of equitable mortgage of property located at Valapady admeasuring 9.06 acres in the name of our Company • demand promissory note for ₹340.50 million <p>The collateral security for the facilities are</p> <ul style="list-style-type: none"> • exclusive charge on land and building situated at Avinashi at 246/2B admeasuring 1.87 acres and at Avinashi at 245/1 admeasuring 1.11 acres provided by the Promoters • second <i>pari passu</i> charge on the various landed properties provided by our Company and the Promoters • personal guarantees by the Promoters |
| | | Term loan (Sanction letter dated December 6, 2007 renewed on March 13, 2014 and June 26, 2015 and Hypothecation cum Loan Agreement dated June 4, 2010) | 61.50 | 53.42 | Base rate + 4.65% p.a. (concession of 1.00% of the applicable rate provided until June 11, 2016) | Tenor is nine years and three months Repayment in 34 unequal quarterly instalments commencing from June 2011 | |
| | | Term loan (Sanction letter dated December 6, 2007 renewed on March 13, 2014 and June 26, 2015 and Hypothecation cum Loan Agreement dated June 4, 2010) | 74.50 | 33.08 | Base rate + 4.65% p.a. (concession of 1.00% of the applicable rate provided until June 11, 2016) | Tenor is nine years and three months Repayment in 33 unequal quarterly instalments commencing from September 2011 | |
| 4. | IDBI Bank Limited | Working capital facilities (Sanction letter dated May 10, 2012 as renewed on October 8, 2013 and April | | | | | |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 7, 2015 and facilities agreement dated February 27, 2015) | | | | | |
| | | Facility 1 - Export packing credit/packing credit in foreign currency | 200.00 | 142.42 | Base rate + 300 basis points p.a. | Tenor not to exceed 180 days | The facilities are secured by <ul style="list-style-type: none"> • first <i>pari passu</i> charge over the current assets of our Company both present and future • second <i>pari passu</i> charge on the fixed assets of our Company except those that are exclusively charge to other term lenders, both present and future • personal guarantees provided by the Promoters |
| | | Facility 2 - Foreign bill purchase/export bill rediscounting/foreign bill discounting/foreign bill negotiation (inner limit to EPC/PCFC) – sub-limit within the working capital facility of ₹200.00 million | | 62.63 | Base rate + 300 basis points p.a. | Tenor not to exceed 180 days | |
| | | Facility 3 - Cash credit (inner limit to EPC/PCFC) – sub-limit within the working capital facility of ₹200.00 million | | | Base rate + 400 basis points payable monthly | Tenor is one year Repayable on demand | |
| | | Facility 4 - Treasury limit – loan equivalent risk (for hedging) | 50.00 | 39.97 | - | - | The facility is secured by <ul style="list-style-type: none"> • personal guarantees provided by the Promoters |
| | | Facility 5 – Cash management system limit | 10.00 | - | - | - | - |
| 5. | Muthoot Fincorp Limited ⁽¹⁾ | Term loan (Loan agreement dated May 8, 2015) | 30.00 | 30.46 | 18.5% p.a. to be compounded monthly | Repayment in eight unequal quarterly instalments commencing from August 1, 2016 | The facility is secured by <ul style="list-style-type: none"> • first exclusive charge by way of an equitable mortgage on immovable property admeasuring 0.17 acres (S.F.N.647/1C) and 1.68 acres (G.S. no.647/2B) located at 378-D, Samichettipalayam, Gudalur Village, Gudalur Panchayat, Coimbatore Taluk, |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|----------------------|-----------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------|---------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | | Coimbatore District <ul style="list-style-type: none"> second charge on the current assets and moveable properties of our Company including plant and machinery, machinery spares, tools and accessories personal guarantees provided by the Promoters |
| 6. | State Bank of Mysore | Term loans and working capital facilities (Sanction letter dated April 10, 2015) | | | | | The facility is secured by <ul style="list-style-type: none"> second <i>pari passu</i> charge on the entire fixed assets of our Company exclusive mortgage of land and building owned by the Promoters admeasuring 5.39 acres located at Thekkalur village, admeasuring 2.84 acres located at Neelambur village, admeasuring 8.17 acres located at Avinashi village, admeasuring 8.50 acres located at Mudhalipalayam area in Neelambar village and admeasuring 10.62 acres located at Kaikattipudur in Avinashi on <i>pari passu</i> basis The collateral security for the term loans are <ul style="list-style-type: none"> second <i>pari passu</i> charge on the current assets of our Company exclusive mortgage of land and building owned by the Promoters admeasuring 5.39 acres located at Thekkalur village, admeasuring 2.84 acres located at Neelambur village, admeasuring 8.17 acres located at Avinashi village, admeasuring 8.50 |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | | <p>acres located at Mudhalipalayam area in Neelambur village and admeasuring 10.62 acres located at Kaikattipudur in Avinashi on <i>pari passu</i> basis</p> <ul style="list-style-type: none"> personal guarantees provided by the Promoters for the entire working capital facility |
| | | <p>Term loan</p> <p>(Loan-cum-hypothecation agreement dated March 3, 2006, Articles of Agreement dated March 3, 2006 and Letter for Restructuring of existing Term Loans dated June 30, 2009)</p> | 26.00 | 2.45 | 2.50% p.a. below prime term lending rate subject to a minimum of 8.50% p.a. | Repayment in 28 quarterly instalments commencing from June 2011 | <p>The facility is secured by</p> <ul style="list-style-type: none"> first charge over the assets created out of the proceeds of this loan first <i>pari passu</i> charge over existing fixed assets of our Company exclusive charge on land located at SIPCOT, Perundurai |
| | | <p>Term loan</p> <p>(Letter dated April 9, 2008, Articles of Agreement dated May 13, 2008 and Letter for Restructuring of existing Term Loans dated June 30, 2009)</p> | 82.22 | 20.18 | 2% below prime term lending rate subject to a minimum of 11.25% p.a. | Repayment in 28 quarterly instalments commencing from June 2011 | <p>The facility is secured by</p> <ul style="list-style-type: none"> first charge over the assets created out of the proceeds of this loan first <i>pari passu</i> charge over existing fixed assets of our Company exclusive charge on land located at SIPCOT, Perundurai |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Term loan (Loan-cum-hypothecation agreement dated August 31, 2005, Articles of Agreement dated August 31, 2005 and Letter for Restructuring of existing Term Loans dated June 30, 2009) | 260.00 | 25.53 | 3.50% p.a. below prime term lending rate subject to a minimum of 7.50% p.a. | Repayment in 28 quarterly instalments commencing from June 2011 | The facility is secured by <ul style="list-style-type: none"> • first charge over the assets created out of the proceeds of this loan • first <i>pari passu</i> charge over existing fixed assets of our Company • exclusive charge on land acquired for the project |
| | | Term loan (Loan-cum-hypothecation agreement dated February 5, 2007, Articles of Agreement dated February 5, 2007, Letter dated April 9, 2008 and Letter for Restructuring of existing Term Loans dated June 30, 2009) | 204.10 | 41.92 | 2% below prime term lending rate subject to a minimum of 10% p.a. | Repayment in 28 quarterly instalments commencing from June 2011 | The facility is secured by <ul style="list-style-type: none"> • first charge over the assets created out of the proceeds of this loan • first <i>pari passu</i> charge over existing fixed assets of our Company • exclusive charge on land located at SIPCOT, Perundurai |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Term loan for the processing division, purchase of compacting machine, coal crushers and boiler fluidized bed conversion (Sanction communication letter dated April 10, 2015 and Articles of Agreement dated December 19, 2014) | 35.00 | 8.73 | Base rate + 3.75% p.a. subject to a minimum of 14.00% p.a. floating rate | Repayment in 20 quarterly instalments with moratorium period of six months from the date of first disbursement | The facility is secured by <ul style="list-style-type: none"> first charge over the fixed assets created out of the proceeds of this loan first <i>pari passu</i> charge over existing fixed assets of our Company |
| | | Letter of credit for purchase of machinery against the term loan of ₹35.00 million (Sanction communication letter dated April 10, 2015 and Agreement for Letter of Credit dated April 29, 2015) | 15.00 | | | Repayable out of the term loan on bill maturity date | This facility is secured by <ul style="list-style-type: none"> goods covered under the letter of credit first <i>pari passu</i> charge over entire current assets of our Company |
| | | Facility 1 - Export packing credit (EPC)/packing credit in foreign currency (PCFC) (Sanction communication letter dated April 10, 2015) | 650.00 | 107.39 422.36 ⁽²⁾ (USD 6.52) 37.97 ⁽²⁾ | Base rate + 2% margin p.a. (for EPC) Six months LIBOR + 200 basis points (for PCFC) Six months LIBOR + 200 basis points | Repayment in 12 months or on demand | The facility is secured by <ul style="list-style-type: none"> first <i>pari passu</i> charge over entire current assets of our Company demand promissory note for ₹650.00 million |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | (GBP 0.39) 83.26 ⁽²⁾ (Euro 1.14) | (for PCFC) Six months LIBOR + 200 basis points (for PCFC) | | |
| | | Facility 2 - Stand by line of credit – export packing credit (Sanction communication letter dated April 10, 2015) | 50.00 | 50.50 | Base rate + 3% margin p.a. | Tenor is maximum three months at any one instance There will be no restriction as to the number of times this facility can be availed in a year There shall be a gap of 15 days from the closure of this facility and availment of a fresh one. | The facility is secured by <ul style="list-style-type: none"> • first <i>pari passu</i> charge over entire current assets of our Company • demand promissory note for ₹50.00 million |
| | | Facility 3 - Non letter of credit bills discounting limit (Sanction communication letter dated April 10, 2015) | 300.00 | 302.22 | Base rate + 2% margin p.a. | Tenor as per the bills subject to maximum 105 days | This facility is secured by <ul style="list-style-type: none"> • documents against acceptance bills and documents against payments bills drawn under orders and documents of title to goods • first <i>pari passu</i> charge over entire current assets of our Company |
| | | Facility 4 - Inland/foreign letters of credit limit at the existing limit at 10% margin (Sanction communication letter dated April 10, 2015) | 220.00 | 224.62 | - | Tenor of maximum 90 days | This facility is secured by <ul style="list-style-type: none"> • goods covered under the letter of credit • first <i>pari passu</i> charge over entire current assets of our Company |
| | | Bank guarantee limit for inland/foreign bank guarantee (Sanction communication letter dated April 10, 2015) | 10.00 | 5.40 | - | - | This facility is secured by <ul style="list-style-type: none"> • omnibus counter guarantee • first <i>pari passu</i> charge over entire current assets of our Company |
| | | Forward contract limit | 3,075 | 1,321.38 | - | - | |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | (Sanction communication letter dated April 10, 2015, Order to book forward cover dated June 30, 2015, and February 20, 2015) | | | | | |
| 7. | Tamil Nadu Industrial Investment Corporation Limited | Term loan for the purchase and erection of plant and machinery and software (Sanction letter dated July 27, 2011) | 200.00 | 59.59 | 15.25% p.a. with reset clause at the beginning of every financial year | Repayment in 60 monthly instalments commencing from September 1, 2012 after a moratorium of 12 months from the date of first drawal/disbursement of the loan | The facility is secured by <ul style="list-style-type: none"> plant and machinery owned by our Company equitable mortgage of personal properties owned by Mr. P. Sundararajan (Promoter) located at Coimbatore and Salem personal guarantees by all the Promoters of our Company |
| 8. | Kotak Mahindra Bank Limited | Light Commercial Vehicle Loan (Sanction letter dated January 31, 2015) | 1.36 | 1.23 | 10.64% | Repayment in 47 monthly instalments commencing from February 1, 2015 | The facility is secured by <ul style="list-style-type: none"> hypothecation of the vehicle – Toyota Innova personal guarantee provided by Mr. P. Sundararajan (Promoter) |
| | | Light Commercial Vehicle Loan (Sanction letter dated December 25, 2014) | 0.67 | 0.59 | 11.16% | Repayment in 47 monthly instalments commencing from December 20, 2014 | The facility is secured by <ul style="list-style-type: none"> hypothecation of the vehicle – Mahindra and Mahindra Bolero personal guarantee provided by Mr. P. Sundararajan (Promoter) |
| | | Commercial Vehicle Loan (Sanction letter dated December 25, 2014) | 1.78 | 1.55 | 10.65% | Repayment in 47 monthly instalments commencing from December 20, 2014 | The facility is secured by <ul style="list-style-type: none"> hypothecation of the vehicle – Ashok Leyland Viking commercial vehicle (bus) personal guarantee provided by Mr. P. Sundararajan (Promoter) |
| | | Car Loan (Sanction letter dated September 4, 2014) | 3.91 | 3.37 | 9.66% | Repayment in 60 monthly instalments commencing from September 10, 2014 | The facility is secured by <ul style="list-style-type: none"> hypothecation of the vehicle – Mercedes Benz personal guarantee provided by Mr. P. Sundararajan |

| S. No. | Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------|--------------------|--------------------------------|----------------------------------|-----------------------------------------------------------|---------------|--------------------------|------------|
| | | | | | | | (Promoter) |

⁽¹⁾ Pursuant to the Slump Sale Agreement, Poornam has transferred the term loan availed by it from Muthoot Fincorp Limited to our Company with effect from August 1, 2015.

⁽²⁾ The facility was availed in foreign currency and the following exchange ratio has been applied (i) 1 USD = ₹64.78; (ii) 1 GBP = ₹97.36; and (iii) 1 Euro = ₹73.04.

The financing arrangements entered into by our Company include various restrictive conditions and covenants restricting certain corporate actions. During the currency of these financing arrangements, our Company is either required to take the prior approval of the lender before undertaking certain actions or notify the lender subsequently. For instance, our Company is required to obtain the prior written consent of certain lenders for, *inter-alia*, the following:

- To make any amendments in the Memorandum or Articles;
- To effect any change in capital structure, redeem, purchase, buy-back, defease, retire, return or repay any of our shares or share capital or resolve to do so (except that our Company has the right to convert CCPS into Equity Shares);
- To enter into or implement any scheme for merger, amalgamation, compromise, demerger, reconstruction, reorganization, consolidation or other similar purpose;
- To effect any change in our ownership or control or constitution or shareholding or the management or majority of directors or partners or the managing director of our Company;
- To change the shareholding of the Promoters below a certain specific percentage in our Company;
- To avail further debt or undertake guarantee obligations on behalf of any third party;
- To declare any dividend, prepay loans from related parties or make certain other restricted payments;
- To transfer or create or allow to be created in any manner any charge, lien, hypothecation, mortgage, pledge or other encumbrance whatsoever on any of the properties, assets, actionable claims, etc., which constitute security to the bank for the loan, or transfer or create or allow to be created any security interest in any property or assets acquired in the future in favor of any person other than the bank;
- To undertake any new project, investment, acquisition of assets under lease or enter into borrowing arrangements;
- To approach the capital markets for investment and/or mobilizing additional resources in the form of debt or equity;
- To divert a certain percentage of the Offer proceeds towards repayment of the existing term loans/credit facilities;
- To repay monies brought in by the Promoters, partners, Directors, Shareholders, their relatives and friends in the business of our Company by way of deposits/loans/share application money;
- To make any investments by way of loans, any class of shares or debentures, partnership interest or other interest;
- To sell, assign or mortgage any fixed assets or equity interest charged in favor of the lenders;
- To set-up or permit any company to become a subsidiary or joint venture company;
- To withdraw from business any existing unsecured loans from promoters/associates;
- To undertake any capital expenditure which is not in the ordinary course of business;
- To pay any consideration to any person for furnishing guarantees, indemnities or undertaking any other liability in connection with any indebtedness incurred or obligation undertaken for or by our Company;

- To permit any disposal/transfer of our Company's share capital by any person specified by the lenders;
- To enter into profit/income sharing arrangements with any other person; and
- To enter into contracts or arrangements whereby the business or operations of our Company are managed by some other person.

In addition, upon the occurrence of certain events or otherwise, certain lenders to our Company have the right to:

- upon the occurrence of an event of default, convert the whole or part of the outstanding amount of the facility into fully paid-up Equity Shares of our Company at a conversion price to be determined in accordance with applicable laws;
- appoint nominee Directors;
- review/revoke the sanction of the loan and in case the loan has already been disbursed, to withhold disbursement of the balance loan amount and to recall the loan already advanced in certain circumstances;
- impose penal/default interest;
- accelerate the facility and declare all amounts payable by our Company in respect of the facility to be due and payable immediately or otherwise payable on demand;
- enforce the security;
- review the management set-up or organization of our Company; and
- apply any restrictive conditions as imposed on our Company by another institution as are considered appropriate by such lender in relation to the assistance availed from it by our Company.

The financing arrangements entered into by our Company also have cross-default provisions with respect to other facilities availed of by our Company and provisions prescribing debt to equity and other financial ratios. Further, certain financing arrangements of our Company also entitle the lenders to cancel the undrawn amount of the facility in certain circumstances, including downgrading of the credit rating of our Company by a credit rating agency or adverse remark, qualified opinion or its equivalent by the auditors of our Company.

Details of Unsecured Borrowings of our Company

Our Company, on a standalone basis, has unsecured borrowings of ₹273.41 million as of November 30, 2015, as set forth below.

| S. No. | Name of the Lender | Type of Lender | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule |
|--------|---------------------|----------------|--------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Mr. P. Ashokaraman | Promoter Group | 2.50 | 12% from April 1, 2017 | Upto Fiscal Year 2017: Nil Fiscal Year 2018: ₹2.50 million |
| 2. | Mr. P. Sundararajan | Promoter | 150.00 | 12% from April 1, 2017 | Upto Fiscal Year 2017: Nil Fiscal Year 2018: ₹50.00 million Fiscal Year 2019: ₹50.00 million Fiscal Year 2020: ₹50.00 million |
| 3. | Mr. P. Sundararajan | Promoter | 74.67 | - | Payable on demand |

| S. No. | Name of the Lender | Type of Lender | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule |
|--------|-----------------------------------------|----------------|--------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 4. | Ms. S. Latha | Promoter | 30.00 | 12% from April 1, 2017 | Upto Fiscal Year 2017: Nil Fiscal Year 2018: ₹10.00 million Fiscal Year 2019: ₹10.00 million Fiscal Year 2020: ₹10.00 million |
| 5. | Ms. S. Latha | Promoter | 1.79 | - | Payable on demand |
| 6. | Mr. S. Chenduran | Promoter Group | 10.00 | 12% from April 1, 2017 | Upto Fiscal Year 2018: Nil Fiscal Year 2019: ₹5.00 million Fiscal Year 2020: ₹5.00 million |
| 7. | Mr. S. Chenduran | Promoter Group | 0.24 | - | Payable on demand |
| 8. | Unitech Agro Industries Private Limited | Others | 4.20 | 9.25% | Payable on demand |

Details of Financing Arrangements entered into by our Company after November 30, 2015

Our Company has not entered into any new financing arrangements after November 30, 2015 except as stated below:

| Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| State Bank of Mysore | Corporate Loan ⁽¹⁾ (Sanction communication letter dated November 26, 2015 and agreement of loan dated December 17, 2015) | 350.00 | 355.33 ⁽²⁾ | Base rate + 3.85% p.a. | Tenor is 30 months Repayment in eight equal quarterly instalments commencing from August 1, 2016 | The facility is secured by <ul style="list-style-type: none"> • first exclusive charge on 4,375,000 Equity Shares held by Mr. P. Sundararajan (Promoter)⁽³⁾ • mortgage of land and factory situated at Palankarai village extent of 4.48 acres • mortgage of lease land and factory situated at SIPCOT, Perundurai at an extent of 2.98 acres |
| | Term loan for purchase of knitting machines for converting yarn into fabric | 14.70 | - | Base rate + 3.35% p.a. | Tenor is 36 months Repayment in ten equal quarterly instalments | The facility is secured by <ul style="list-style-type: none"> • exclusive charge over |

| Name of the Lender | Nature and purpose of facility | Amount sanctioned (₹ in million) | Amount outstanding as of November 30, 2015 (₹ in million) | Interest Rate | Tenor/Repayment Schedule | Security |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------|---------------|---------------------------------------------------------------------------|-----------------------------------------------|
| | <p>(Sanction communication letter dated November 26, 2015 and agreement of loan dated December 17, 2015)</p> <p>Capex inland/foreign letter of credit/buyers credit – sub-limit within the term loan of ₹14.70 million</p> <p>(Sanction communication letter dated November 26, 2015)</p> | | | | commencing after a moratorium of six months from the date of disbursement | the fixed assets purchased from the term loan |

⁽¹⁾ This loan was availed from the State Bank of Mysore to takeover the term loan of ₹350.00 million that was previously availed by our Company from Muthoot Fincorp Limited which has now been repaid and closed. Muthoot Fincorp Limited has in a letter dated December 23, 2015 confirmed release of its lien over the Equity Shares owned by our Promoter, Mr. P. Sundararajan that were pledged with Muthoot Fincorp Limited as security for such loan. However, the necessary filings with the Registrar of Companies for the release of such lien are yet to be completed.

⁽²⁾ As of November 30, 2015, ₹5.33 million is the interest accrued and due but not paid. This loan was availed from the State Bank of Mysore to takeover the term loan of ₹350.00 million that was previously availed by our Company from Muthoot Fincorp Limited which has now been repaid and closed.

⁽³⁾ The Company is in the process of filing necessary forms and documents with the Registrar of Companies in relation to the creation of the charge on such Equity Shares.

Details of Secured Borrowings of the Subsidiaries

A. CPPL

CPPL has not availed any credit facilities from banks and other financial institutions.

B. SPUK

SPUK has not availed any credit facilities from banks and other financial institutions.

Details of Unsecured Borrowings of the Subsidiaries

CPPL has unsecured borrowings of ₹35.20 million as of November 30, 2015, as set forth below.

| S. No. | Name of the Lender | Type of Lender | Amount outstanding as of November 30, 2015 (₹ in million) |
|--------|---------------------|------------------------|--------------------------------------------------------------|
| 1. | Mr. P. Sundararajan | Promoter | 30.20 |
| 2. | S P Life Styles | Promoter Group company | 5.00 |

SPUK has not availed of any inter-corporate unsecured borrowings.

Details of Financing Arrangements entered into by the Subsidiaries after June 30, 2015

None of the Subsidiaries has entered into any financing arrangements after June 30, 2015.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there are no (i) criminal proceedings; (ii) actions taken by statutory or regulatory authorities; (iii) direct and indirect tax claims; and (iv) other pending litigation, involving our Company, the Subsidiaries, the Promoters, the Group Entities and the Directors or any other person, the outcome of which could have material adverse effect on the position of our Company.

Further, except as stated below, there are no (i) inquiries, inspections or investigations, initiated or conducted against our Company or our Subsidiaries, under the Companies Act, 2013 or the Companies Act, 1956, in the last five years; (ii) prosecutions filed (whether pending or not), fines imposed or compounding of offences for our Company or the Subsidiaries, in the last five years immediately preceding this Draft Red Herring Prospectus; (iii) material frauds committed against our Company in the last five years immediately preceding this Draft Red Herring Prospectus; and (iv) defaults and non-payment of statutory dues etc. by our Company.

Litigation involving our Company

Criminal proceedings initiated against our Company

- Ms. Leelavathi, Ms. A. Dhanalakshmi and Ms. S. Latha filed an application (MCOP No. 178 of 2013) dated September 23, 2013 before the Motor Accident Claims Tribunal, Gobichettipalayam against SBI General Insurance Company Limited and our Company, alleging that the death of Mr. M. Mani was caused as a result of his employment as a bus driver with our Company and on a vehicle owned by our Company and therefore claimed a compensation of ₹0.8 million under Section 166 of the Motor Vehicles Act. Our Company is yet to file a reply against such application dated September 23, 2013.
- Ms. Ramya, Ms. Kalpana, Mr. Balachander, Ms. Manimehalai, Ms. Nalini, Ms. Bhuvaneshwari, Ms. Rukkumani, Mr. Rabiyaathal Misiriya, Ms. Merry, Ms. Saroja, Mr. Sundaram, Ms. Saranya, Mr. Shanmugavalli, Ms. Seetha, Ms. Nandini and Mr. Manivel have filed separate applications before the Motor Accidents Claims Tribunal and in the Court of the Principal District and Sessions Judge, Tirupur against TATA AIG General Insurance Company Limited and our Company, alleging that the injuries sustained by them were caused by our Company's driver in the course of employment and by a vehicle owned by our Company, thereby claiming compensation aggregating to ₹21.90 million under Section 166 of the Motor Vehicles Act. The matter is currently pending.

Criminal proceedings initiated by our Company

- Our Company has filed a criminal complaint dated July 19, 2010 before the Superintendent of Police, Tirupur District, against Mr. Sampath, the former deputy manager in the logistics department of our Company for forgery and embezzlement of approximately ₹1.3 million. The above complaint was filed pursuant to a notice dated August 7, 2009 issued on behalf of our Company to Mr. Sampath. The Superintendent of Police, Tirupur District, has registered an FIR dated July 23, 2010 (No. 15/2010) in this matter. The matter is currently pending.
- Our Company has filed a criminal complaint dated August 24, 2010 before the Superintendent of Police, Tirupur District, against Mr. Yuvaraj, a former executive in the garment purchase department of our Company for fraud and embezzlement of approximately ₹10 million. The Superintendent of Police, Tirupur District, has registered an FIR dated November 2, 2010 (No. 25/2010) in this matter. The matter is currently pending.
- Our Company has filed a criminal complaint before the Court of the Judicial Magistrate No. 6 of Coimbatore, against Mrs. J. Rajamani under Sections 138 and 142 of the Negotiable Instruments Act, 1881, as amended. The matter relates to a post-dated cheque of ₹0.7 million issued by Mrs. J. Rajamani in favor of our Company which was subsequently dishonored, pursuant to which our Company issued a notice to Mrs. J. Rajamani within 30 days of receipt of information from the relevant bank that the cheque was unpaid. Upon failure of Mrs. J.

Rajamani to repay the amount due to our Company, our Company filed a complaint before the relevant authority. The matter is currently pending.

Direct Tax proceedings

- There is one pending direct tax proceeding involving our Company, which involves an aggregate amount of ₹23.80 million.

Indirect Tax proceedings

- There are nine indirect tax proceedings involving our Company pending before different fora, which involve an aggregate amount of ₹5.56 million.

Other litigation initiated by our Company

Given the nature and extent of operations of our Company and our Subsidiaries, our Board has considered the outstanding civil litigation involving our Company or any of our Subsidiaries, Directors, Promoters and Group Entities which exceeds ₹20.00 million as being material for our Company. Further, in the event of any civil litigation wherein a monetary liability is not quantifiable, our Board has considered the outstanding litigation that has a bearing on the operations or performance of our Company or any of our Subsidiaries as being material to our Company. Accordingly, in addition to the above, we have disclosed the following material outstanding litigation.

- Our Company filed a suit (O.S. No. 106/2012) against Axis Bank Limited before the District Judge of Coimbatore dated February 24, 2012 seeking a declaration that certain derivative contracts executed by our Company with Axis Bank Limited are *void ab initio* thereby making them unenforceable and not binding on our Company. Our Company has not received any further communication in this matter.
- Our Company has filed several writ petitions (W.P. Nos. 346 to 361/2015) before the High Court of Madras dated January 5, 2015 seeking an order of interim stay against all proceedings against our Company pursuant to Government Order G.O. (2D) No. 59 Labour and Employment (J1) Department dated October 10, 2014 that revises the minimum wages payable by garments manufacturing industries. The High Court of Madras pursuant to an order dated January 8, 2015 has granted the stay of such government order. The matter is currently pending before a division bench of the High Court of Madras.
- The Tamil Nadu Spinning Mills Association (on behalf of its members including our Company) filed a cross appeal in C.A. No. 1090 – 1099 of 2011 before the Supreme Court of India against the appeal filed by the Tamil Nadu Generation and Distribution Corporation (TANGEDCO) in relation to certain orders levying penalty on the purchase of power by third parties during peak hours. Our Company has paid an amount of ₹6.60 million as peak hour penalty, under protest. The matter is currently pending before the Supreme Court of India.

Litigation involving the Subsidiaries

Crocodile Products Private Limited

Direct Tax proceedings

- There are four direct tax proceedings involving Crocodile Products Private Limited pending before different fora, which involve an aggregate amount of ₹1.11 million.

Indirect Tax proceedings

- There are no pending indirect tax proceedings involving Crocodile Products Private Limited.

S.P. Apparels (UK) (P) Limited

- There are no pending direct tax or indirect tax proceedings involving S.P. Apparels (UK) (P) Limited.

Litigation involving the Directors

Mr. P. Sundararajan

Direct Tax proceedings

- There are two direct tax proceedings involving Mr. P. Sundararajan pending before different fora, which involve an aggregate amount of ₹3.91 million.

Indirect Tax proceedings

- There is one pending indirect tax proceedings involving Mr. P. Sundararajan, which involves an aggregate amount of ₹2.50 million.

Other litigation

- Mr. P. Sundararajan has filed a suit before the District Judge of Tirupur against Mr. P. Balasubramaniam dated March 14, 2013 for recovery of ₹9.6 million pursuant to the cancellation of a sale agreement entered into by Mr. P. Sundararajan with Mr. P. Balasubramaniam for the purchase of land. The matter is currently pending.

Mr. A.S. Anandkumar

Criminal proceedings

- Oswal Spinning and Weaving Mills Limited has filed a criminal complaint against Value Vision Consultants Private Limited and A.S. Anandkumar before the Court of Sessions Judge, Ludhiana dated July 1, 2013 for criminal breach of trust and cheating. The matter is currently pending.

Other litigation

- Oswal Spinning and Weaving Mills Limited has filed a civil suit against Value Vision Consultants Private Limited and A.S. Anandkumar (the “**Defendants**”) before the Court of Civil Judge, Senior Division, Ludhiana dated January 4, 2010 for recovery of ₹10 million alleging failure of the Defendants in provision of certain financial advisory services. The Defendants have filed a suit for dismissal and the matter is currently pending.

Litigation involving the Promoters

Mr. P. Sundararajan

- For litigation involving Mr. P. Sundararajan, see the section “*Outstanding Litigation and Material Developments – Litigation involving the Directors*” on page 295.

Mrs. S. Latha

- There are no legal proceedings involving Mrs. S. Latha.

Notices received by our Company and Subsidiaries

There are no notices received by our Company.

Notices from statutory or regulatory authorities

There are no notices from statutory or regulatory authorities in relation to our Company or its Subsidiaries.

Outstanding Dues to Creditors

As of June 30, 2015, our Company (on a standalone basis) had an aggregate amount of ₹869.58 million due to 740 creditors.

In accordance with the SEBI ICDR Regulations, our Company, pursuant to a resolution of the Board dated December 17, 2015 considers the dues owed by our Company to the small scale undertakings and other creditors exceeding ₹50.00 million to be material dues for our Company.

For further details of the outstanding dues to creditors as of June 30, 2015, see the website of our Company at <http://www.spapparels.com/investors/investor-services/creditors.php>.

Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

Material developments since June 30, 2015

Other than as disclosed in the section “*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments after June 30, 2015*” on page 277, in the opinion of the Board, there has not arisen, since the date of the last Restated Financial Statements included in this Draft Red Herring Prospectus, any circumstance that materially and adversely affects or is likely to affect the trading or profitability of our Company taken as a whole or the value of its consolidated assets or its ability to pay its liabilities over the next 12 months.

GOVERNMENT AND OTHER APPROVALS

On the basis of the list of material approvals provided below, our Company can undertake the Offer and our Company and the Subsidiaries can undertake each of their respective current business activities and other than as stated below, no further approvals from any regulatory authority are required to undertake the Offer or continue such business activities. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus.

I. Approvals in relation to the Offer

A. Corporate Approvals

1. The Board has, pursuant to a resolution adopted at its meeting held on December 17, 2015 authorized the Offer, subject to approval by the Shareholders of our Company under the Companies Act.
2. The Shareholders have, pursuant to a resolution dated December 23, 2015 under the Companies Act, authorized the Offer.
3. The Selling Shareholder has, pursuant to a resolution dated July 7, 2015, authorized the offer and sale of up to 900,000 Equity Shares in the Offer for Sale.

B. Approvals from Stock Exchanges

1. In-principle approval dated [●] from the BSE.
2. In-principle approval dated [●] from the NSE.

II. Approvals in relation to our Business

A. Material licenses and approvals obtained by our Company

1. Certificate of incorporation dated November 18, 2005 issued to our Company by the RoC.
2. Our Corporate Identity Number is U18101TZ2005PLC012295.
3. Our Permanent Account Number is AAJCS4031P, Tax Deduction Account Number is CMBS08509E and Service Tax Registration Number is ST/075/2006/GTA/TPR.
4. Our Company has also obtained other registrations under tax laws, including, but not limited to, the following:
 - CST Number with effect from November 22, 2005 issued under the Central Sales Tax Act, 1956: 854386.
 - Tax Payer's Identification Number (TIN) with effect from January 1, 2007 issued under the Tamil Nadu Value Added Tax Act, 2006: 33132083095.
 - Tax Payer's Identification Number (TIN) with effect from January 11, 2007 issued under the Karnataka Value Added Tax Act, 2003: 29870738625.
 - Tax Payer's Identification Number (TIN) with effect from January 23, 2010 issued under the Maharashtra Value Added Tax Act, 2002: 27790748305V.
 - Tax Payer's Identification Number (TIN) with effect from February 1, 2009 issued under the Kerala Value Added Tax Act, 2003: 32071747533.
 - Tax Payer's Identification Number (TIN) with effect from May 8, 2014 issued under the Andhra Pradesh Value Added Tax Act, 2005: 36098111978.

- Tax Payer's Identification Number (TIN) with effect from September 10, 2012 issued under the Rajasthan Value Added Tax Act, 2003: 08234055317.
 - Tax Payer's Identification Number (TIN) with effect from February 27, 2012 issued under the Jharkhand Value Added Tax Act, 2005: 20910407371.
5. We have obtained registrations under applicable labor laws including, but not limited to the Contract Labour (Regulation and Abolition) Act, 1970, as a principal employer, the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, as amended and the Employees' State Insurance Act, 1948, as amended, for all of our operating manufacturing facilities.
 6. Our Company has obtained an importer-exporter code (0489019498) dated August 14, 2008 (with effect from December 31, 1991) issued by the Ministry of Commerce and Industry. This code is subject to the condition that in case of any change in the name/address or constitution of the holder of the importer-exporter code, the importer-exporter code holder will cease to be eligible to import or export against the importer-exporter code after the expiry of 90 days from the date of such a change unless in the meantime, the consequential changes are effected in the importer-exporter code by the concerned licensing authority.
 7. Our Company has obtained a registration-cum-membership certificate (No. AEPC/REG/SM/MAF/100520) with date of registration as November 21, 1996 issued by the Apparel Export Promotion Council, Ministry of Textiles, Government of India valid until March 31, 2016. This registration is required for our Company to obtain benefits under the EPCG Scheme. For further information on the EPCG Scheme, see the section "Regulations and Policies – Textile Sector Regulations and Policies" on page 131.
 8. We have applied for registration under applicable shops and establishments laws for all of our operating manufacturing facilities (other than our manufacturing facility at Mylampadi) under the Tamil Nadu Shops and Establishments Act, 1947, as amended and all of our retail stores in the relevant states in India where we operate.
 9. Our Company has obtained the following material approvals in relation to its various operational manufacturing facilities:

| S. No. | Particulars | Date of Issue | Issuing Authority | Validity |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------|-------------------|
| <i>I. Approvals for factory located at SF No. 245/2, Avinashi Town, Avinashi</i> | | | | |
| 1. | Factory License Number TP CB 7500 issued under the Factories Act, 1948 | February 28, 2014 | Inspector of Factories, Division I, Coimbatore | December 31, 2015 |
| 2. | Trade License | February 24, 2015 | Municipality, Avinashi | 2015 to 2016 |
| 3. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | November 6, 2015 | Tamil Nadu Pollution Control Board | March 31, 2017 |
| 4. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | November 6, 2015 | Tamil Nadu Pollution Control Board | March 31, 2017 |
| 5. | Authorization for operation of a facility for transport and storage of hazardous wastes under the Hazardous Waste (Management, Handling and Transboundary Movement Rules), 2008 | October 1, 2015 | Environmental Engineer (HWM), Tamil Nadu Pollution Control Board | October 1, 2020 |
| 6. | Fire Service License Number 92/2015 under the Tamil Nadu Fire Service Act, 1985 | January 30, 2015 | Tamil Nadu Fire and Rescue Service, Tirupur | January 29, 2016 |

| S. No. | Particulars | Date of Issue | Issuing Authority | Validity |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------------------------------------------------|-----------------------|
| 7. | Registration Number 005/HT/EI/MTP/13-14 for captive generating power plant under the Tamil Nadu Tax on Consumption or Sale of Electricity Rules, 2003 | April 4, 2013 | Department of Electrical Inspector and Electricity Tax, Government of Tamil Nadu | April 3, 2016 |
| 8. | Pressure Vessel Certificate | August 1, 2015 | Industrial Safety and Health, Tirupur | January 28, 2016 |
| II. Approvals for sewing factory located at SF 229/1 and 230/3, Kaikattipudur Village, Avinashi, Tirupur | | | | |
| 9. | Factory License Number TP 11539 issued under the Factories Act, 1948 | February 26, 2014 | Deputy Chief Inspector of Factories, Tirupur | December 31, 2015 |
| 10. | Trade License | February 24, 2015 | Avinashi Town Panchayat | 2015 to 2016 |
| 11. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | January 7, 2015 | Tamil Nadu Pollution Control Board | March 31, 2016 |
| 12. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | January 7, 2015 | Tamil Nadu Pollution Control Board | March 31, 2016 |
| 13. | Authorization for operation of a facility for transport and storage of hazardous wastes under the Hazardous Waste (Management, Handling and Transboundary Movement Rules), 2008 | August 14, 2015 | Environmental Engineer (HWM), Tamil Nadu Pollution Control Board | August 13, 2020 |
| 14. | Fire Service License Number 92/2015 under the Tamil Nadu Fire Service Act, 1985 | November 19, 2015 | Tamil Nadu Fire and Rescue Service, Tirupur | November 18, 2016 |
| 15. | Approval for installation of generators under the Indian Electricity Rules, 1956 | October 4, 2006 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 16. | Registration Number 13/EI/MTP/HT/2008 for captive generating power plant under the Tamil Nadu Tax on Consumption or Sale of Electricity Rules, 2003 | November 7, 2014 | Department of Electrical Inspector and Electricity Tax, Government of Tamil Nadu | November 6, 2017 |
| 17. | Pressure Vessel Certificate | July 9, 2015 | Industrial Safety and Health, Tirupur | January 05, 2016 |
| 18. | License for importation and storage of petroleum under the Petroleum Act, 1934 | January 15, 2013 | Controller of Explosives, Chennai, Petroleum and Explosives Safety Organization | December 31, 2022 |
| 19. | Boiler License | March 5, 2015 | Deputy Director of Boilers, Coimbatore Circle, Coimbatore | March 4, 2016 |
| III. Approvals for sewing factory located at Pallangarai Village, Avinashi, Coimbatore | | | | |
| 20. | Factory License Number TP CB 14902 issued under the Factories Act, 1948 | March 11, 2014 | Chief Inspector of Factories I Division, Coimbatore | December 31, 2015 |
| 21. | Trade License | March 20, 2015 | Pallangarai Panchayat, Avinashi Union | 2015 to 2016 |
| 22. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | November 6, 2015 | Tamil Nadu Pollution Control Board | December 31, 2017 |
| 23. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | November 6, 2015 | Tamil Nadu Pollution Control Board | December 31, 2017 |
| 24. | Fire Service License Number 1321/2014 under the Tamil Nadu Fire Service Act, 1985 | August 28, 2015 | Tamil Nadu Fire and Rescue Service, Tirupur | August 24, 2016 |
| 25. | Registration Number 901/EI/MTP/R47A/SC 2009 for | August 31, 2009 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |

| S. No. | Particulars | Date of Issue | Issuing Authority | Validity |
|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------|-----------------------|
| | captive generating power plant under the Tamil Nadu Tax on Consumption or Sale of Electricity Rules, 2003 | | | |
| 26. | Pressure Vessel Certificate | November 3, 2015 | Industrial Safety and Health, Tirupur | May 2, 2016 |
| <i>IV. Approvals for sewing factory located at Avinashi Main Road, Neelambur, Coimbatore</i> | | | | |
| 27. | Factory License Number TP CB 9234 issued under the Factories Act, 1948 | May 13, 2014 | Joint Director of Industry Safety and Health II Division, Coimbatore | December 31, 2015 |
| 28. | Trade License | February 11, 2015 | Panchayat Secretary, Neelambur Village Panchayat, Coimbatore | 2015 to 2016 |
| 29. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | July 15, 2013 | Tamil Nadu Pollution Control Board | December 31, 2015 |
| 30. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | July 15, 2013 | Tamil Nadu Pollution Control Board | December 31, 2015 |
| 31. | Fire Service License Number 380/2015 under the Tamil Nadu Fire Service Act, 1985 | April 20, 2015 | Tamil Nadu Fire and Rescue Service, Coimbatore | April 19, 2016 |
| 32. | Registration Number 37/HT/EI/TPR/10-11 for captive generating power plant under the Tamil Nadu Tax on Consumption or Sale of Electricity Rules, 2003 | April 20, 2010 | Electrical Inspectorate, Government of Tamil Nadu | April 19, 2016 |
| 33. | Pressure Vessel Certificate | August 8, 2015 | Industrial Safety and Health, Coimbatore | February 4, 2016 |
| <i>V. Approvals for factory located at Coimbatore Main Road, Thekkalur, Avinashi Taluk</i> | | | | |
| 34. | Factory License Number TP CB 10097 issued under the Factories Act, 1948 | March 12, 2014 | Inspector of Factories, Coimbatore | December 31, 2015 |
| 35. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | December 4, 2015 | Tamil Nadu Pollution Control Board | June 30, 2016 |
| 36. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | December 4, 2015 | Tamil Nadu Pollution Control Board | June 30, 2016 |
| 37. | Authorization for operation of a facility for collection, reception, treatment, storage and transport of hazardous wastes under the Hazardous Waste (Management, Handling and Transboundary Movement Rules), 2008 | September 29, 2015 | Environmental Engineer (HWM), Tamil Nadu Pollution Control Board | September 28, 2020 |
| 38. | Trade License | August 28, 2015 | Thekkalur Panchayat, Tirupur | 2015 to 2016 |
| 39. | Fire Service License Number 191/2015 under the Tamil Nadu Fire Service Act, 1985 | February 19, 2015 | Tamil Nadu Fire and Rescue Service, Tirupur | February 18, 2016 |
| 40. | Registration Number 012/EI/MTP/Gen/HT/09 for captive generating power plant under the Tamil Nadu Tax on Consumption or Sale of Electricity Rules, 2003 | July 9, 2009 | Department of Electrical Inspector and Electricity Tax, Government of Tamil Nadu | Valid until cancelled |
| 41. | Pressure Vessel Certificate | July 7, 2015 | Industrial Safety and Health, Tirupur | January 03, 2016 |
| 42. | Boiler License | September 22, 2015 | Deputy Director of Boilers, Coimbatore Circle, | March 21, 2016 |

| S. No. | Particulars | Date of Issue | Issuing Authority | Validity |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------|-----------------------|
| | | | Coimbatore | |
| VI. Approvals for sewing factory located at Samichettipalayam, Jothipuram, Coimbatore | | | | |
| 43. | Factory License Number TP 15038 issued under the Factories Act, 1948 | November 28, 2014 | Deputy Chief Inspector of Factories, Tirupur | December 31, 2015 |
| 44. | Trade License | May 8, 2015 | Gudalore Municipality | 2015 to 2016 |
| 45. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | March 30, 2011 | Tamil Nadu Pollution Control Board | September 20, 2016 |
| 46. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | March 30, 2011 | Tamil Nadu Pollution Control Board | September 20, 2016 |
| 47. | Fire Service License Number 304/2015 under the Tamil Nadu Fire Service Act, 1985 | April 1, 2015 | Tamil Nadu Fire and Rescue Service, Coimbatore | March 31, 2016 |
| 48. | Registration Number 275/CBE(Cen)/HT/09 for captive generating power plant under the Tamil Nadu Tax on Consumption or Sale of Electricity Rules, 2003 | September 9, 2015 | Department of Electrical Inspector and Electricity Tax, Government of Tamil Nadu | September 14, 2018 |
| 49. | Pressure Vessel Certificate | September 24, 2015 | Industrial Safety and Health, Coimbatore | March 23, 2016 |
| VII. Approvals for factory located at Gowrah Mahal, Atthani Main Road, Sathiyamangalam | | | | |
| 50. | Factory License Number ER 2766 issued under the Factories Act, 1948 | December 29, 2014 | Inspector of Factories, Erode | December 31, 2015 |
| 51. | Trade License | July 7, 2015 | Kumarapalayam Panchayat | 2015 to 2016 |
| 52. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | January 12, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 53. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | January 12, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 54. | Fire Service License Number 627/2015 under the Tamil Nadu Fire Service Act, 1985 | July 9, 2015 | Tamil Nadu Fire and Rescue Service, Erode | July 8, 2016 |
| 55. | Approval for installation of generators under the Indian Electricity Rules, 1956 | September 21, 2011 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 56. | Pressure Vessel Certificate | July 23, 2015 | Joint Director, Industrial Safety and Health, Erode | January 22, 2016 |
| VIII. Approvals for factory located at SF 93/2, Malayadipudur, Sathiyamangalam | | | | |
| 57. | Factory License Number ER 2869 issued under the Factories Act, 1948 | December 29, 2014 | Inspector of Factories, Erode | December 31, 2015 |
| 58. | Trade License | December 30, 2014 | Kumarapalayam Panchayat | 2015 to 2016 |
| 59. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | January 12, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 60. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | January 12, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 61. | Approval for installation of generators under the Indian Electricity Rules, 1956 | June 27, 2013 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 62. | Pressure Vessel Certificate | July 23, 2015 | Joint Director, Industrial Safety and Health, Erode | January 22, 2016 |
| 63. | Boiler License | October 31, 2015 | Director of Boilers, Erode Circle, Erode | April 30, 2016 |

| S. No. | Particulars | Date of Issue | Issuing Authority | Validity |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------|-----------------------|
| <i>IX. Approvals for factory located at SIPCOT, Perundurai, Erode</i> | | | | |
| 64. | Factory License Number ER 2143 issued under the Factories Act, 1948 | September 30, 2008 | Deputy Chief Inspector of Factories, Tirupur | December 31, 2015 |
| 65. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | April 25, 2014 | Tamil Nadu Pollution Control Board | December 31, 2015 |
| 66. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | April 25, 2014 | Tamil Nadu Pollution Control Board | December 31, 2015 |
| 67. | Fire Service License Number 555/2015 under the Tamil Nadu Fire Service Act, 1985 | July 8, 2015 | Tamil Nadu Fire and Rescue Service, Coimbatore | July 7, 2016 |
| 68. | Approval for installation of generators under the Indian Electricity Rules, 1956 | December 2, 2009 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 69. | Pressure Vessel Certificate | July 15, 2015 | Industrial Safety and Health, Erode | January 14, 2016 |
| 70. | Boiler License | July 21, 2015 | Directorate of Boiler Tamil Nadu, Erode Circle | January 20, 2016 |
| <i>X. Approvals for processing division located at SIPCOT, Perundurai, Erode</i> | | | | |
| 71. | Factory License Number ER 2291 issued under the Factories Act, 1948 | November 25, 2014 | Inspector of Factories, Erode | December 31, 2015 |
| 72. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | August 26, 2015 | Tamil Nadu Pollution Control Board | March 31, 2016 |
| 73. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | August 26, 2015 | Tamil Nadu Pollution Control Board | March 31, 2016 |
| 74. | Authorization for operation of a facility for transport and storage of hazardous wastes under the Hazardous Waste (Management, Handling and Transboundary Movement Rules), 2008 | May 14, 2014 | Environmental Engineer (HWM), Tamil Nadu Pollution Control Board | May 13, 2019 |
| 75. | Fire Service License Number 826/2015 under the Tamil Nadu Fire Service Act, 1985 | August 25, 2015 | Tamil Nadu Fire and Rescue Service, Erode | August 24, 2016 |
| 76. | Registration Number 1540/2008-09 for captive generating power plant under the Tamil Nadu Tax on Consumption or Sale of Electricity Rules, 2003 | February 20, 2015 | Electrical Inspectorate, Government of Tamil Nadu | February 19, 2018 |
| 77. | Approval for installation of generators under the Indian Electricity Rules, 1956 | July 9, 2009 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 78. | Pressure Vessel Certificate | August 11, 2015 | Industrial Safety and Health, Erode | February 10, 2016 |
| 79. | License for importation and storage of petroleum under the Petroleum Act, 1934 | December 18, 2012 | Controller of Explosives, Chennai, Petroleum and Explosives Safety Organization | December 31, 2015 |
| 80. | Boiler License | April 01, 2015 | Senior Assistant Director of Boilers, Erode Circle, Erode | March 31, 2016 |
| <i>XI. Approvals for factory located at Cheyur Village, Avinashi</i> | | | | |
| 81. | Factory License Number TP 17968 issued | July 23, 2015 | Inspector of Factories, Division I, Tirupur | December 31, 2015 |

| S. No. | Particulars | Date of Issue | Issuing Authority | Validity |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------|-----------------------|
| | under the Factories Act, 1948 | | | |
| 82. | Pressure Vessel Certificate | December 16, 2015 | Industrial Safety and Health, Tirupur | June 14, 2016 |
| 83. | Trade License | March 26, 2015 | Cheyur, Avinashi Taluk | 2015 to 2016 |
| 84. | Registration Number 1915/EI/TPR/Reg32/2015 for commission of Diesel generator under the Central Electricity Authority (Measures Relating to Safety and Electric Supply) Regulations, 2010 | December 14, 2015 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 85. | | | | |
| XII. Approvals for sewing factory located at Dharapuram Road, Gobichettipalayam, Erode District | | | | |
| 86. | Factory License Number ER 2776 issued under the Factories Act, 1948 | December 29, 2014 | Inspector of Factories, Erode | December 31, 2015 |
| 87. | Trade License | February 21, 2015 | Modachur Panchayat, Erode District | 2015 to 2016 |
| 88. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | January 9, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 89. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | January 9, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 90. | Fire Service License Number 331/2015 under the Tamil Nadu Fire Service Act, 1985 | April 15, 2015 | Tamil Nadu Fire and Rescue Service, Erode | April 14, 2016 |
| 91. | Approval for installation of generators under the Indian Electricity Rules, 1956 | September 21, 2011 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 92. | Pressure Vessel Certificate | July 21, 2015 | Industrial Safety and Health, Erode | January 20, 2016 |
| XIII. Approvals for sewing factory located at SF 52/11, 52/12, Gobichettipalayam, Erode District | | | | |
| 93. | Factory License Number ER 2868 issued under the Factories Act, 1948 | December 29, 2014 | Inspector of Factories, Erode | December 31, 2015 |
| 94. | Trade License | February 25, 2015 | Gobichettipalayam Municipality, Erode District | 2015 to 2016 |
| 95. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | January 9, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 96. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | January 9, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 97. | Fire Service License Number 559/2015 under the Tamil Nadu Fire Service Act, 1985 | June 22, 2015 | Tamil Nadu Fire and Rescue Service, Erode | June 21, 2016 |
| 98. | Approval for installation of generators under the Indian Electricity Rules, 1956 | June 27, 2013 | Electrical Inspector, Erode North, Erode | Valid until cancelled |
| 99. | Pressure Vessel Certificate | July 21, 2015 | Industrial Safety and Health, Erode | January 20, 2016 |
| XIV. Approvals for sewing factory located at Muthandipalayam Pirivu, Palladam, Tirupur | | | | |
| 100. | Factory License Number TP CB 15838 issued under the Factories Act, 1948 | November 6, 2014 | Inspector of Factories, Division II, Coimbatore | December 31, 2015 |
| 101. | Fire Service License Number 1953/2015 under the Tamil Nadu Fire Service Act, 1985 | December 22, 2015 | Tamil Nadu Fire and Rescue Service, Tirupur | December 21, 2016 |

| S. No. | Particulars | Date of Issue | Issuing Authority | Validity |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------|---------------------------------------------------|-----------------------|
| 102. | Trade License | March 11, 2015 | Palladam, Varapatti | 2015 to 2016 |
| 103. | Pressure Vessel Certificate | August 10, 2015 | Industrial Safety and Health, Tirupur | February 7, 2016 |
| XV. Approvals for factory located at Varapatti, Sulthanpet Main Road, Sulthanpet, Sular Taluk | | | | |
| 104. | Factory License Number CB 16226 issued under the Factories Act, 1948 | August 27, 2014 | Inspector of Factories, Coimbatore | December 31, 2015 |
| 105. | Trade License | March 26, 2015 | Varapatti Panchayat, Sulthanpet | 2015-2016 |
| 106. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | April 28, 2014 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 107. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | April 28, 2014 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 108. | Fire Service License Number 1952/2015 under the Tamil Nadu Fire Service Act, 1985 | December 22, 2015 | Tamil Nadu Fire and Rescue Service, Tirupur | December 21, 2016 |
| 109. | Approval for installation of generators under the Indian Electricity Rules, 1956 | January 10, 2013 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 110. | Pressure Vessel Certificate | September 08, 2015 | Industrial Safety and Health, Tirupur | March 08, 2016 |
| XVI. Approvals for sewing factory located at South Avinashipalayam village, Tirupur to Dharapuram Road, Tirupur (Koduvai) | | | | |
| 111. | Factory License Number TP 16895 issued under the Factories Act, 1948 | December 8, 2014 | Inspector of Factories, Tirupur | December 31, 2015 |
| 112. | Trade License | July 23, 2015 | North Avinashipalayam, Koduvai, Tirupur District | 2015 to 2016 |
| 113. | Approval for installation of generators under the Indian Electricity Rules, 1956 | July 16, 2015 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 114. | Fire Service License Number 1938/2015 under the Tamil Nadu Fire Service Act, 1985 | December 16, 2015 | Tamil Nadu Fire and Rescue Service, Erode | December 14, 2016 |
| 115. | Pressure Vessel Certificate | August 7, 2015 | Industrial Safety and Health, Tirupur | February 03, 2016 |
| XVII. Approvals for factory located at Anthiyur Main Road, Vellitirupur, Patlur Village, Bhavani Taluk | | | | |
| 116. | Factory License Number ER 2775 issued under the Factories Act, 1948 | December 29, 2014 | Inspector of Factories, Coimbatore | December 31, 2015 |
| 117. | Trade License | October 16, 2015 | Patlur Village, Erode District | 2015-2016 |
| 118. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | January 8, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 119. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | January 8, 2015 | Tamil Nadu Pollution Control Board | December 31, 2016 |
| 120. | Fire Service License Number 7097/A2/2014 under the Tamil Nadu Fire Service Act, 1985 | August 17, 2015 | Tamil Nadu Fire and Rescue Service, Erode | August 16, 2016 |
| 121. | Approval for installation of generators under the Indian Electricity Rules, 1956 | September 21, 2011 | Electrical Inspectorate, Government of Tamil Nadu | Valid until cancelled |
| 122. | Pressure Vessel Certificate | July 23, 2015 | Industrial Safety and Health, Erode | January 22, 2016 |
| XVIII. Approvals for factory located at Masthipalayam, Irumburai Village, Mettupalayam, Coimbatore | | | | |

| S. No. | Particulars | Date of Issue | Issuing Authority | Validity |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------|-----------------------|
| <i>(Puliyampatti)</i> | | | | |
| 123. | Factory License Number CB 17447 issued under the Factories Act, 1948 | July 23, 2015 | Joint Director, Industrial Safety and Health, I-Division, Coimbatore. | December 31, 2015 |
| 124. | Fire Service License Number 203/2015 under the Tamil Nadu Fire Service Act, 1985 | March 4, 2015 | Tamil Nadu Fire and Rescue Service, Coimbatore | March 3, 2016 |
| 125. | Pressure Vessel Certificate | September 18, 2015 | Industrial Safety and Health, Uthagamandalam | March 17, 2016 |
| XIX. Approvals for spinning division located at Valapady, Salem | | | | |
| 126. | Factory License Number SL 4901 issued under the Factories Act, 1948 | November 27, 2014 | Inspector of Factories, Hosur | December 31, 2015 |
| 127. | Trade License | February 27, 2015 | Valapady Municipality, Salem | 2015 to 2016 |
| 128. | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 | July 3, 2015 | Tamil Nadu Pollution Control Board | March 31, 2017 |
| 129. | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 | July 3, 2015 | Tamil Nadu Pollution Control Board | March 31, 2017 |
| 130. | Fire Service License Number 10876/A1/2015 under the Tamil Nadu Fire Service Act, 1985 | September 23, 2015 | Tamil Nadu Fire and Rescue Service, Salem | September 21, 2016 |
| 131. | Registration Number 687/HT/2007-2008 for captive generating power plant under the Tamil Nadu Tax on Consumption or Sale of Electricity Rules, 2003 | July 2, 2007 | Electrical Inspector, Salem | Valid until cancelled |
| 132. | Pressure Vessel Certificate | August 1, 2015 | Director Industrial Safety and Health, Salem | February 1, 2016 |
| 133. | License for importation and storage of petroleum under the Petroleum Act, 1934 | November 30, 2015 | Joint Chief Controller of Explosives, Vellore, Petroleum and Explosives Safety Organization | December 31, 2018 |

B. Material licenses and approvals for which applications have been made by our Company

Our Company has made applications for the following approvals in relation to its various manufacturing facilities:

| S. No. | Date of Application | Issuing Authority | Particulars |
|------------------------------------------------------------------------------------|---------------------|-------------------------------------------|-------------------------------------------------------------------------------------------|
| I. Applications for factory located at SF 93/2, Maiyadipur, Sathiyamangalam | | | |
| 1. | September 30, 2015 | Fire and Rescue Service Department, Erode | Renewal of Fire Service License No. 1046/2014 under the Tamil Nadu Fire Service Act, 1985 |
| II. Applications for factory located at Cheyur Village, Avinashi | | | |
| 1. | December 21, 2015 | Tamil Nadu Pollution Control Board | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 |

| S. No. | Date of Application | Issuing Authority | Particulars |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------------------------------|------------------------------------------------------------------------------------|
| 2. | December 21, 2015 | Tamil Nadu Pollution Control Board | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 |
| 3. | December 18, 2015 | Fire and Rescue Service Department, Erode | Fire Service License No. TP17968 under the Tamil Nadu Fire Service Act, 1985 |
| <i>III. Applications for factory located at Samichettipalayam, Jothipuram, Coimbatore</i> | | | |
| 1. | July 29, 2015 | Industrial Safety and Health, Division – I, Coimbatore | Boiler License |
| <i>IV. Applications for sewing factory located at Muthandipalayam Pirivu, Palladam, Tirupur</i> | | | |
| 1. | December 21, 2015 | Tamil Nadu Pollution Control Board | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 |
| 2. | December 21, 2015 | Tamil Nadu Pollution Control Board | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 |
| 3. | December 17, 2015 | Electrical Inspectorate, Government of Tamil Nadu | Approval for installation of generators under the Indian Electricity Rules, 1956 |
| <i>V. Applications for factory located at Varapatti, Sulthanpet Main Road, Sulthanpet, Sullur Taluk</i> | | | |
| 1. | December 18, 2015 | Deputy Director of Boilers, Coimbatore | Boiler License |
| <i>VI. Applications for sewing factory located at South Avinashipalayam village, Tirupur to Dharapuram Road, Tirupur (Koduvai)</i> | | | |
| 1. | December 16, 2015 | Tamil Nadu Pollution Control Board | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 |
| 2. | December 16, 2015 | Tamil Nadu Pollution Control Board | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 |
| <i>VII. Applications for factory located at Masthipalayam, Irumbarai Village, Mettupalayam, Coimbatore (Puliyampatti)</i> | | | |
| 1. | December 23, 2015 | Electrical Inspectorate, Government of Tamil Nadu | Approval for installation of generators under the Indian Electricity Rules, 1956 |
| 2. | October 16, 2015 | Pethikuttai Panchayat, Mettupalayam | Trade License |
| 3. | December 17, 2015 | Tamil Nadu Pollution Control Board | Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 |
| 4. | December 17, 2015 | Tamil Nadu Pollution Control Board | Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 |

In addition to the above, our facility at Mylampadi has recently commenced operations and we are in the process of applying for relevant approvals. We are also in the process of establishing an additional manufacturing facility at Kavindapadi for which we will apply for the necessary approvals as and when required. For further information in relation to our new manufacturing facilities, see the section “*Our Business*” on page 116.

C. Material licenses and approvals obtained by the Subsidiaries

Crocodile Products Private Limited (“CPPL”)




1. CPPL’s Corporate Identity Number is U18101TZ1998PTC008439.
2. CPPL’s Permanent Account Number is AABCC2617F and Tax Deduction Account Number is CMBC03069D.
3. CPPL’s Tax Payer’s Identification Number (TIN) with effect from July 10, 2014 issued under the Karnataka Value Added Tax Act, 2003: 29681210683.
4. CPPL’s Tax Payer’s Identification Number (TIN) with effect from June 22, 1998 issued under the Tamil Nadu General Sales Tax Act, 1959: 2001428.
5. CPPL’s CST Number with effect from June 22, 1998 issued under the Central Sales Tax Act, 1956: 640569.
6. CPPL has obtained an importer-exporter code (3298000108) dated April 15, 1998 issued by the Ministry of Commerce and Industry. This code is subject to the condition that in case of any change in the name/address or constitution of the holder of the importer-exporter code, the import-exporter code holder will cease to be eligible to import or export against the importer-exporter code after the expiry of 90 days from the date of such a change unless in the meantime, the consequential changes are effected in the importer-exporter code by the concerned licensing authority.
7. CPPL has obtained a Central Excise Registration Certificate Number dated March 10, 2011 AABCC2617FEM002 issued by the Commissioner of Central Excise, Coimbatore.

S.P. Apparels (UK) (P) Limited (“SPUK”)





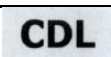
1. SPUK’s registration number is 9302109.
2. SPUK has obtained a tax registration dated April 1, 2015 issued by Her Majesty's Revenue and Customs: 211 0047 84.

III. Intellectual Property

A. Registrations obtained by our Company and the Subsidiaries

| S. No. | Name | Registration Number | Classes | Date of Expiry |
|--------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------|-----------------|
| Our Company | | | | |
| 1. |  | 1473487, 1473488, 1473489 | 24, 25, 26 | July 25, 2016 |
| 2. |  | 1964399 | 25 | May 12, 2020 |
| 3. |  | 1590997, 1590998, 1590999, 151001, 1591000, 1591002 | 3, 14, 16, 18, 26, 24, 35 | August 16, 2017 |

B. Applications made by our Company and the Subsidiaries

| S. No. | Name | Application Number | Class | Date of Application |
|--------------------|-----------------------------------------------------------------------------------|------------------------------------------------|-----------------------|---------------------|
| Our Company | | | | |
| 1. |  | 2429599, 2429600, 2429601, 2429602, 2429603 | 23, 24, 25, 26, 27 | November 19, 2012 |
| 2. |  | 3000062, 300063, 300064, 300065 | 24, 25, 26, 35 | July 2, 2015 |
| 3. |  | 3015912, 3015913, 3015914, 3015915 | 24, 25, 26, 35 | July 23, 2015 |
| 4. |  | 3015916, 3015917, 3015918, 3015919 | 24, 25, 26, 35 | July 23, 2015 |
| 5. |  | 1984187 | 3, 4, 25 | June 24, 2010 |

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Board has approved the Offer pursuant to the resolution adopted at its meeting held on December 17, 2015 and the Shareholders have approved the Offer pursuant to the resolution adopted on December 23, 2015.

The Board has approved this Draft Red Herring Prospectus pursuant to the resolution adopted at its meeting held on December 28, 2015.

The Selling Shareholder has authorized its portion of the Offer pursuant to a resolution dated July 7, 2015.

The Selling Shareholder has confirmed that it has held the Equity Shares proposed to be offered and sold in the Offer for a period of at least one year prior to the date of filing this Draft Red Herring Prospectus and no bonus shares have been issued to the Selling Shareholder.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by the SEBI or Other Governmental Authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group, the Group Entities, the Selling Shareholder and the persons in control of our Company have not been debarred from accessing or operating in the capital markets under any order or direction passed by the SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, our Directors or persons in control of our Company are or were associated as promoters, directors or persons in control have not been debarred from accessing or operating in the capital markets under any order or direction passed by the SEBI or any other regulatory or governmental authority.

None of our Directors is in any manner associated with the securities market and there has been no action taken by the SEBI against our Directors or any such entity.

Prohibition by the RBI

None of our Company, our Directors, our Promoters, our Group Entities, relatives (as defined under the Companies Act, 2013) of our individual Promoters or the Selling Shareholder has been identified as a wilful defaulter by the RBI or any other regulatory or governmental authority, banks or financial institutions. There are no violations of securities laws committed by any of them in the past or that are pending against them.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI ICDR Regulations, as set forth below:

- Our Company has net tangible assets of at least ₹30 million in each of the preceding three full years (of 12 months each) of which not more than 50% are being held in monetary assets;
- Our Company has a minimum average pre-tax operating profit of ₹150 million, calculated on a restated and consolidated basis during the three most profitable years out of the immediately preceding five years;
- Our Company has a net worth of at least ₹10 million in each of the three preceding full years (of 12 months each);

- The aggregate size of the proposed Offer and all previous issues made in the same financial year is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding financial year; and
- Our Company has not changed its name during the last one year.

Our Company's pre-tax operating profit, net worth and net tangible assets derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at, and for the last five years ended, March 31, 2015 are set forth below:

(₹ in million)

| Particulars | For the three- month period ended June 30, 2015 | | Fiscal | | | | | | | | | |
|-------------------------------------------------------------------------|-------------------------------------------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| | | | 2015 | | 2014 | | 2013 | | 2012 | | 2011 | |
| | | | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone |
| | Consolidated | Standalone | | | | | | | | | | |
| Net tangible assets, as restated | 2,652.25 | 2641.7 | 2,680.36 | 2,669.44 | 2,768.59 | 2,755.13 | 2,907.84 | 2,895.44 | 2,727.22 | 2,720.27 | 2,632.56 | 2,624.37 |
| Monetary assets, as restated | 130.60 | 126.08 | 68.48 | 67.02 | 143.93 | 143.56 | 60.78 | 59.77 | 58.17 | 57.7 | 62.36 | 60.6 |
| Monetary assets, as restated as a % of net tangible assets, as restated | 4.92 | 4.77 | 2.55 | 2.51 | 5.20 | 5.21 | 2.09 | 2.06 | 2.13 | 2.12 | 2.37 | 2.31 |
| Pre-tax operating profit, as restated | 131.49 | 135.4 | 489.18 | 499.50 | 462.42 | 469.08 | 380.77 | 390.94 | 439.15 | 456.43 | 365.70 | 392.35 |
| Net worth, as restated | 901.77 | 1034.88 | 761.84 | 891.44 | 671.39 | 792.65 | 604.73 | 721.14 | 581.09 | 689.73 | 478.44 | 571.41 |

Source: Restated Financial Statements

- Net tangible assets means the sum of all net assets of our Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
- Monetary assets include cash on hand, cheques in hand and balance with banks (including the deposits accounts and interest accrued thereon).
- 'Pre-tax operating profit', has been calculated as net profit before the aggregate of tax, extra-ordinary items, finance costs and other income.
- Net worth has been defined as the aggregate of equity share capital, securities premium and reserves and surplus (excluding revaluation reserves) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and debit balance of profit and loss account, if any.

Fiscal Years 2015, 2014 and 2012 were the three most profitable years out of the immediately preceding five Fiscal Years in terms of our Restated Consolidated Financial Statements.

Further, our Company will ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will not be less than 1,000 failing which the entire application monies will be refunded forthwith.

Our Company is in compliance with conditions specified in Regulation 4(2) of the SEBI ICDR Regulations to the extent applicable.

Disclaimer Clause of the SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA. THE SECURITIES AND EXCHANGE BOARD OF INDIA DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED AND CENTRUM CAPITAL LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, AND THE SELLING SHAREHOLDER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS OF THE STATEMENTS AND UNDERTAKINGS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THE SELLING SHAREHOLDER IN THE DRAFT RED HERRING PROSPECTUS ABOUT OR IN RELATION TO ITSELF AND THE EQUITY SHARES OFFERED BY IT IN THE OFFER, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPECTIVE RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 28, 2015 WHICH READS AS FOLLOWS:

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

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE OFFER;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDER, WE CONFIRM THAT:**
 - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE**

REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA, 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 OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, TO THE EXTENT NOT REPLACED BY THE COMPANIES ACT, 2013, THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE AND 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 SECURITIES AND EXCHANGE BOARD OF INDIA AND UNTIL DATE SUCH REGISTRATIONS ARE VALID;**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE;**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE 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 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 SECURITIES AND EXCHANGE BOARD OF INDIA, UNTIL 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 - COMPLIED WITH AND NOTED FOR COMPLIANCE;**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSES (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 OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA. 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, WITH THE PROCEEDS OF THE PUBLIC OFFER – NOT APPLICABLE;**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION**

OR OTHER CHARTER OF THE COMPANY, AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECTS CLAUSE OF ITS MEMORANDUM OF ASSOCIATION

- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER 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 OFFER, THE COMPANY AND THE SELLING SHAREHOLDER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.**
- 10. WE CERTIFY THAT 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. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER WILL BE ISSUED IN DEMATERIALIZED FORM ONLY;**
- 11. WE CERTIFY THAT ALL 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 COMPANY THAT AT ANY GIVEN TIME, THERE WILL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES; AND**
 - (B) AN UNDERTAKING FROM THE COMPANY THAT IT WILL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA 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 OFFER – NOTED FOR COMPLIANCE;**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, 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;**

16. **WE ENCLOSE A STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER), AS PER THE FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR;**
17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS.**

The filing of this Draft Red Herring Prospectus does not, however, absolve any person, other than the Selling Shareholder, who have authorized the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Offer. The SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

The filing of this Draft Red Herring Prospectus does not, however, absolve the Selling Shareholder from any liabilities to the extent of the statements specifically made by it in respect of itself and its proportion of the Equity Shares offered as part of the Offer, under Section 34 or Section 36 of the Companies Act, 2013.

All legal requirements pertaining to the Offer will be complied with at the time of filing of (i) the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013; and (ii) the Prospectus with the RoC in terms of Sections 26 and 32 of the Companies Act, 2013.

Price information of past issues handled by the BRLMs

1. Price information of past public issues handled by Motilal Oswal Investment Advisors Private Limited:

| S. No. | Issue Name | Issue Size (₹ in million) | Issue Price (₹) | Listing Date | Opening Price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|--------|--------------------------------------------|------------------------------|-----------------|--------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| 1. | Pennar Engineered Building Systems Limited | 1,561.87 | 178.00 | September 10, 2015 | 177.95 | -5.93% [5.16%] | -10.65% [-2.25%] | NA |
| 2. | Power Mech Projects Limited | 2,732.16 | 640.00 | August 26, 2015 | 600.00 | -9.36% [0.98%] | -0.82% [1.18%] | NA |

Source: www.nseindia.com

Notes:

- (i) The S&P CNX NIFTY is considered as the Benchmark Index.
(ii) Price on NSE is considered for all of the above calculations.

Summary statement of price information of past public issues handled by Motilal Oswal Investment Advisors Private Limited:

| Financial Year | Total no. of IPOs | Total funds raised (in ₹ million) | Nos. of IPOs trading at discount as on 30th calendar day from listing date | | | Nos. of IPOs trading at premium as on 30th calendar day from listing date | | | Nos. of IPOs trading at discount as on 180th calendar day from listing date | | | Nos. of IPOs trading at premium as on 180th calendar day from listing date | | |
|---------------------------------------------|-------------------|-----------------------------------|----------------------------------------------------------------------------|-----------------|---------------|---------------------------------------------------------------------------|---------------|---------------|-----------------------------------------------------------------------------|-----------------|---------------|----------------------------------------------------------------------------|-----------------|---------------|
| | | | Over 50% | Between 25%-50% | Less than 25% | Between 25%-50% | Less than 25% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% |
| April 1, 2015 – date of filing of this DRHP | 2 | 4,294.03 | NA | NA | 2 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 2014-2015 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA | NA | NA |
| 2013-2014 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | NA | NA | NA |

2. Price information of past public issues handled by Centrum Capital Limited:

| S. No. | Issue Name | Issue Size (₹ million.) | Issue Price (₹) | Listing Date | Opening Price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|--------|------------------------------|-------------------------|--------------------|---------------|-------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 1. | Adlabs Entertainment Limited | 3,745.94 | 180 ⁽¹⁾ | April 6, 2015 | 162.20 | -18.36%, [-3.87%] | -12.08%, [-2.02%] | -38.39%, [-8.19%] |

Source: www.nseindia.com

⁽¹⁾ In Adlabs Entertainment Limited, the issue price to retail individual investor was ₹168 per equity share after a discount of ₹12 per equity share. The Anchor Investor Issue price was ₹221 per equity share.

Notes:

- (i) Nifty 50 is considered as the Benchmark Index.
- (ii) Price on NSE is considered for all of the above calculations.
- (iii) Information provided to immediate prior trading date in case of holidays.

Summary statement of price information of past public issues handled by Centrum Capital Limited:

| Financial Year | Total no. of IPOs | Total funds raised (in ₹ million) | Nos. of IPOs trading at discount as on 30th calendar day from listing date | | | Nos. of IPOs trading at premium as on 30th calendar day from listing date | | | Nos. of IPOs trading at discount as on 180th calendar day from listing date | | | Nos. of IPOs trading at premium as on 180th calendar day from listing date | | |
|---------------------------------------------|-------------------|-----------------------------------|----------------------------------------------------------------------------|-----------------|---------------|---------------------------------------------------------------------------|-----------------|---------------|-----------------------------------------------------------------------------|-----------------|---------------|----------------------------------------------------------------------------|-----------------|---------------|
| | | | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% |
| April 1, 2015 – date of filing of this DRHP | 1 | 3,745.94 | - | - | 1 | - | - | - | - | 1 | - | - | - | - |
| 2014-2015 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2013-2014 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Track record of past issues handled by BRLMs

For details regarding the track record of the BRLMs, as specified in Circular (CIR/MIRSD/1/2012) dated January 10, 2012 issued by the SEBI, see the websites of the BRLMs, as set forth in the table below:

| S. No. | Name of BRLM | Website |
|--------|---------------------------------------------------|---------------------------------------------------------------------------------|
| 1. | Motilal Oswal Investment Advisors Private Limited | http://www.motilaloswalgroup.com |
| 2. | Centrum Capital Limited | http://www.centrum.co.in |

Caution - Disclaimer from our Company, the Selling Shareholder and the BRLMs

Our Company, our Directors and the BRLMs 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 our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.spapparels.com, or the respective websites of our Subsidiaries or our Group Entities, would be doing so at his or her own risk.

The Selling Shareholder accepts responsibility only for statements expressly made by it and included in this Draft Red Herring Prospectus in relation to itself and the Equity Shares offered by it in the Offer.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into among the Underwriters, our Company and the Selling Shareholder.

All information will be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None of our Company, our Directors, the Selling Shareholder or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Promoters, Promoter Group, Group Entities, the Selling Shareholder and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with or become customers or suppliers to our Company, the Promoters, Promoter Group, Group Entities, the Selling Shareholder and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to

hold and invest in shares, public financial institutions as specified under Section 2(72) of the Companies Act, 2013, permitted insurance companies and pension funds, insurance funds set-up and managed by the army and navy and insurance funds set-up and managed by the Department of Posts, India) and to eligible non-residents, including FIIs, AIF's, QIB's, Eligible NRIs and Eligible FPIs. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to or purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, 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 this Draft Red Herring Prospectus had been filed with the SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this 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 this Draft Red Herring Prospectus nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Subsidiaries 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 Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and applicable laws of the jurisdictions where such offers and sales occur.

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 applicable law.

Disclaimer Clause of the BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. The disclaimer clause as informed by the BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, will be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as informed by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, will be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the SEBI at the regional office situated at Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai 600 002, Tamil Nadu, India .

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with the RoC at the office of the Registrar of Companies, 683, Trichy Road, Singanallur, Coimbatore 641 005, Tamil Nadu, India.

Listing

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. The [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

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 and the Selling Shareholder will forthwith repay all moneys received from the applicants in pursuance of the Red Herring Prospectus as required by applicable law. Our Company will ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days of the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI. Further, the Selling Shareholder confirms that it will provide cooperation to our Company and the BRLMs, as may be reasonably required and necessary, for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed. If our Company does not allot Equity Shares pursuant to the Offer within 12 Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it will repay without interest all monies received from applicants, failing which interest will be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

Consents

Consents in writing of: (a) the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, the Chief Financial Officer, the Legal Advisors to our Company as to the Indian Law, the Bankers to our Company, lenders to our Company or the Subsidiaries (where such consent is required), and (b) the BRLMs, the Registrar to the Offer, the Syndicate Members, the Escrow Collection Banks, the Refund Banks and the Bankers to the Offer, if any, to act in their respective capacities, have been obtained/will be obtained prior to filing of the Red Herring Prospectus with the RoC and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013.

Our Company has received written consent from the Statutory Auditors namely, Deloitte Haskins & Sells, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Auditors on the Restated Consolidated Financial Statements and Restated Standalone Financial Statements, each dated December 17, 2015 and the statement of tax benefits dated December 28, 2015 included in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for filing with the SEBI.

Expert to the Offer

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors namely, Deloitte Haskins & Sells, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Auditors on the Restated Consolidated Financial Statements and Restated Standalone Financial Information, each dated December 17, 2015 and the statement of tax benefits dated December 28, 2015 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, such consent does not represent consent under any requirements of the Securities Act and the term “expert” will not be construed to mean an “expert” as defined under the Securities Act.

Offer Related Expenses

The expenses of the Offer include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. The details of the estimated Offer related expenses are set forth below:

(₹ in million)

| Activity | Estimated expenses* (in ₹ million) | As a % of the total estimated Offer related expenses | As a % of the total Offer size |
|-------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------|-----------------------------------|
| Fees and commission payable to the BRLMs(including selling and underwriting commission payable) | [●] | [●] | [●] |
| Brokerage and selling commission payable to Registered | [●] | [●] | [●] |

| Activity | Estimated expenses* (in ₹ million) | As a % of the total estimated Offer related expenses | As a % of the total Offer size |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------|-----------------------------------|
| Brokers ⁽¹⁾ | | | |
| Commission/Processing fees to SCSBs ⁽¹⁾ and Bankers to the Offer | [●] | [●] | [●] |
| Other advisors to the Issue (Legal Counsel(s), Registrar and others) | | | |
| Others | | | |
| <ul style="list-style-type: none"> • Listing fees, SEBI filing fees, book building software fees and • other fees payable to Stock Exchanges and SEBI • Printing and stationary • Advertising and marketing expenses • Miscellaneous | [●] | [●] | [●] |
| Total estimated Offer related expenses | [●] | [●] | [●] |

* Will be incorporated at the time of filing of the Prospectus.

⁽¹⁾ The SCSBs would be entitled to a processing fees of ₹[●] (excluding service tax) per Bid cum Application Form, for processing the Bid cum Application Forms procured by the members of the Syndicate or the Registered Brokers and submitted to the SCSBs. Disclosure of commission and processing fees will be incorporated at the time of filing the Red Herring Prospectus.

Upon completion of the Offer, all expenses (excluding listing fees which will be borne entirely by our Company) with respect to the Offer will be shared by our Company and the Selling Shareholder, in proportion to the Equity Shares being offered by each of them in the Offer. To the extent required under applicable law, any payments by our Company made on behalf of the Selling Shareholder will be reimbursed by the Selling Shareholder to our Company in proportion to the Equity Shares offered by it in the Offer.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expenses) will be as per the Syndicate Agreement, a copy of which will be available for inspection at the Registered Office.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing of applications, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as stated in the agreement dated December 24, 2015 among our Company, the Selling Shareholder and the Registrar to the Offer, a copy of which is available for inspection at the Registered Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment Advice by registered post/speed post.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is an initial public offering of our Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of our Company.

Particulars regarding Public or Rights Issues by our Company during the last Five Years

Our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in the section “*Capital Structure – Notes to Capital Structure – Issue of Equity Shares for Consideration other than Cash*” on page 64, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Previous capital issue during the previous three years by our Company, listed Group Entities and Subsidiaries of our Company

None of our Company, the Subsidiaries or Group Entities has made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. None of the Subsidiaries or the Group Entities is listed on any stock exchange.

Performance vis-à-vis objects – Public/Rights Issue of our Company and/or listed Group Entities, Subsidiaries and associate companies of our Company

Our Company has not undertaken any previous public or rights issue. None of the Subsidiaries or the Group Entities is listed on any stock exchange. Our Company does not name any associate company.

Outstanding Debentures or Bonds or Preference Shares other instruments

Except as disclosed in the section “*Capital Structure – Notes to Capital Structure*” on page 63, our Company does not have any outstanding debentures or bonds or preference shares or other instruments as of the date of this Draft Red Herring Prospectus.

Partly Paid-Up Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement among the Registrar to the Offer, our Company and the Selling Shareholder provides for the retention of records with the Registrar to the Offer for a period of at least three years from the last date of despatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the non-ASBA process may be addressed to the Registrar to the Offer, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, amount paid on application, date of Bid cum Application Form and the name and address of the Syndicate Member or the Registered Broker where the Bid cum Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant SCSB or the Syndicate Members at the Specified Locations or the Registered Broker with which the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked, date of Bid cum Application Form and the name and address of the Designated Branch or the collection centre of the SCSB or the Syndicate Member at the Specified Locations or the Registered Broker at the Broker Centres where the Bid cum Application Form was submitted.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor will also enclose the acknowledgment from the Registered Broker in addition to the documents/information mentioned hereinabove.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances will be ten Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has constituted a Stakeholders' Relationship Committee comprising Mr. V. Sakthivel, Mrs. S. Latha and Mr. S. Chenduran as members. For details, see the section "*Our Management – Corporate Governance – Committees of the Board*" on page 151.

Our Company has also appointed Ms. K. Vinodhini, Company Secretary of our Company, as the Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

Ms. K. Vinodhini
39-A, Extension Street, Kaikattipudur
Avinashi 641 654
Tirupur District
Tamil Nadu, India
Tel: +91 4296 304013
Fax: +91 4296 304280
E-mail: csoffice@s-p-apparels.com

Changes in Statutory Auditors

There have been no changes in our Company's statutory auditors during the three years preceding the date of this Draft Red Herring Prospectus.

Capitalization of Reserves or Profits

Our Company has not capitalized its reserves or profits at any time during the last five years except as stated in the section "*Capital Structure – Notes to Capital Structure*" on page 63.

Revaluation of Assets

Our Company has not re-valued its assets in the last five years.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered pursuant to the Offer will be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws, guidelines, rules, notifications and regulations relating to the issue and sale of capital, and listing and trading of securities issued from time to time by the SEBI, the Government, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of the Offer and to the extent applicable, or such other conditions as may be prescribed by the SEBI, the RBI and/or any other regulatory authorities while granting its approval for the Offer.

Ranking of Equity Shares

The Equity Shares that will be Allotted pursuant to the Offer will be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and will rank *pari passu* with the existing Equity Shares including rights in respect of dividend. The Allottees, upon Allotment of Equity Shares under the Offer, will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section “*Main Provisions of Articles of Association*” on page 381.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act and the Memorandum of Association and the Articles of Association and provisions of the Listing Regulations. For further details in relation to dividends, see the sections “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” on pages 165 and 381, respectively.

Face Value and Offer Price

The face value of the Equity Shares is ₹10 each and the Offer Price is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Price Band, any Retail Discount and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and will be advertised in [●] editions of English national newspaper [●], [●] editions of Hindi national newspaper [●] and [●] editions of Tamil newspaper (Tamil being the regional language of Tamil Nadu, where the Registered Office of our Company is located), each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and such advertisement will be made available to the Stock Exchanges for the purpose of uploading on their websites.

At any given point of time there will be only one denomination of the Equity Shares.

Compliance with the SEBI ICDR Regulations

Our Company shall comply with all disclosure and accounting norms as specified by the SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws and the Articles of Association, the Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;

- Right to vote on a poll either in person or by proxy or e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Regulations, the Memorandum of Association and the Articles of Association.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see the section “*Main Provisions of Articles of Association*” on page 381.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form. Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated April 19, 2007 among NSDL, our Company and the Registrar to the Offer; and
- Agreement dated December 21, 2015 among CDSL, our Company and the Registrar to the Offer.

Allotment in the Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

Nomination Facility to Investor

In accordance with Section 72 of the Companies Act, 2013, the sole Bidder, or the first Bidder, along with other joint Bidders, may nominate in the prescribed manner 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, will vest. Where a nomination made in the prescribed manner purports to confer on any person the right to vest the Equity Shares, the nominee shall, on the death of the holder of the Equity Shares, or as the case may be, on the death of the joint holders, become entitled to all the rights in the Equity Shares of the holder or, as the case may be, the joint holders, in relation to such Equity Shares to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. 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 minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form available on request at the Registered Office of our Company.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, interests, bonuses or other monies 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 Offer will be made only in dematerialized form, there is no requirement to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Offer equivalent to the minimum number of securities as specified under Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, as applicable, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company will pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law. To the extent required under applicable law, any payments by our Company made on behalf of the Selling Shareholder will be reimbursed by the Selling Shareholder to our Company in proportion to the Equity Shares offered by it in the Offer.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restrictions on Transfer and Transmission of Equity Shares

Except for the lock-in of the pre-Offer Equity Shares and the Anchor Investor lock-in as detailed in the section *“Capital Structure – Notes to Capital Structure – Details of Promoters’ Contribution and Lock-in”* on page 64, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. Further, there are no restrictions on transmission of Equity Shares and on their consolidation or split, except as provided in the Articles of Association. For further details, see the section *“Main Provisions of Articles of Association”* on page 381.

Option to receive Equity Shares in dematerialized form

Allotment of Equity Shares will only be in dematerialized form. The Equity Shares will be traded on the dematerialized segment of the Stock Exchanges.

OFFER STRUCTURE

Public Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including share premium of ₹[●] per Equity Share) aggregating up to ₹[●] million consisting of a Fresh issue of up to [●] Equity Shares aggregating up to ₹2,150 million by our Company and through an Offer For Sale of up to 900,000 Equity Shares aggregating up to ₹[●] million by the Selling Shareholder. The Offer will constitute [●]% of the fully-diluted post-Offer paid-up equity share capital of our Company.

The Offer is being made through the Book Building Process.

| | QIBs ⁽¹⁾ | Non-Institutional Investors | Retail Individual Investors |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of Equity Shares available for Allotment/allocation ⁽²⁾ | [●] Equity Shares | Not less than [●] Equity Shares available for allocation | Not less than [●] Equity Shares available for allocation |
| Percentage of Offer Size available for Allotment/allocation | Not more than 50% of the Offer size will be available for allocation to QIBs However, up to 5% of the net QIB Category (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Category | Not less than 15% of the Offer | Not less than 35% of the Offer |
| Basis of Allotment/allocation if respective category is oversubscribed | Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares will be available for allocation on a proportionate basis only to Mutual Funds; and (b) [●] Equity Shares will be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above | Proportionate | In the event, the Bids received from Retail Individual Investors exceeds [●] Equity Shares, then the maximum number of Retail Individual Investors who can be Allotted the minimum Bid lot will be computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Investors by the minimum Bid lot (“ Maximum RII Allottees ”) The Allotment to Retail Individual Investors will then be made in the following manner: <ul style="list-style-type: none"> In the event the number of Retail Individual Investors who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) Retail Individual Investors will be Allotted the minimum Bid lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Category will be Allotted on a proportionate basis to the Retail Individual Investors who have received Allotment as per (i) above for less than the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid lot). In the event the number of Retail Individual Investors |

| | QIBs ⁽¹⁾ | Non-Institutional Investors | Retail Individual Investors |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the Retail Individual Investors (in that category) who will then be Allotted minimum Bid lot will be determined on draw of lots basis. |
| Mode of Bidding | Through ASBA process only | Through ASBA process only | Through ASBA process or non-ASBA process |
| Minimum Bid | Such number of Equity Shares in multiples [●] Equity Shares so that the Bid Amount exceeds ₹200,000 | Such number of Equity Shares in multiples [●] Equity Shares so that the Bid Amount exceeds ₹200,000 | [●] Equity Shares |
| Maximum Bid | Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits | Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits | Such number of Equity Shares, whereby the Bid Amount does not exceed ₹200,000, net of Retail Discount |
| Mode of Allotment | Compulsorily in dematerialized form | Compulsorily in dematerialized form | Compulsorily in dematerialized form |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | [●] Equity Shares and in multiples of [●] Equity Shares thereafter |
| Allotment Lot | [●] Equity Shares and in multiples of one Equity Share thereafter | [●] Equity Shares and in multiples of one Equity Share thereafter | [●] Equity Shares and in multiples of one Equity Share thereafter |
| Trading Lot | One Equity Share | One Equity Share | One Equity Share |
| Who can Apply ⁽³⁾ | Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, Mutual Funds, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDA, provident fund (subject to applicable law) with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, in accordance with applicable law, National Investment Fund set-up by resolution no. F. No. 2/3/2005-DD11 dated November 23, 2005 of the Government of India, insurance funds set-up and managed by army, navy or air force of the Union of India and insurance funds set-up and managed by the Department of Posts, India | Resident Indian individuals, Eligible NRIs, HUFs (in the name of <i>Karta</i>), companies, corporate bodies, scientific institutions societies and trusts, Category III Foreign Portfolio Investors | Resident Indian individuals, Eligible NRIs and HUFs (in the name of <i>Karta</i>) |
| Terms of Payment ⁽⁴⁾ | Full Bid Amount will be payable at the time of submission of the Bid cum Application Form (including for Anchor Investors) ⁽⁵⁾ | Full Bid Amount will be payable at the time of submission of the Bid cum Application Form | Full Bid Amount will be payable at the time of submission of the Bid cum Application Form |

⁽¹⁾ Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. For details, see the section "Offer Procedure" on page 330.

- (2) *Subject to valid Bids being received at or above the Offer Price. In terms of Rule 19(2)(b)(i) of the SCRR, this is an Offer for at least 25% of the pre-Offer capital. The Offer is being made through the Book Building Process in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer will be Allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholder may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third is to be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Category will be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*
- (3) *In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.*
- (4) *In case of ASBA Bidders, the SCSB will be authorized to block such funds in the ASBA Account of the Bidder that are specified in the Bid cum Application Form.*
- (5) *Full Bid Amount will be payable by the Anchor Investors at the time of submission of the Bid cum Application Form. Any balance amount payable by the Anchor Investors, due to a difference between the Anchor Investor Offer Price and the Anchor Investor Allocation Price, will be payable by the Anchor Investors within two Working Days of the Bid/Offer Closing Date.*

Under-subscription, if any, in any category except the QIB Category, would be met with spill-over from other categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange.

Retail Discount

The Retail Discount, if any, will be offered to Retail Individual Investors at the time of making a Bid. Retail Individual Investors bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Retail Discount) at the time of making a Bid. Retail Individual Investors bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount, at the time of making a Bid. Retail Individual Investors must ensure that the Bid Amount does not exceed ₹200,000. See the section “Offer Procedure” on page 330.

Withdrawal of the Offer

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Offer for any reason at any time after the Bid/Offer Opening Date but before the Allotment of Equity Shares. In such an event our Company will issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by the SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed of such withdrawal.

If our Company and the Selling Shareholder, in consultation with the BRLMs, withdraw the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a fresh issue and/or offer for sale of Equity Shares, our Company shall file a fresh draft red herring prospectus with the SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/Offer Programme

| | |
|----------------------------|------------------------|
| BID/OFFER OPENS ON | ● [*] |
| BID/OFFER CLOSES ON | ● ^{**} |

- ^{*} Our Company and the Selling Shareholder may consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations.
- ^{**} Our Company and the Selling Shareholder may consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

An indicative timetable in respect of the Offer is set out below:

| Event | Indicative Date |
|-----------------------------------------------------------------------|-----------------|
| Finalization of Basis of Allotment with the Designated Stock Exchange | On or about ● |
| Initiation of refunds | On or about ● |
| Credit of Equity Shares to demat accounts of Allottees | On or about ● |
| Commencement of trading of the Equity Shares on the Stock Exchanges | On or about ● |

The above timetable is indicative and does not constitute any obligation on our Company or the Selling Shareholder or the BRLMs. While our Company will ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 12 Working Days of the Bid/Offer Closing Date, the timetable may change due to various factors, such as extension of the Bid/Offer Period, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholder confirms that it shall extend reasonable cooperation, in order to facilitate its respective portion of the Equity Shares offered as part of the Offer for Sale.

Except in relation to the Bids received from Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time, “IST”) during the Bid/Offer Period (except on the Bid/Offer Closing Date) at the Bidding centres mentioned on the Bid cum Application Form or in case of ASBA Bidders, at the Designated Branches, or by the members of the Syndicate at the Specified Locations or by the Registered Brokers at the Broker Centres.

On the Bid/Offer Closing Date, the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until (i) 4.00 p.m. (IST) in case of Bids by QIBs and Non-Institutional Investors, and (ii) until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges in case of Bids by Retail Individual Investors, after taking into account the total number of applications received up to the closure of timings for acceptance of Bid cum Application Forms and reported by the BRLMs to the Stock Exchanges.

On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Investors after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that the Bids not uploaded on the electronic bidding system would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (IST) on the Bid/Offer Closing Date. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only on Working Days. None of our Company, the Selling Shareholder or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Our Company and the Selling Shareholder in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price

and the Floor Price shall not be less than the face value of the Equity Shares. Any revision in Price Band will not exceed 20% on the either side, *i.e.*, the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of Price Band subject to the Bid/Offer Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the websites of the BRLMs and the terminals of the other members of the Syndicate Members and by intimation to SCSBs.

OFFER PROCEDURE

All Bidders should review the General Information Document for Investing in Public Issues issued by the SEBI pursuant to the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 (the “General Information Document”) included below under the section “- Part B – General Information Document”, which highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the SEBI FPI Regulations, to the extent applicable to a public offer. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Our Company, the Selling Shareholder and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Pursuant to the circular for streamlining the process of the public issue of Equity Shares and convertibles (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 (the “November 10 Circular”), the SEBI has outlined certain changes in the Offer Procedure for public issued opening on or after January 1, 2016. For details of changes, see section “Offer Procedure – Changes in the Offer Procedure by the SEBI” on page 340.

Part A

Book Building Procedure

The Offer is being made through the Book Building Process wherein not more than 50% of the Offer will be allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholder, in consultation with the BRLMs may, in consultation with the Selling Shareholder, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Category will be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

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

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

There is a common Bid cum Application Form for ASBA Bidders as well as for non-ASBA Bidders. Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLMs, the Syndicate Members, the Registered Brokers, the SCSBs and the Registered Office. An electronic copy of the Bid cum Application Form will also be available on the websites of the SCSBs, NSE (www.nseindia.com) and the BSE (www.bseindia.com) and the physical Bid cum Application Forms for Anchor Investors shall be made available at the offices of the BRLMs.

QIBs (other than Anchor Investors) and Non-Institutional Investors shall mandatorily participate in the Offer only through the ASBA process. Retail Individual Investors can participate in the Offer through the ASBA process as well as the non-ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

ASBA Bidders must provide bank account details in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected. In relation to non-ASBA Bidders, the bank account details shall be available from the depository account on the basis of the DP ID, Client ID and PAN provided by the non-ASBA Bidders in their Bid cum Application Form. Bidders are requested to note that refunds through the modes mentioned in this section shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of a member of the Syndicate or the Registered Broker or the SCSBs, as the case may be, submitted at the Bidding centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed color of the Bid cum Application Form for the various categories is as follows:

| Category | Color of Bid cum Application Form* |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis | White |
| Eligible NRIs, FPIs or FVCIs, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis | Blue |
| Anchor Investors ⁽²⁾ | ● |

⁽¹⁾ Excluding electronic Bid cum Application Form.

⁽²⁾ Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.

Who can Bid?

In addition to the categories of Bidders set forth under “– General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including,

- (i) Category III Foreign Portfolio Investors, which are foreign corporates or foreign individuals only under the Non-Institutional Investors (NIIs) category;
- (ii) Scientific institutions; and
- (iii) Any other person eligible to Bid in the Offer under the Applicable Laws.

Participation by associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in the Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may purchase the Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The BRLMs and any persons related to the BRLMs, or the Promoters and the Promoter Group cannot apply in the Offer under the Anchor Investor Portion (other than Mutual Funds sponsored by entities related to the BRLMs).

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, severally and not jointly reserve the right to reject any Bid without assigning any reason therefor. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

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

Bids by Eligible NRIs

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and bidding on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their NRE Account or FCNR Account, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form for Non-Residents (blue in color), accompanied by a bank certificate confirming that the payment has been made by debiting the NRE Account or FCNR Account, as the case may be. Payment for Bids by non-resident Bidder bidding on a repatriation basis will not be accepted out of NRO Accounts.

Eligible NRIs Bidding on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR Accounts as well as the NRO Account. Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for Residents (white in color).

Non ASBA Bids by NRIs shall be submitted only in the locations specified in the Bid cum Application Form.

Bids by FPIs (including FIIs and QFIs)

On January 7, 2014, the SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely, 'foreign institutional investors' and 'qualified foreign investors' will be subsumed under a new category namely, 'foreign portfolio investors' or 'FPIs'. On March 13, 2014, the RBI amended the FEMA Regulations and specified conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, any FII which holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration with the SEBI as an FII or sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a QFI which has not obtained a certificate of registration as an FPI could have only continued to buy, sell or otherwise deal in securities until January 6, 2015. Accordingly, QFIs which have not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in the Offer.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of the Equity Share capital of our Company. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the aggregate holdings of all FPIs put together may not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution adopted by the Board followed by a special resolution adopted by the Shareholders. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a

company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) will be included. Pursuant to an amendment to the Consolidated FDI Policy Circular of 2015, with effect from May 12, 2015, subject to certain provisions and exceptions, the sectoral caps for foreign investment in a company will be composite and include all types of foreign investment including FPIs and the aggregate foreign investment in such company (including the aggregate FPI holding) may not exceed the sectoral cap.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

Further, pursuant to a circular dated November 24, 2014 issued by the SEBI, FPIs are permitted to issue offshore derivative instruments only to subscribers that (i) meet the eligibility criteria set forth in Regulation 4 of the SEBI FPI Regulations; and (ii) do not have opaque structures, as defined under the SEBI FPI Regulations.

FPIs which wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in color). FPIs are required to Bid through the ASBA process to participate in the Offer.

Bids by SEBI-registered VCFs, AIFs and FVCIs

The SEBI VCF Regulations and the SEBI FVCI Regulations, *inter alia*, prescribe the investment restrictions on VCFs and FVCIs registered with the SEBI. Further, the SEBI AIF Regulations prescribe, *inter alia*, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with the SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the AIF Regulations.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder severally and not jointly reserve the right to reject any Bid without assigning any reason therefor.

Bids by banking companies

In case of Bids made by banking companies registered with the RBI, certified copies of: (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholder severally and not jointly reserve the right to reject any Bid without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the “**Banking Regulation Act**”), and the Master Circular – Para-banking Activities dated July 1, 2015 is 10% of the paid-up share capital of the investee company or 10% of the banks’ own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company’s paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder severally and not jointly reserve the right to reject any Bid without assigning any reason therefor.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- (a) equity shares of a company: the lower of 10% of the investee company’s outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of a general insurer or reinsurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer, or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (a), (b) and (c) above, as the case may be.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder severally and not jointly reserve the right to reject any Bid, without assigning any reason therefor.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Mutual Funds, Eligible FPIs, insurance companies and provident funds with a minimum corpus of ₹250 million and pension funds with a minimum corpus of ₹250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or

authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidder's depository account is active, as Allotment of the Equity Shares will be in the dematerialized form only;
5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a Syndicate Member or Registered Broker or SCSB (except in case of electronic forms).
6. With respect to the ASBA Bids, ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
7. QIBs (other than Anchor Investors) and the Non-Institutional Investors should submit their Bids through the ASBA process only;
8. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form and a Transaction Registration Slip ("TRS") for all your Bid options;
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs or the Registered Broker (at the Broker Centres);
11. Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form under non-ASBA process to the Syndicate or the Registered Brokers;
12. With respect to non-ASBA Bids, ensure that the full Bid Amount is paid for the Bids and with respect to ASBA Bids, ensure funds equivalent to the Bid Amount are blocked;
13. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process for any other purpose;
14. Submit revised Bids to the same member of the Syndicate, SCSB or Registered Broker, as applicable, through whom the original Bid was placed and obtain a revised TRS;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
16. Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
18. Ensure that the signature of the First Bidder, in case of joint Bids, is included in the Bid cum Application Forms;
19. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
20. Ensure that the category and sub-category is indicated;
21. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
22. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
23. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the electronic bidding of the Stock Exchanges by the Syndicate, the SCSBs or the Registered Brokers, as the case may be, match with the DP ID, Client ID and PAN available in the Depository database;
24. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the Syndicate Members, the SCSBs or the Registered Brokers, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
25. Ensure that you tick the correct investor category, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the online IPO system of the Stock Exchanges;
26. In relation to the ASBA Bids, ensure that you use the Bid cum Application Form bearing the stamp of the Syndicate (in the Specified Locations) and/or relevant SCSB and/or the Designated Branch and/or the Registered Broker at the Broker Centres (except in case of electronic forms);
27. Ensure that the Bid cum Application Form is delivered within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;

28. ASBA Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Locations and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>, updated from time to time). ASBA Bidders bidding through a Registered Broker should ensure that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms;
29. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
30. Ensure that the entire Bid Amount is paid at the time of submission of the Bid or in relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form;
31. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB or from the member of the Syndicate in the Specified Locations or from the Registered Broker at the Broker Centres, as the case may be, for the submission of your Bid cum Application Form; and
32. Bids on a repatriation basis shall be in the names of individuals, or in the name of Eligible NRIs, FIIs, FPIs, QFIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs and QFIs for a Bid Amount of up to ₹200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount of more than ₹200,000 would be considered under Non-Institutional Category for the purposes of allocation.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the 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 Syndicate, the SCSBs or the Registered Brokers, as applicable;
4. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
5. If you are an ASBA Bidder, the payment of the Bid Amount in any mode other than blocked amounts in the bank account maintained with an SCSB shall not be accepted under the ASBA process;
6. Do not send Bid cum Application Forms by post; instead submit the same to the Syndicate, the SCSBs or the Registered Brokers only;
7. Do not submit the Bid cum Application Forms to the Escrow Collection Bank(s) (assuming that such bank is not a SCSB), our Company, the Selling Shareholder or the Registrar to the Offer;
8. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the Syndicate, the Registered Brokers or the SCSBs;
9. Anchor Investors should not Bid through the ASBA process;
10. Do not Bid at Cut-off Price (if you are bidding under the category of QIBs or the Non-Institutional category);

11. Do not Bid for a Bid Amount exceeding ₹200,000 (if you are bidding under the Retail Category);
12. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
13. Do not submit the General Index Register number instead of the PAN;
14. In case you are a Bidder other than an ASBA Bidder, do not submit the Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
15. In case you are an ASBA Bidder, do not instruct your respective banks to release the funds blocked in the ASBA Account for any other purpose;
16. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
17. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
18. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
19. If you are a QIB, do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date for QIBs;
20. If you are a Non-Institutional Investor or Retail Individual Investor, do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date;
21. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872, as amended (other than minors having valid depository accounts as per Demographic Details provided by the Depositories);
22. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
23. In case of ASBA Bidders, do not submit more than five Bid cum Application Forms per ASBA Account;
24. Do not submit ASBA Bids to a member of the Syndicate at a location other than the Specified Locations or to the brokers other than the Registered Brokers at a location other than the Broker Centres;
25. Do not submit ASBA Bids to a member of the Syndicate in the Specified Locations unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Specified Location, for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>, updated from time to time); and
26. Do not submit ASBA Bids to a Registered Broker unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Registered Broker to deposit the Bid cum Application Forms.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment Instructions

In terms of the RBI circular (DPSS.CO.CHD.No./133/04.07.05/2013-14) dated July 16, 2013, non-CTS 2010 standard compliant cheques are processed in three CTS centres thrice a week until April 30, 2014, thereafter twice a week until October 31, 2014 and once a week from November 1, 2014 onwards. In order to enable listing and trading of Equity Shares within 12 Working Days of the Bid/Offer Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Bid/Offer Closing Date.

Payment into Escrow Account for non-ASBA Bidders

The payment instruments for payment into the Escrow Account should be drawn in favor of:

- (a) In case of resident Retail Individual Investors: “[●]”
- (b) In case of Non-Resident Retail Individual Investors: “[●]”

For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favor of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of [●] (English language), [●] editions of [●] (Hindi language) and [●] editions of [●] (Tamil language), each with wide circulation.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholder and the BRLMs intend to enter into an Underwriting Agreement after the finalization of the Offer Price.
- (b) After signing the Underwriting Agreement, our Company and the Selling Shareholder will update and file the updated Red Herring Prospectus with the RoC in accordance with applicable law, which then would be termed as the ‘Prospectus’. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Changes in Offer Procedure by the SEBI

The SEBI, in its Board meeting held on June 23, 2015 and pursuant to the November 10 Circular, has approved and outlined certain changes in the offer procedure for initial public offerings including reducing the time period for listing of securities from the existing requirement of 12 Working Days from the offer closing date to six Working Days from the offer closing date, making ASBA process mandatory for all investors, allowing registrar and share transfer agents and depository participants to accept application forms (both physical as well as online) and make bids on the stock exchange platform. These changes will be applicable for public issues which open on or after January 1, 2016. In the event that the Bid/Offer Opening Date for the Offer is proposed to be on or after January 1, 2016, then our Company will make suitable changes to the section “*Offer Procedure*” and other sections of the Red Herring Prospectus prior to filing with the SEBI and the RoC based on the mechanism and guidelines provided by the SEBI in this regard.

Undertakings by our Company and the Selling Shareholder

Our Company undertakes that:

- if our Company or the Selling Shareholder do not proceed with the Offer after the Bid/Offer Closing Date, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- if our Company or the Selling Shareholder withdraws the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with the RoC/SEBI, in the event our Company or any Selling Shareholder subsequently decides to proceed with the Offer;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- 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 will be taken within 12 Working Days of the Bid/Offer Closing Date;
- the Allotment letters will be issued or the application money will be refunded within 15 days from the Bid/Offer Closing Date or such lesser time as specified by the SEBI or else the application money will be refunded to the Bidders forthwith, failing which interest will be due to be paid to the Bidders at the rate of 15% per annum for the delayed period;
- the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company in proportion to the Equity Shares offered in the Offer;
- where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days from the Bid/Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- the certificates of the securities/refund orders to Eligible NRIs shall be despatched within specified time;

- except as disclosed in this Draft Red Herring Prospectus, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms under the ASBA process and to consider them similar to non-ASBA Bids while finalising the Basis of Allotment.

The Selling Shareholder undertakes that:

- the Equity Shares being sold by it in the Offer have been held by it for a period of not less than one year prior to the date of this Draft Red Herring Prospectus and are in dematerialized form;
- it has authorized the Compliance Officer and the Registrar to the Offer to redress complaints, if any, in relation to the Equity Shares held by it and being offered pursuant to the Offer, and shall extend reasonable cooperation to our Company and the BRLMs in this regard;
- the Equity Shares being sold by it in the Offer for Sale are free and clear of any pre-emptive rights, liens, mortgages, trusts, charges, pledges or any other encumbrances, or transfer restriction of any kind;
- it is the legal and beneficial owner of, and has clear and marketable title to, the Equity Shares being sold in the Offer for Sale;
- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges where listing is sought has been received; and
- it will take all such steps as may be required to ensure that the Equity Shares being offered by it in the Offer are available for transfer in the Offer within the time period specified under applicable law.

Utilization of Offer Proceeds

Our Company and the Selling Shareholder, declare that:

- all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013; and
- the Selling Shareholder will not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges have been obtained.

Part B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations, 2009**”).

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus (“**RHP**”) / Prospectus filed by the Issuer with the Registrar of Companies (“**RoC**”). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Issue and on the website of Securities and Exchange Board of India (“**SEBI**”) at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section “Glossary and Abbreviations”.

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 INITIAL PUBLIC OFFER (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 FURTHER PUBLIC OFFER (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 OTHER ELIGIBILITY REQUIREMENTS

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Rules, 1957 (the “**SCRR**”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 TYPES OF PUBLIC ISSUES – FIXED PRICE ISSUES AND BOOK BUILT ISSUES

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

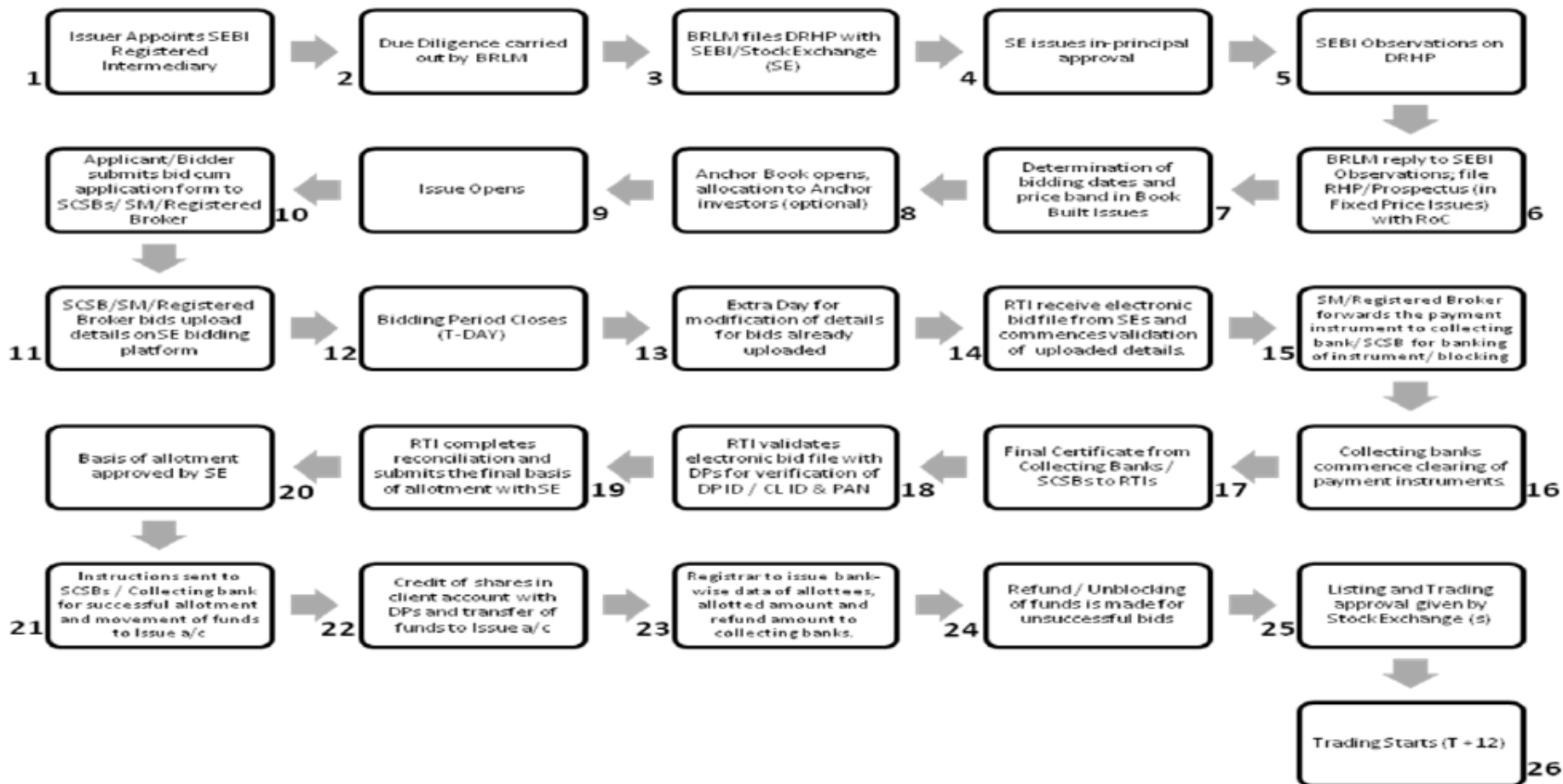
The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than 10 (ten) Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows.
Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
 - (i) Step 7 : Determination of Issue Date and Price
 - (ii) Step 10: Applicant submits ASBA Application Form with Designated Branch of SCSB and Non-ASBA forms directly to collection Bank and not to Broker.
 - (iii) Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform
 - (iv) Step 12: Issue period closes
 - (v) Step 15: Not Applicable



SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors, bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, bidding under the Non Institutional Investors (NIIs) category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be

available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

| Category | Color of the Bid cum Application Form |
|----------------------------------------------------------------------------------------------------|---------------------------------------|
| Resident Indian, Eligible NRIs applying on a non repatriation basis | White |
| NRIs, FVCIs, FPIs, on a repatriation basis | Blue |
| Anchor Investors (where applicable) & Bidders/Applicants bidding/applying in the reserved category | [As specified by the Issuer] |

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA **XYZ LIMITED - PUBLIC ISSUE - R** **FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS**

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE
IN

Bid cum Application
Form No.

| | | | |
|----------------------------------------|--|---------------------------------------|--|
| SYNDICATE MEMBER'S STAMP & CODE | | BROKER'S/AGENT'S STAMP & CODE | |
| ESCROW BANK / SCSB BRANCH STAMP & CODE | | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE | |
| BANK BRANCH SERIAL NO. | | REGISTRAR'S / SCSB SERIAL NO. | |

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms. _____

Address _____

Email _____

Tel. No (with STD code) / Mobile _____

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS

☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised) | Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | | | | "Cut-off" (Please tick) |
|---------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------|---------------|--------------------------|----------------------------|
| | | Bid Price | Discount, if any | Net Price | | |
| Option 1 | 7 6 5 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | <input type="checkbox"/> | |
| (OR) Option 2 | | | | | <input type="checkbox"/> | |
| (OR) Option 3 | | | | | <input type="checkbox"/> | |

5. Category

☐ Retail Individual

☐ Non-Institutional

☐ QIB

6. Investor Status

- ☐ Individual(s) - IND
- ☐ Hindu Undivided Family* - HUF
- ☐ Bodies Corporate - CO
- ☐ Banks & Financial Institutions - FI
- ☐ Mutual Funds - MF
- ☐ Non-Resident Indians - NRI (Non-Repatriation basis)
- ☐ National Investment Fund - NIF
- ☐ Insurance Funds - IF
- ☐ Insurance Companies - IC
- ☐ Venture Capital Funds - VC
- ☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS ☐ Full Payment ☐ Part Payment

Amount Paid (₹ in figures) _____ (₹ in words) _____

☐ (A) CHEQUE/ DEMAND DRAFT (DD)

Cheque/DD No. _____ Dated DD/MM/YYYY

Drawn on (Bank Name & Branch) _____

☐ (B) ASBA

Bank A/c No. _____

Bank Name & Branch _____

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFORM THE BIDDERS UNDERTAKING AS GIVEN OVER LEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT

Date: _____, 2011

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s)

(AS PER BANK RECORDS) (For ASBA option ONLY)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1) _____

2) _____

3) _____

BROKER'S / SCSB BRANCH'S STAMP

(Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED

Acknowledgement Slip
for Syndicate Member / SCSB

Bid cum
Application
Form No.

DPID / CLID _____ PAN _____

Amount Paid (₹ in figures) _____ Bank & Branch _____

Cheque / DD/ASBA Bank A/c No. _____

Received from Mr./Ms. _____

Telephone / Mobile _____ Email _____

Stamp & Signature of Banker

TEAR HERE

XYZ LIMITED

| | Option 1 | Option 2 | Option 3 |
|-------------------------------|----------|----------|----------|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Amount Paid (₹) | | | |
| Cheque / DD/ASBA Bank A/c No. | | | |
| Bank & Branch | | | |

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum
Application
Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA **XYZ LIMITED - PUBLIC ISSUE - NR** **FOR ELIGIBLE NRIs, FIIs, FVCI, ETC., APPLYING ON A REPATRIATION BASIS**

Logo To, **The Board of Directors** **XYZ Limited** **BOOK BUILDING ISSUE** **Bid cum Application Form No.** **INE523L01018**

| | | |
|---------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SYNDICATE MEMBER'S STAMP & CODE | BROKER'S/AGENT'S STAMP & CODE | 1. NAME & CONTACT DETAILS of Sole / First Applicant Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____ |
| ESCROW BANK / SCSB BRANCH STAMP & CODE | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE | |
| BANK BRANCH SERIAL NO. | REGISTRAR'S / SCSB SERIAL NO. | |

| | |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL | 6. Investor Status |
| For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID | <input type="checkbox"/> NRI Non-Resident Indian (Repatriation basis) <input type="checkbox"/> FII Foreign Institutional Investor <input type="checkbox"/> FVCI Foreign Venture Capital Investor <input type="checkbox"/> FIISA FII Sub Account Corporate / Individual <input type="checkbox"/> OTH Others (Please Specify) |

| 4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off") | | | | | | 5. Category | |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------|---------------|-------------------------|--------------------------|--------------------------|
| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised) | Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | | | | Retail Individual | Non-Institutional |
| | | Bid Price | Discount, if any | Net Price | "Cut-off" (Please tick) | | |
| Option 1 | 7 6 5 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | <input type="checkbox"/> | <input type="checkbox"/> |
| (OR) Option 2 | | | | | | <input type="checkbox"/> | <input type="checkbox"/> |
| (OR) Option 3 | | | | | | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------------------|--|
| 7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) | | PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment | |
| Amount Paid (₹ in figures) _____ (₹ in words) _____ | | | |
| <input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) Cheque/DD No. _____ Dated <u>DD</u> / <u>MM</u> / <u>YY</u> Drawn on (Bank Name & Branch) _____ | | <input type="checkbox"/> (B) ASBA Bank A/c No. _____ Bank Name & Branch _____ | |

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filing up the Bid Cum Application Form given overleaf.

| | | | |
|------------------------------------------------|------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------|
| 8A. SIGNATURE OF SOLE / FIRST APPLICANT | 8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY) | | BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system) |
| | I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue | | |
| | 1) _____ | | |
| | 2) _____ | | |
| Date : _____, 2011 | | 3) _____ | |

TEAR HERE

| | | | | | |
|-------------------------------|--|---------------------------------------------------------|--|-------------------------------------|--|
| XYZ LIMITED | | Acknowledgement Slip for Syndicate Member / SCSB | | Bid cum Application Form No. | |
| DPID / CLID | | PAN | | | |
| Amount Paid (₹ in figures) | | Bank & Branch | | Stamp & Signature of Banker | |
| Cheque / DD/ASBA Bank A/c No. | | | | | |
| Received from Mr./Ms. | | | | | |
| Telephone / Mobile | | Email | | | |

| | | | | |
|-------------------------------|----------------------|----------|----------------------------------------|---------------------------------------|
| XYZ LIMITED | TEAR HERE | | | Name of Sole / First Applicant |
| | Option 1 | Option 2 | Option 3 | |
| | No. of Equity Shares | | | |
| | Bid Price | | | |
| | Amount Paid (₹) | | | |
| Cheque / DD/ASBA Bank A/c No. | | | Acknowledgement Slip for Bidder | |
| Bank & Branch | | | | |
| | | | Bid cum Application Form No. | |

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications (including refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders/Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favor of the Bidder/Applicant whose name appears in the Bid cum Application Form/Application Form or the Revision Form and all communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 **FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT**

- (a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Please note that refunds on account of our Company not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))).
- (c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- (e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.

In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.
- (b) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at 'Cut-off Price'.
- (d) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

- (e) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- (g) A Bid cannot be submitted for more than the Issue size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))).

4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.
- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
 - i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
 - ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

- (c) The following Bids may not be treated as multiple Bids:
 - i. Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category.
 - ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
 - iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
 - iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS**

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.
- (d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

- (a) All Bidders are required to make payment of the full Bid Amount (net of any Discount, as applicable) along-with the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.
- (c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.
- (d) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft (“Non-ASBA Mechanism”).
- (e) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for non-ASBA Bidders:**

- (a) Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange. The details of Broker Centres along with names and contact details of the Registered Brokers are provided on the websites of the Stock Exchanges.
- (b) **For Bids made through a member of the Syndicate:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the members of the Syndicate at Specified Locations.
- (c) **For Bids made through a Registered Broker:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the Registered Broker.
- (d) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.
- (e) 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. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (f) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date.
- (g) Bidders are advised to provide the number of the Bid cum Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.1.7.2 **Payment instructions for ASBA Bidders**

- (a) ASBA Bidders may submit the Bid cum Application Form either

- i. in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account, or
 - ii. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
 - iii. in physical mode to a member of the Syndicate at the Specified Locations, or
 - iv. Registered Brokers of the Stock Exchange
- (b) ASBA Bidders may specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
 - (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
 - (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
 - (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
 - (f) **ASBA Bidders bidding through a member of the Syndicate** should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified locations. ASBA Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified locations may not be accepted by the Member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).
 - (g) **ASBA Bidders bidding through a Registered Broker** should note that Bid cum Application Forms submitted to the Registered Brokers may not be accepted by the Registered Broker, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms.
 - (h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
 - (i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
 - (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
 - (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

- (l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 12 Working Days of the Bid/Issue Closing Date.

4.1.7.3 Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 Discount (if applicable)

- (a) The Discount is stated in absolute Rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and Employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by a member of the Syndicate, Registered Broker or SCSB, as applicable, for submission of the Bid cum Application Form.
- (b) Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.
- (c) All communications in connection with Bids/Applications made in the Issue should be addressed as under:
 - i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.
 - ii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.
 - iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.
 - iv. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker
 - v. Bidder/Applicant may contact our Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.
- (d) The following details (as applicable) should be quoted while making any queries –
 - i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
 - ii. name and address of the member of the Syndicate, Registered Broker or the Designated Branch, as the case may be, where the Bid was submitted or

- iii. In case of Non-ASBA bids cheque or draft number and the name of the issuing bank thereof
- iv. In case of ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

- (a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) 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 Revision Form, which is a part of the Bid cum Application Form.
- (b) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

[Remainder of this page intentionally left blank]

A sample Revision form is reproduced below:

| | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------------------|--|
| COMMON BID REVISION FORM FOR ASBA / NON-ASBA | | XYZ LIMITED - PUBLIC ISSUE - R | | FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS | |
| Logo | | To, The Board of Directors XYZ Limited | | BOOK BUILDING ISSUE INE523L01018 | |
| | | | | Bid cum Application Form No. | |
| SYNDICATE MEMBERS STAMP & CODE | | BROKER'S/AGENTS STAMP & CODE | | 1. NAME & CONTACT DETAILS of Sole / First Applicant | |
| | | | | Mr. / Ms. _____ | |
| ESCROW BANK / SCSSB BRANCH STAMP & CODE | | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE | | Tel. No (with STD code) / Mobile _____ | |
| | | | | 2. PAN OF SOLE / FIRST APPLICANT | |
| BANK BRANCH SERIAL NO. | | REGISTRAR'S / SCSSB SERIAL NO. | | 3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL | |
| | | | | For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID | |
| PLEASE CHANGE MY BID | | | | | |
| 4. FROM (as per last Bid or Revision) | | | | | |
| Bid Options | | No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) | | Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | |
| | | 7 6 5 4 3 2 1 | | Bid Price Discount, if any Net Price "Cut-off" (Please tick) | |
| Option 1 | | | | | |
| (OR) Option 2 | | | | | |
| (OR) Option 3 | | | | | |
| 5. TO (Revised Bid) | | | | | |
| Bid Options | | No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) | | Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | |
| | | 7 6 5 4 3 2 1 | | Bid Price Discount, if any Net Price "Cut-off" (Please tick) | |
| Option 1 | | | | | |
| (OR) Option 2 | | | | | |
| (OR) Option 3 | | | | | |
| 6. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) | | | | | |
| PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment | | | | | |
| Additional Amount Paid (₹ in figures) _____ (₹ in words) _____ | | | | | |
| <input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) | | | | | |
| Cheque/DD No. _____ | | Dated DD/MM/YYYY | | <input type="checkbox"/> (B) ASBA | |
| Bank A/c No. _____ | | Bank Name & Branch _____ | | | |
| I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Revision Form given overleaf. | | | | | |
| 7A. SIGNATURE OF SOLE/ JOINT APPLICANT(S) | | 7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY) | | BROKER'S / SCSSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system) | |
| Date : _____, 2011 | | 1) _____ 2) _____ 3) _____ | | | |
| TEAR HERE | | | | | |
| XYZ LIMITED BID REVISION FORM | | Acknowledgement Slip for Syndicate Member / SCSSB | | Bid cum Application Form No. | |
| DPID / CLID | | PAN | | | |
| Additional Amount Paid (₹) | | Bank & Branch | | Stamp & Signature of Banker | |
| Cheque / DD/ASBA Bank A/c No. | | | | | |
| Received from Mr./Ms. | | Email | | | |
| Telephone / Mobile | | | | | |
| TEAR HERE | | | | | |
| XYZ LIMITED BID REVISION FORM | | Acknowledgement Slip for Bidder | | Bid cum Application Form No. | |
| No. of Equity Shares | | Option 1 Option 2 Option 3 | | Name of Sole / First Applicant | |
| Bid Price | | | | | |
| Additional Amount Paid (₹) | | | | | |
| Cheque / DD/ASBA Bank A/c No. | | | | | |
| Bank & Branch | | | | | |

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders or refunded from the Escrow Account in case of non-ASBA Bidder.

4.2.3 FIELD 6: PAYMENT DETAILS

- (a) With respect to the Bids, other than Bids submitted by ASBA Bidders/Applicants, any revision of the Bid should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the Bid.
- (b) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

- (c) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.
- (e) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant 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 may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- (f) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders/Applicants or refunded from the Escrow Account in case of non-ASBA Bidder/Applicant.

4.2.4 **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

- (a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter,

as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

- (e) An application cannot be submitted for more than the Issue size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
 - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.
 - ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
 - i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
 - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
 - iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5: CATEGORY OF APPLICANTS**

- (a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

- (a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- (b) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("**Non-ASBA Mechanism**").
- (c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

4.3.5.1 **Instructions for non-ASBA Applicants:**

- (a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).
- (b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).
- (c) If the cheque or demand draft accompanying the Application Form is not made favoring the Escrow Account, the form is liable to be rejected.
- (d) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.
- (f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.3.5.2 **Payment instructions for ASBA Applicants**

- (a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.
- (b) ASBA Applicants may specify the Bank Account number in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

- (d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) ASBA Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- (h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorised the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- (l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.3 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

4.3.5.4 Discount (if applicable)

- (a) The Discount is stated in absolute Rupee terms.
- (b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 **SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM**

4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

| Mode of Application | Submission of Bid cum Application Form | |
|----------------------|----------------------------------------|----------------------------------------------------------------------------------------------------|
| Non-ASBA Application | 1) | To members of the Syndicate at the Specified Locations mentioned in the Bid cum Application Form |
| | 2) | To Registered Brokers |
| ASBA Application | (a) | To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres |
| | (b) | To the Designated branches of the SCSBs where the ASBA Account is maintained |

- (a) Bidders/Applicants should not submit the bid cum application forms/ Revision Form directly to the escrow collection banks. Bid cum Application Form/ Revision Form submitted to the escrow collection banks are liable for rejection.
- (b) Bidders/Applicants should submit the Revision Form to the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid.
- (c) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorised the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- (d) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

- (a) During the Bid/Issue Period, ASBA Bidders/Applicants may approach the members of the Syndicate at the Specified Cities or any of the Registered Brokers or the Designated Branches to register their Bids. Non-ASBA Bidders/Applicants who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or any of the Registered Brokers, to register their Bid.
- (b) Non-ASBA Bidders/Applicants (RIIs, Employees and Retail Individual Shareholders) bidding at Cut-off Price may submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount less discount (if applicable) based on the Cap Price with the members of the Syndicate/ any of the Registered Brokers to register their Bid.
- (c) In case of ASBA Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the ASBA Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable). ASBA Bidders/Applicants may approach the members of the Syndicate or any of the Registered Brokers or the Designated Branches to register their Bids.
- (d) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

- (a) The Syndicate, the Registered Brokers and the SCSBs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, the Registered Brokers and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Issue Closing Date, the Syndicate, the Registered Broker and the Designated Branches of the SCSBs may upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The members of the Syndicate, the Registered Brokers and the SCSBs are given up to one day after the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

- (a) Bids received from various Bidders/Applicants through the Syndicate, Registered Brokers and the SCSBs may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Issue Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/Issue Period.

5.4 WITHDRAWAL OF BIDS

- (a) RIIs can withdraw their Bids until finalization of Basis of Allotment. In case a RII applying through the ASBA process wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned SCSB or the Syndicate Member or

the Registered Broker, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

- (b) In case a RII wishes to withdraw the Bid after the Bid/Issue Period, the same can be done by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

- (a) The members of the Syndicate, the Registered Broker and/or SCSBs are individually responsible for the acts, mistakes or errors or omission in relation to
 - i. the Bids accepted by the members of the Syndicate, the Registered Broker and the SCSBs,
 - ii. the Bids uploaded by the members of the Syndicate, the Registered Broker and the SCSBs,
 - iii. the Bid cum application forms accepted but not uploaded by the members of the Syndicate, the Registered Broker and the SCSBs, or
 - iv. With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the (i) authorised agents of the BRLMs, (ii) Registered Brokers, or (iii) SCSBs, or (iv) Collection Bank(s), or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various places in this GID:-

- (a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids/Applications by OCBs; and

- (c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;
- (e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (g) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;
- (h) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (k) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- (l) Bids/Applications at Cut-off Price by NIIs and QIBs;
- (m) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids/Applications by ASBA Bidders, the amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (o) In relation to ASBA Bids/Applications, submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;
- (p) Bids/Applications for a Bid/Application Amount of more than ₹200,000 by RIIs by applying through non-ASBA process;
- (q) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- (r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (s) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

- (t) With respect to ASBA Bids/Applications, inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;
- (u) Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- (v) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;
- (w) Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);
- (x) ASBA Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;
- (y) Bids/Applications not uploaded on the terminals of the Stock Exchanges; and
- (z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

Bids/Applications to bear the stamp of the Syndicate members or SCSBs.

5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.
- (b) Under-subscription in Retail Category is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.
- (c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20 to ₹24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

| <u>Bid Quantity</u> | <u>Bid Amount (₹)</u> | <u>Cumulative Quantity</u> | <u>Subscription</u> |
|---------------------|-----------------------|----------------------------|---------------------|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 2,500 | 20 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below ₹22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding (“Alternate Book Building Process”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Syndicate Members/SCSB and/or Bankers to the Issue or Registered Broker.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received

above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

- (b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer subject to compliance with the following requirements:
- i. not more than 60% of the QIB Category will be allocated to Anchor Investors;
 - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
 - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
 - ☐ a maximum number of two Anchor Investors for allocation up to ₹10 crores;
 - ☐ a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹10 crores and up to ₹250 crores subject to minimum allotment of ₹5 crores per such Anchor Investor; and
 - ☐ a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹250 crores subject to minimum allotment of ₹5 crores per such Anchor Investor.
- (b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and
- (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 may be first adjusted against any other category, where the Allotted 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 may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within 12 Working Days of

the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Bid/Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

Any failure by the Issuer to make an application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares in accordance with Section 40 of the Companies Act, 2013 shall be punishable in accordance therewith.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not repaid within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as prescribed, and as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, without interest refund the entire subscription amount received within 15 days of the Bid/Issue Closing Date. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount, then every director of the Issuer who is an officer in default may, on and from such expiry of 15 days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

- (a) **In case of ASBA Bids/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.
- (b) **In case of Non-ASBA Bid/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Bidders/Applicants and also for any excess amount paid on Bidding/Application, after adjusting for allocation/ allotment to Bidders/Applicants.
- (c) In case of non-ASBA Bidders/Applicants, the Registrar to the Issue may obtain from the depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders/Applicants in their Bid cum Application Forms for refunds. Accordingly, Bidders/Applicants are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Bidders/Applicants' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Bidders/Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.
- (d) In the case of Bids from Eligible NRIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may 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 may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants

The payment of refund, if any, may be done through various modes as mentioned below:

- (a) **NECS** - Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;
- (b) **NEFT** - Payment of refund may be undertaken through NEFT wherever the branch of the Bidders/Applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Bidders/Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants through this method. In the event NEFT is not

operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

- (c) **Direct Credit** - Bidders/Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- (d) **RTGS** - Bidders/Applicants having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and
- (e) For all the other Bidders/Applicants, including Bidders/Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. Refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc Bidders/Applicants may refer to RHP/Prospectus.

8.3.2 Mode of making refunds for ASBA Bidders/Applicants

In case of ASBA Bidders/Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working Days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

| Term | Description |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Allotment/ Allot/ Allotted | The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants |
| Allottee | An Bidder/Applicant to whom the Equity Shares are Allotted |
| Allotment Advice | Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009. |
| Anchor Investor Portion | Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors |
| Application Form | The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue |

| Term | Description |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Application Supported by Blocked Amount/ (ASBA)/ASBA | An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB |
| ASBA Account | Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant |
| ASBA Bid | A Bid made by an ASBA Bidder |
| ASBA Bidder/Applicant | Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA |
| Banker(s) to the Issue/ Escrow Collection Bank(s)/ Collecting Banker | The banks which are clearing members and registered with SEBI as Banker to the Issue with which the Escrow Account(s) may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer |
| Basis of Allotment | The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue |
| Bid | An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application |
| Bid /Issue Closing Date | The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Closing Date |
| Bid/Issue Opening Date | The date on which the Syndicate and the SCSBs may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date |
| Bid/Issue Period | Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount |
| Bid cum Application Form | The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form |
| Bidder/Applicant | Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant |
| Book Built Process/ Book Building Process/Book Building Method | The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made |
| Broker Centres | Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges. |
| BRLM(s)/ Book Running Lead Manager(s)/Lead Manager/ LM | The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM |
| Business Day | Monday to Friday (except public holidays) |
| CAN/Confirmation of Allotment | The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange |
| Cap Price | The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted |
| Client ID | Client Identification Number maintained with one of the Depositories in relation to demat account |
| Cut-off Price | Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price |
| DP | Depository Participant |

| Term | Description |
|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DP ID | Depository Participant's Identification Number |
| Depositories | National Securities Depository Limited and Central Depository Services (India) Limited |
| Demographic Details | Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details |
| Designated Branches | Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| Designated Date | The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale |
| Designated Stock Exchange | The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer |
| Discount | Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009. |
| Draft Prospectus | The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band |
| Employees | Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus |
| Equity Shares | Equity shares of the Issuer |
| Escrow Account | Account opened with the Escrow Collection Bank(s) and in whose favor the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid |
| Escrow Agreement | Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof |
| Escrow Collection Bank(s) | Refer to definition of Banker(s) to the Issue |
| FCNR Account | Foreign Currency Non-Resident Account |
| First Bidder/Applicant | The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form |
| FII(s) | Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India |
| Fixed Price Issue/ Fixed Price Process/Fixed Price Method | The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made |
| Floor Price | The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto |
| FPIs | Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| FPO | Further public offering |
| Foreign Venture Capital Investors or FVCIs | Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000 |
| IPO | Initial public offering |
| Issue | Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable |
| Issuer/ Company | The Issuer proposing the initial public offering/further public offering as applicable |
| Issue Price | The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s) |
| Maximum RII Allottees | The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot. |
| MICR | Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf |
| Mutual Fund | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996 |
| Mutual Funds Portion | 5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Fund Transfer |
| NRE Account | Non-Resident External Account |
| NRI | NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the |

| Term | Description |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares |
| NRO Account | Non-Resident Ordinary Account |
| Net Issue | The Issue less reservation portion |
| Non-Institutional Investors or NIIs | All Bidders/Applicants, including FPIs which are Category III foreign portfolio investors registered with SEBI that are not QIBs or RIIs and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Category | The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form |
| Non-Resident | A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI |
| OCB/Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA |
| Offer for Sale | Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder |
| Other Investors | Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for. |
| PAN | Permanent Account Number allotted under the Income Tax Act, 1961 |
| Price Band | Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation |
| Pricing Date | The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price |
| Prospectus | The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information |
| Public Issue Account | An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date |
| QFIs | Qualified Foreign Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| QIB Category | The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis |
| Qualified Institutional Buyers or QIBs | As defined under SEBI ICDR Regulations, 2009 |
| RTGS | Real Time Gross Settlement |
| Red Herring Prospectus/ RHP | The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus |
| Refund Account(s) | The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made |
| Refund Bank(s) | Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer |
| Refunds through electronic transfer of funds | Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable |
| Registered Broker | Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate |
| Registrar to the Issue/RTI | The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form |
| Reserved Category/ Categories | Categories of persons eligible for making application/bidding under reservation portion |
| Reservation Portion | The portion of the Issue reserved for category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009 |
| Retail Individual Investors / RIIs | Investors who applies or bids for a value of not more than ₹200,000. |
| Retail Individual Shareholders | Shareholders of a listed Issuer who applies or bids for a value of not more than ₹200,000. |
| Retail Category | The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not |

| Term | Description |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis. |
| Revision Form | The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s) |
| RoC | The Registrar of Companies |
| SEBI | The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 |
| SEBI ICDR Regulations, 2009 | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 |
| Self Certified Syndicate Bank(s) or SCSB(s) | A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| Specified Locations | Refer to definition of Broker Centers |
| Stock Exchanges/ SE | The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed |
| Syndicate | The Book Running Lead Manager(s) and the Syndicate Member |
| Syndicate Agreement | The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Issue (excluding Bids from ASBA Bidders/Applicants) |
| Syndicate Member(s)/SM | The Syndicate Member(s) as disclosed in the RHP/Prospectus |
| Underwriters | The Book Running Lead Manager(s) and the Syndicate Member(s) |
| Underwriting Agreement | The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date |
| Working Day | All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India |

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association are detailed below. Capitalized terms used in this section have the meaning given to them in the Articles of Association. Each provision below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

The Articles of Association comprise two parts, Part A and Part B. In case of inconsistency or conflict between Part A and Part B, the provisions of Part B shall be applicable; however, Part B shall stand deleted, not have any force and be deemed to be removed from the Articles of Association upon the listing of the Equity Shares on any of the Stock Exchanges without any further action by our Company or the Shareholders. Set forth below are the main provisions of the Articles of Association as contained in Part A.

PART A

Article

IV. SHARES

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| <i>Authorized Share Capital</i> | 4(a) | The Authorized Share Capital of the Company is as stated in Clause V of the Memorandum with the rights, privileges and conditions attached thereto as are provided by the Articles for the time being. The Company shall have power to increase, reduce, consolidate, sub-divide or otherwise alter the Share Capital and to divide the Shares in the Share Capital for the time being into several classes and to attach thereof respectively such preferential or other rights, privileges and conditions in such manner as may be permitted by the Act or provided by the Articles of the Company for the time being. |
| <i>Power to issue redeemable preference shares</i> | 4(b) | Subject to the provisions of these Articles and of the Act, the Company shall have power to issue preference Shares which may, at the option of the Company, be liable to be redeemed out of the profits or out of the proceeds of a fresh issue of Shares made for the purposes of such redemption. The Board may, subject to the provisions of Section 55 of the Act and the Companies (Share Capital and Debenture) Rules, 2014, exercise such power in such manner as it may think fit. |
| | 4(c) | In respect of terms of issue of Shares the provisions of Articles 53, 54, 55, 56 and 57 shall apply. |
| <i>Dematerialization of shares</i> | 4(d) | The Company shall be entitled to dematerialize all or any of its existing securities, rematerialize all or any of its securities held in the Depositories and /or to offer its fresh Shares or buyback its Shares in a dematerialized form pursuant to the Depositories Act and the relevant Rules, if any. |
| <i>Option for Investors</i> | 4(e) | Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. |
| | 4(f) | If a person opts to hold his security with a Depository, the Company shall intimate such Depository about the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security. |

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| <i>Securities in Depositories to be in fungible form</i> | 4(g) | All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 88, 89 and 186 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner. |
| <i>Rights of Depositories and Beneficial Owners</i> | 4(h) | 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 owners. |
| | 4(i) | Save as otherwise provided in (h) 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 |
| <i>Shares under control of Board</i> | 5 | Subject to these Articles and the provisions of the Act, the Shares of the Company whenever issued shall be under the control and the disposal of the Board who may issue, allot or otherwise dispose of the Shares or any of them to such Persons, in such proportion, on such terms and conditions and at such times and at par or at a premium or subject to compliance with Section 53 of the Act at a discount as they may, from time to time, think fit and proper. and may also issue and allot Shares in the capital of the Company in payment or part payment for any property or assets sold or transferred to or for services rendered to the Company in or about the conduct of its business and the Shares which may be so allotted may be issued as fully paid-up Shares and if so issued shall be deemed to be fully paid-up Shares, provided that option or right to call Shares shall not be given to any Person or Persons without the sanction of the Company in a general meeting. |
| <i>Power to issue shares</i> | 6 | The Company may, subject to the Act, issue any part or parts of the unissued Shares (either equity or preference carrying a right to redemption out of the profits or liable to be so redeemed at the option of the Company) upon such terms and conditions and with such rights and privileges annexed thereto as the Board at their discretion may think fit and proper. Subject to the provisions of the Act and the Rules, in particular, the Board may issue such Shares with such preferential or qualifying rights to dividends and for the distribution of the assets of the Company as the Board may, subject to the aforesaid sections, determine from time to time. |
| <i>Powers to pay commission in connection with securities issued</i> | 7 | The Company may exercise the power of paying commission conferred by Section 40(6) of the Act along with Rules thereof and in such case shall comply with the requirements of that section and the Rules. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in one way and partly in the other. The Company may also on any issue of Shares or debentures pay such brokerage as may be lawful. |
| <i>Instalment of shares to be duly paid</i> | 8 | If, by the conditions of allotment of any Share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the Person who, for the time being, shall be the registered holder of the Share or by his executor or administrator. |

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| <i>Liability of joint-holders of shares</i> | 9 | The joint-holders of a Share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such Share. |
| <i>Who may be registered</i> | 11 | Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint-holders of any share. |
| <i>Company not to purchase its own shares</i> | 12 | Save as permitted by Section 67 of the Act, the funds of the Company shall not be employed in the purchase of security, Shares in the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for Shares in the Company or shares of any company of which it may, for the time being, be a subsidiary. The Articles shall not be deemed to affect the power of the Company to enforce repayment of loans to Members or to exercise a lien conferred by Article 31. |
| <i>Purchase of own shares</i> | 13 | Subject to the provisions of Sections 68 to 70 and all other applicable provisions of the Act and subject to such approvals, permissions, consents and sanctions from the concerned authorities and departments, including the Securities and Exchange Board of India and the Reserve Bank of India, if necessary, the Company may, by adopting a special resolution at a general meeting, purchase its own Shares or other specified securities (hereinafter referred to as 'buyback') from its existing shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities issued to the employees of the Company pursuant to a scheme of stock options or sweat equity, from (i) out of its free reserves, (ii) out of the securities premium account of the Company, (iii) out of proceeds of any issue made by the Company specifically for the purpose, or (iv) on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the securities so bought back shall not exceed such number as may be prescribed under the Act or Rules made from time to time. |

V. SHARE CERTIFICATES

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| <i>Authority to issue share certificates</i> | 14(i) | Subject to the provisions of the Act and the Companies (Share Capital and Debentures) Rules, 2014 or any statutory modification or re-enactment thereof; the certificates of title to Share and duplicate thereof when necessary shall be issued as may be approved by the Board or any Committee thereof. |
| <i>Members right to certificate</i> | 14(ii) | Every Member shall be entitled free of charge to one certificate for all the Shares of each class registered in his name or if the Board so approves to several certificates each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Such certificate shall be issued in accordance with the provisions of the Act and Rules. |
| <i>Issue of new certificate in place of</i> | 14(iii) | If any share certificate is worn out, defaced, mutilated or torn or if there is no further space on the back thereof for endorsement of transfer or in case of |

Article

one defaced, lost or destroyed.

sub-division or consolidation of Shares, then upon production and surrender thereof to the Company, a new share certificate may be issued in lieu thereof, and if any share certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new share certificate in lieu thereof shall be given to the party entitled to such lost or destroyed share certificate. Every share certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding Rs. 50) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares. Notwithstanding the foregoing provisions of this Article, the Board shall comply with applicable law including the rules or regulations or requirements of any stock exchange, the Rules and the rules made under the Securities Contracts (Regulation) Act, 1956, or any statutory modification or re-enactment thereof, for the time being in force.

VI. CALLS

Board may make calls

15

The Board may, from time to time, subject to the sanction of shareholders and subject to the terms on which any Shares may have been issued and subject to the provisions of Section 49 of the Act, make such calls as the Board thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each Member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board.

Notice of call

16

Notice of any call as may be prescribed shall be given specifying the time and place of payment and to whom such call be paid.

Payment of interest on call

17(i)

If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the Share for which the call shall have been made or the instalment shall be due, shall pay interest for the same at maximum rate, as prescribed in the Act or Rules or under any other law for the time being in force, from day appointed for the payment thereof to the time of the actual payment or at such lower rate as the Board may determine.

Board may waive interest

17(ii)

The Board shall be at liberty to waive payment of any such interest either wholly or in part.

Amount payable at fixed times or payable in instalments on calls

18

If, by the terms of any Share or otherwise, any amount is made payable upon allotment or at any fixed time or by instalments at fixed times, whether on account of the amount of the Share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.

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| <i>Evidence in action by Company against shareholders</i> | 19 | 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 Share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register as a holder, or one of the holders of the number of Shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt. |
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| <i>Payment of calls in advance</i> | 20 | The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the money due upon the Share held by him beyond the sums actually called for and upon the money so paid or satisfied in advance, or so in respect thereof as from time to time exceeds the amount of the calls then made upon the Share in respect of which such advance has been made, the Company may pay interest at such rate as may be fixed by the Board. Money so paid in advance of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such a Member not less than three (3) month's notice in writing. The Member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. |
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| <i>Revocation or postponement of call</i> | 21 | A call may be revoked or postponed at the discretion of the Board |
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VII. FORFEITURE

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| <i>If call or instalment not paid notice may be given</i> | 22 | If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of such call or instalment, the Board may, at any time, during such time as the call or instalment remains unpaid, serve notice on such Member requiring him to pay such call or instalment, 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. |
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| <i>Form of notice</i> | 23 | The notice shall name a day in accordance with the Act and the place or places on and at which such call or instalment and such interest and expenses 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 instalment is payable will be liable to be forfeited. |
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| <i>In default of compliance with notice, shares to be forfeited</i> | 24 | If the requirements of any such notice as aforesaid not be complied with, any Share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. |
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| <i>Entry of forfeiture in register of members</i> | 25 | 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 |
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Article

by an omission or neglect to give such notice or to make such entry as aforesaid.

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| <i>Forfeited shares may be sold, etc</i> | 26 | Any Share so forfeited shall be deemed to be the property of the Company and the Board may sell, re- allot or otherwise dispose of such forfeited Share in such manner as it thinks fit. |
| <i>Cancellation of forfeiture</i> | 27 | The Board may, at any time before any Shares so forfeited shall have been sold, re-allotted or otherwise disposed off, cancel the forfeiture thereof upon such conditions as it thinks fit. |
| <i>Shareholders still liable to pay money owing at the time of forfeiture</i> | 28 | A Person whose Share has been forfeited shall cease to be a Member in respect of such Share, but shall, notwithstanding the forfeiture, remain liable to pay and shall forthwith pay to the Company, all calls or all instalments, interest and expenses, owing upon or in respect of such Share, at the time of the forfeiture, together with interest thereon, from the due date to the time of actual payment at such rate as may be fixed by the Board and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the Shares at the time of forfeiture, but shall not be under an obligation to do so. |
| <i>Evidence of forfeiture</i> | 29 | A duly verified declaration in writing that, the declarant is a Director, Manager or Secretary of the Company and has been authorized by a Board resolution to act as declarant 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 disposition thereof shall constitute a good title to such Shares and the Person to whom any such Share is sold shall be registered as the holder of such Share and shall not be bound to see the application of purchase money, nor shall his title to such Share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposal. |
| <i>Forfeiture provisions to apply to non-payment in terms of issue</i> | 30 | The provisions of Articles 22 to 29 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of Share, becomes payable at a fixed time, whether on account of the nominal value of a Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified. |

VIII. LIEN

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| <i>Company's lien on shares</i> | 31 | The Company shall have a first and paramount lien upon every Share not being fully paid-up, registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys (whether presently payable or not) called or payable at a fixed time in respect of such Share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect. Fully paid-up Shares shall be free from all liens. |
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| <i>Lien to extend to dividends, etc.</i> | 31 | Such lien shall extend to all dividends from time to time declared in respect of such Share subject to the provisions of Section 124 of the Act and also to bonus declared on the Shares. |
| <i>Waiver of lien in case of registration</i> | 31 | Unless otherwise agreed, the registration of a transfer of a Share shall operate as waiver of the Company's lien if any, on such Share |
| <i>As to enforcing lien by sale</i> | 32 | For the purpose of enforcing such lien, the Board may sell the Share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such a Member, his executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such Share for such prescribed period after the date of such notice. |
| <i>Application of proceeds of sale</i> | 33 | The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Share before the sale) be paid to the Persons entitled to the Share at the date of this sale. |
| <i>Validity of sale</i> | 34 | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some persons to execute an instrument of transfer of the Share sold and cause the purchaser's name to be entered in the Register in respect of the Share sold and the purchaser shall not be bound to see 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 Share 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. |

IX. TRANSFER AND TRANSMISSION

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| <i>Instrument of transfer</i> | 36 | The instrument of transfer shall be in writing and all the provisions of Section 56 of the Act and the Companies (Share Capital and Debentures) Rules, 2014, shall be duly complied with in respect of all transfers of Shares and the registration thereof. |
| <i>Application by transferor</i> | 38 | Application for the registration of the transfer of a Share may be made either by the transferor or the transferee, provided that where such application is made by the transferor no registration shall, in the case of a partly paid Share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 56 of the Act and the Companies (Share Capital and Debentures) Rules 2014 and subject to provisions of these Articles the Company shall, unless objection is made by the transferee within specified time, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee. |
| <i>Form of transfer</i> | 39 | The instrument of transfer shall be in the form prescribed by the Act and the Companies (Share Capital and Debentures) Rules, 2014. A common form of transfer shall be used in case of transfer of Shares |

| Article | | |
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| <i>Board may refuse to register transfer</i> | 41 | Subject to the provisions of these Articles, and of Section 58 or any other applicable provisions of the Act and Listing Obligations Regulations or any other applicable provisions of any other law for the time being in force or any statutory modification(s), the Board, may on sufficient cause, refuse to register any transfer of Shares or the transmission of Shares by operation of law of the right to a Share. 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. |
| <i>No transfer to a person of unsound mind etc.</i> | 42 | No transfer shall be made to a person of unsound mind and no transfer of partly paid Shares shall be made to a minor. |
| <i>Notice of refusal to register transfer</i> | 44 | If the Board refuses, whether in pursuance of Article 41 or otherwise, to register the transfer of, or the transmission by operation of law of the right to any Share, the Company shall, within the time prescribed by the Act, Rules or Listing Obligations Regulations send the transferee and transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal. |
| <i>No Fee on registration of transfer</i> | 45 | No fee shall be payable to the Company in respect of transfer or transmission of any Shares in the Company, probate, succession certificate, letters of administration, certificate of death or marriage, power of attorney or similar other document. |
| <i>Transmission of registered shares</i> | 46 | The executor or administrator of a deceased Member (not being one of several joint-holders) shall be the only person recognized by the Company as having any title to the Shares registered in the name of such Member and in case of the death of any or more of the joint-holders of any registered Share, the survivor shall be the only person 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 joint- holder from any liability on the Share held by him jointly with any other person. In case of death of the survivor, provisions of Section 72 of the Act shall apply. Before recognising any executor or administrator, the Board may require him to obtain a grant or probate or Letters of Administration or other legal representation, as the case may be from a competent court in India, provided nevertheless that in any case where the Board, in its absolute discretion thinks fit, it shall be lawful for the Board to dispense, Letters of Administration or such other legal representation upon such terms as to indemnity, as it considers proper. |
| <i>Transfer of shares of insane, minor, deceased or bankrupt members</i> | 47 | Any committee or guardian of a lunatic or minor Member or any person becoming entitled to transfer a Share in consequence of the death or bankruptcy or insolvency of any Member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give), be registered as a Member in respect of such Share, or may, subject to the regulations as to transfer herein before contained transfer such Share. |
| <i>Right to election of holder of share</i> | 48(i) | If the person so becoming entitled under transmission shall elect to be registered as a holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. |

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| <i>Manner of testifying election</i> | 48(ii) | If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing an instrument of transfer of the Share. |
| <i>Limitations applicable to notice</i> | 48(iii) | All the limitations, restrictions and provisions, of these Articles relating to the right to transfer and the registration of instruments of transfer of a Share shall be applicable to any such notice or transfer as aforesaid, as if the death, lunacy, bankruptcy or insolvency of the Member had not occurred. |
| <i>Rights of persons entitled to shares under transmission</i> | 49 | A person so becoming entitled under transmission to a Share by reason of death, lunacy, bankruptcy of the holder shall, subject to the provisions of Article 83 and of Section 123 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the Share, except that he shall not before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided that the Board may at any time give a notice requiring any such person to elect, either to be registered himself or to transfer the Share, and if the notice is not complied with within the time fixed by the Board, the Board may thereafter withhold payment of all dividends, bonuses, or other moneys payable in respect of the Share, until the requirements of the notice have been complied with.. |
| <i>Nomination of shares</i> | 50 | <p>Every holder of Shares in, or holder of debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his Shares in, or debentures of, the Company shall vest in event of his death.</p> <p>Where the Shares in, or debentures of the Company are held by more than one person jointly, the joint-holders may together nominate, in the prescribed manner a person to whom all the rights in the Shares or debentures of the Company shall vest in the event of death of all joint-holders.</p> <p>Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such Shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in or debentures of the Company, the nominee shall, on the death of the Shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint-holder becomes entitled to all the rights in the Shares or debentures of the Company or, as the case may be, all the joint-holders, in relation to such Shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.</p> <p>Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to Shares in, or debentures of the Company, in the event of his death, during minority.</p> <p>Any person who becomes a nominee may upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either to be registered himself as holder of the Share(s) or debenture(s) as the case may be or to make such transfer of the Share(s) or debenture(s) as the deceased shareholder or debenture holder, as the case may be, could have made..</p> |

| | Article | |
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| <i>Provisions as to transmission to apply mutatis mutandis to all securities</i> | 51 | The provisions of these Articles relating to transmission by operation of law shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company. |

X. INCREASE AND REDUCTION OF CAPITAL

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| <i>Power to increase capital</i> | 52 | The Company may, by an ordinary resolution adopted by the Members in a general meeting or by postal ballot, increase its capital, from time to time, by creation of new Shares of such amounts as may be deemed expedient in accordance with the applicable provisions of the Act. |
| <i>Condition for issue of new shares</i> | 53 | Subject to any special rights or privileges for the time being attached to any Shares in the capital of the Company then issued, the new Shares or the existing unissued Shares of any class may be issued. In the case of new Shares upon such terms and conditions and with such rights and privileges attached thereto as the Shareholders resolving in a general meeting upon the creation thereof shall direct, and if no directions be given, and in the case of existing unissued Shares as the Board, subject to the Act, shall determine, and in particular in the case of preference Shares such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with rights of redemption. |
| <i>Issue of sweat equity shares to employees or directors</i> | 54 | Subject to the provisions of the Act and other applicable law and relevant rules and regulations, the Company may issue sweat Equity Shares to employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called or for the performance of past or future services, provided that such issue is authorized by a special resolution adopted by the Company in a general meeting. |
| <i>Reduction of share capital</i> | 58 | The Company may, subject to the applicable provisions of the Act and Rules, from time to time, by special resolution reduce its capital and any capital redemption reserve account or securities premium account, in any manner and with and subject to any incident authorized and consent required by law. |
| <i>Issue of bonus shares</i> | 59 | Subject to the provisions of Section 63 of the Act read with the applicable Rules, the Company may issue bonus Shares to its Members out of (i) its free reserves; (ii) the securities premium account; or (iii) the capital redemption reserve account. |

XI. ALTERATION OF CAPITAL

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| <i>Power to alter share capital</i> | 60 | <p>The Company in a general meeting or through postal ballot may, subject to the provisions of the Act, from time to time:-</p> <ol style="list-style-type: none"> (a) consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares; (b) sub-divide its existing Shares or any of them into Shares of smaller amount than is fixed by the Memorandum so, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived; (c) convert all or any of its fully paid-up Shares into stock, and reconvert |
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- that stock into fully paid-up Shares of any denomination;
- (d) cancel any Shares which at the date of the adopting 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.

Surrender of shares 61

Subject to the provisions of the Act, the Board may accept from any Member the surrender, on such terms and conditions as shall be agreed, of all or any of his Shares.

XII. MODIFICATION OF RIGHTS

Power to modify rights 62

Whenever the capital (by reason of the issue of preference Shares or otherwise) is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of the Act, be modified, commuted, affected, abrogated, varied or dealt with by consent in writing by the holders of not less than three-fourths of the issued Shares of that class, or by a special resolution adopted at a separate meeting of the holders of the issued Shares of that class and all the provisions herein after contained as to general meetings shall *mutatis mutandis*, apply to every such meeting. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. The Company shall comply with the provisions of Section 117 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.

The rights conferred upon the holders of the Shares (including preference Shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

XIII. BORROWING POWERS

Power to borrow 63

Subject to the provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, the directors may from time to time at their discretion, by resolution adopted at the meeting of the Board, accept deposit from Members or public or others either in advance or calls, or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company not exceeding the aggregate of the paid-up Share Capital of the Company and its reserves. Provided, however, where the monies to be borrowed, together with the monies already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aforesaid aggregate, the Directors shall not borrow such monies without the consent of the Company in a general meeting by means of special resolution.

Conditions on which money may be borrowed 64

The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, redeemable debentures or debenture-stock, or any mortgage, or other tangible security on the undertaking or the whole or any part of the property of the Company (both present and future).

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| <i>Issue of debentures</i> | 65 | Any debentures, debenture-stocks, bonds or other securities may be issued at a premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of Shares, appointment of Directors and otherwise, debentures, debenture-stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that the debentures, debenture stock, bonds or other securities with the right to allotment of the or conversion into Shares shall not be issued except with the consent of the Company in a general meeting or through Postal Ballot subject to provisions of Section 71 of the Act. |
| <i>Instrument of transfer</i> | 66 | Except as provided in Section 56 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures. |
| <i>Notice of refusal to register transfer</i> | 67 | If the Board refuses to register the transfer of any debentures within time limit as may be prescribed, the Company shall send to the transferee and to the transferor, notice of the refusal. |

XIV. GENERAL MEETINGS

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| <i>When annual general meeting to be held</i> | 68 | The “Annual General Meeting” of the Company shall be held in each calendar year and not more than fifteen (15) months shall elapse between the date of one annual General Meeting of the Company and that of the next. |
| <i>Extra-ordinary general meeting</i> | 68 | All general meetings other than annual general meeting shall be called extra-ordinary general meetings. |
| <i>Calling of a general meeting by circulation</i> | 69 | The Board may also decide to call a general meeting by adopting a resolution by circulation and the resolution so adopted would be as effective as a resolution adopted at the Board meeting. |
| <i>Notice of general meeting</i> | 71 | Save as permitted under Section 101 of the Act, a general meeting of the Company may be called by giving prior notice as may be prescribed either in writing or through electronic mode. Notice of every meeting shall be given to the Members and such other person or persons as required under and in accordance with Section 101 of the Act and it shall be served in the manner authorized by Sections 20 and 101 of the Act and the Rules. |

XV. PROCEEDINGS AT A GENERAL MEETING

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| <i>Ordinary Business and Special Business</i> | 72 | Subject to the Act, the ordinary business of an Annual General Meeting shall be to receive and consider the financial statements, including consolidated financial statements and the reports of the Directors and the Auditors thereon, to elect Directors in the place of those retiring, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other general meeting shall be deemed to be special business. |
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| <i>Presence of Quorum</i> | 73 | (1)No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Quorum for the meeting shall be determined in accordance with Section103 of the Act. |
| <i>When quorum not present</i> | 74 | If within half-an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by requisition of Members shall be cancelled, but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum is not present within half-an-hour from the time appointed for holding the meeting those Members, who are present and not being less than two (2) shall be quorum and may transact the business for which the meeting was called. |
| <i>Chairman of the general meeting</i> | 76 | The Chairman of the Board and in his absence Vice Chairman shall be entitled to take the chair at every general meeting. If there is no such Chairman/Vice Chairman, or if at any meeting he is not present within fifteen (15) minutes after the time appointed for holding such meeting, or is unwilling to act, the Directors present shall choose another Director as Chairman, and if no Directors is present, or if all the Directors present decline to take the Chair, then the Members present shall, on a show of hands or on a poll if properly demanded, elect one (1) of their numbers being a Member entitled to vote, to be the Chairman/Vice Chairman. |
| <i>Questions at meetings</i> | 77 | At any general meeting a resolution put to the vote of the meeting shall, unless a poll is demanded under Section109 of the Act or voting is carried out electronically, be decided on a show of hands in accordance with Section 107 of the Act and the Companies (Management and Administration) Rules, 2014. |
| <i>Demand for poll</i> | 79(i) | Subject to the Act, before or on the declaration of the result of voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of his own motion and shall be ordered to be taken by him on a demand made in that behalf by a Member or Members present in person or by Proxy and holding Shares in the Company conferring their powers to vote on such resolution, being Shares which is not less than 1/10 of the total voting power in respect of the resolution or on which the aggregate sum of not less than Rs.5,00,000 has been paid-up. |
| | 79(ii) | |
| <i>Business may proceed pending poll</i> | 79(vi) | If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty-eight (48) hours from the time, when the demand was made, and at such place as the Chairman directs and subject as aforesaid, either at once or after an interval or adjournment or otherwise and the results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. |

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| <i>Chairperson may adjourn the meeting</i> | 80(i) | The Chairman of a general meeting may adjourn the general meeting from time to time and from place to place. |
| <i>Business at adjourned meeting</i> | 80(i) | No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. |
| <i>Notice of adjourned meeting not required</i> | 80(ii) | Save as otherwise provided in Section 103 of the Act, when the meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting unless the adjournment is for such period or more as may be prescribed in the Act and Rules. |
| <i>Entitlement to vote on show of hands and on poll</i> | 81(i) | Save as hereinafter provided, on a show of hands every Member present in person and being a holder of Equity Shares shall have 1 (one) vote and such other person present, as the Act or Rules thereof may prescribe from time to time being a holder of the Equity Shares or not, shall have 1 (one) vote. |
| | 81(ii) | Save as hereinafter provided, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 47 of the Act. |
| | 81(iii) | The voting rights of every Member holding preference Shares, if any, shall upon a show of hands or upon a poll be subjected to the provisions, limitations and restrictions laid down in Section 47 of the Act. Provided that no body corporate shall vote by Proxy so long as resolution of its Board under the provisions of Section 113 of the Act is in force and the person named in such resolution is present at the general meeting at which the vote by Proxy is tendered. |
| <i>Voting through electronic means</i> | 81(iv) | A Member may exercise his vote if permitted by the Act and the Rules at a meeting or by postal ballot or by electronic means in accordance with the Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014 and shall vote only once. |
| <i>Procedure where a body corporate is a member</i> | 82 | Where a body corporate (hereinafter called “ Member Company ”) is a Member of the Company, then their representation at the general meeting shall be in accordance with Section 113 of the Act. Such a person so authorized shall be entitled to exercise the same rights and powers, including the right to vote by Proxy on behalf of the Member Company which he represents, as that Member Company could exercise if it were an individual Member. |
| <i>Votes in respect of shares of deceased insane and insolvent members</i> | 83 | Any Person entitled under these Articles for transfer of Shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that at least forty eight (48) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he purports to vote he shall satisfy the Board of his right to transfer such Shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any Member is of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, he may vote whether on a show of hands or at a poll, by his Committee, or other legal guardian and any such Committee or legal guardian may, on a poll, give their votes by Proxy. |

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| <i>Votes of joint-holders</i> | 84 | Where there are joint registered holders of any Share, any one of such persons may vote at any general meeting either personally or by Proxy in respect of such Share as if he were solely entitled thereto and if more than one of such joint-holders be present at any general meeting either personally or by Proxy, then one of the said persons so present whose name stands first on the Register in respect of such Share alone shall be entitled to vote in respect thereof. |
| <i>Votes by proxy</i> | 85 | Votes may be given by proxy in accordance with the provisions of Section 105 of the Act read with the Companies (Management and Administration) Rules, 2014. |
| <i>Instrument of appointment of a Proxy</i> | 86 | The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or if such appointer is a body corporate, be under its seal if any or be signed by an officer or attorney duly authorized by it. |
| <i>Validity of voting by Proxy</i> | 89 | A vote given in accordance with the terms of an instrument appointing a Proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the Share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the Share shall have been received by the Company at the office before the vote is given. Provided nevertheless that the Chairman shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of Proxy and that the same has not been revoked. |
| <i>Restriction on voting</i> | 91 | No Member shall be entitled to exercise any voting rights either personally or by Proxy at any meeting of the Company in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, exercised, any right of lien but the Board may by a resolution waive the operation of this Article. |

XVI. DIRECTORS

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| <i>Board of Directors</i> | 93 | The number of Directors of the Company shall not be less than three (3) and not more than fifteen (15). Provided that the Company may appoint more than fifteen (15) directors after adopting a special resolution of Members. The composition of the Board will be in consonance with the Act and the Listing Obligations Regulations. |
| <i>Power to increase or reduce number of directors</i> | 96 | Subject to the provisions of the Act and these Articles, the Company may from time to time increase or reduce the number of Directors within the limits fixed by Article 93. |
| <i>Directors liable to retire by rotation</i> | 97 | Subject to the Act and these Articles, the Directors not exceeding one-third of the total number of Directors for the time being of the Company shall be liable to retirement by rotation or if their number is not three or multiple of three, then the number nearest to one-third shall retire from office. The Independent Directors and any other Director as may be prescribed in the Act or Listing Obligations Regulations shall not be counted in the total number of Directors for this purpose. |

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| | | <p>Subject to the provisions of Articles 97 and 98 and Section 152 of the Act, all Directors other than the Directors who are not retiring by rotation, additional/alternate/Independent Directors shall be persons whose period of office is liable to determination by retirement by rotation. Neither a nominated Director nor an additional Director appointed by the Board under Article 98 hereof nor an Independent Director shall be liable to retire by rotation within the meaning of this Article. All the Directors who are not retiring except Independent Directors and any other Director as may be prescribed in the Act or Listing Obligations Regulations shall however be counted in determining the number of retiring Directors.</p> |
| <i>Appointment of additional directors</i> | 98 | <p>The Board shall have power at any time and from time to time to appoint any person as an additional Director as an addition to the Board but so that the total numbers of Directors should not exceed the limit fixed by these Articles and the Act.</p> |
| <i>Remuneration and expenses of Directors</i> | 99 | <p>Subject to the approval of the Board, each Director shall be entitled to receive out of the funds of the Company a fee for attending a meeting of the Board or any other meetings, within the limit permitted, from time to time, by the Act or the Rules made thereunder. The Directors who are neither Managing Director nor Whole-Time Director may be paid a remuneration exclusive of any fees and reimbursement of expenses payable to them for attending meetings etc. which shall not exceed 1 (one) percent or such other higher amount as may be permitted under the Act or Rules thereof, of the net profit of the Company as may be decided by the Board.</p> <p>All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company or otherwise shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their all travelling, hotel and other expenses incurred in consequence of their attending the Board and other meetings or otherwise incurred in the execution of their duties as Directors or in performing any of the task on behalf of the Company.</p> |
| <i>Board may act notwithstanding vacancy</i> | 101 | <p>The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum as fixed by the Articles, the Directors shall not except for the purpose of filling vacancies or for summoning a general meeting as so long as the number is below the minimum.</p> |
| <i>Vacation of office of director</i> | 102 | <p>The office of Director shall <i>ipso facto</i> become vacant if at any time he commits any of the acts set out in Section 167 of the Act.</p> |
| <i>Office or place of profit of director</i> | 103 | <p>No director or other person referred to in Section 188 of the Act shall hold an office or place of profit save as permitted by that Section and the Companies (Meetings of Board and its Powers) Rules, 2014.</p> |
| <i>Conditions under which directors may contract with Company</i> | 104 | <p>Subject to the provisions of Sections 184, 188 and 192 of the Act and the Rules made thereunder neither shall a Director be disqualified from contracting with the Company whether 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</p> |

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| | | agreement entered into by or on behalf of the Company with the 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 any director so contracting or being such member or 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. |
| <i>Removal of Director</i> | 106 | The Company may remove any Director other than directors nominated pursuant to Articles 95 before the expiration of his period of office in accordance with the provisions of Section 169 of the Act and may subject to the provisions of Section 161 of the Act appoint another Person instead of the Director so removed who was appointed by the Company in a general meeting or by the Board under Article 108 |
| <i>Appointment of director to fill a casual vacancy</i> | 107 | If any Director appointed by the Company in a general meeting vacates office as a Director before his term of office expires in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 107. |
| XVII. ALTERNATE DIRECTORS | | |
| <i>Appointment of alternate director</i> | 109 | The Board may in accordance with and subject to the provisions of Section 161 of the Act, appoint any Person to act as alternate Director for a Director during the latter's absence for a period of not less than three (3) months from India. No Person shall be appointed as alternate Director to an Independent Director unless he is qualified to be appointed as Independent Director under the provisions of the Act. |
| XVIII. PROCEEDINGS OF BOARD OF DIRECTORS | | |
| <i>When meeting to be convened</i> | 110 | The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit; provided that a meeting of the Board shall be held as per the provision of the Act, Rules and the Listing Obligations Regulations. |
| <i>Who may summon Board meeting</i> | 111 | A Director may, at any time, and the manager or secretary shall, upon the request of a Director made at any time, convene a meeting of the Board and the provisions of Section 173 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014 shall apply in this regard. |
| <i>Who to preside at meetings of the Board</i> | 113 | The Board may appoint a Chairman of its meetings. The Board may also appoint a Vice Chairman to preside over the meeting of the Board in absence of Chairman. If no such Chairman/Vice Chairman is appointed or if at any meeting of the Board, the Chairman/Vice Chairman is not present within five minutes after the time appointed for holding the same, the Directors present shall choose someone of their member to be the Chairman of such meeting. |
| <i>Quorum for Board meetings</i> | 114 | The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 174 of the Act. If a quorum shall not be present within fifteen (15) minutes of the time |

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| | 115 | <p>appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint. The participation of the Directors can be in person or through video conferencing or other audio visual means as may be prescribed by the Companies (Meetings of Board and its Powers) Rules, 2014 or permitted by law.</p> |
| <i>Questions at Board meeting how decided</i> | 116 | <p>A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under these Articles or the Act for the time being vested in or exercisable by the Board.</p> <p>Subject to the provisions of Sections of 186(5), 203(3) of the Act and save as otherwise expressly provided in these Articles, questions arising at any meetings shall be decided by a majority of votes</p> |
| <i>Delegation of powers</i> | 117 | <p>The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a Committee consisting of such Director or Directors as it thinks fit and may, from time to time revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.</p> |
| <i>Proceedings of Committee</i> | 118 | <p>The meeting and proceedings of such Committee consisting of two (2) or more Directors shall be governed by the regulations made by the Board in that regard in accordance with the provisions, if any, of the Act and the Listing Obligations Regulations.</p> |
| <i>Acts of Director valid notwithstanding defect of appointment</i> | 119 | <p>Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had been terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in these Articles 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 been terminated.</p> |
| <i>Passing of resolution by circulation</i> | 120 | <p>Save in those cases where a resolution is required by Sections 161(4), 179, 182, 184, 186, 188, 203 or any other provision of the Act, to be adopted at a meeting of the Board, a resolution shall be as valid and effectual as if it had been adopted at a meeting of the Board or a Committee of the Board, as the case may be duly called and constituted if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors or to all the members of the Committee as the case may be, at their address(es) registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed and has been approved by a majority of the directors or Members, who are entitled to vote on the resolution.</p> <p>Provided that, where not less than one-third of the Directors of the Company for the time being require that resolution under circulation must be decided at the meeting of the Board, the Chairman shall put the resolution to be decided at a meeting of the Board.</p> |

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XIX. MINUTES

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| <i>Minutes to be made</i> | 121(a) | The Board shall in accordance with the provisions of Section 118 of the Act and the Companies (Management and Administration) Rules, 2014, cause minutes to be kept of every general meeting of the Company and of every meeting of the Board or of every Committee of the Board. |
| | 121(b) | Any such minutes of any meeting of the Board or of any Committee or of the Company in a general meeting, if kept in accordance with the provisions of Section 118 of the Act and the Companies (Management and Administration) Rules, 2014, shall be evidence of the matters stated in such minutes. The minute books of general meetings of the Company shall be kept at the Office and shall be open to inspection by Members as per the provisions of the Act or the Rules made thereunder. The minute books of general meetings may also be kept for inspection in electronic mode as prescribed under the Companies (Management and Administration) Rules, 2014. |

XX. POWERS OF THE BOARD

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| <i>General powers of the Company vested in Board</i> | 122 | Subject to the provisions of the Act and these Articles, the business of the Company shall be managed by or under the direction of 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 the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in a general meeting. Provided further that wherever the Act or any other statute or the Memorandum of the Company or these Articles, provide for exercise of powers by the Board subject to the Members approval in a general meeting, the Board shall exercise such powers only with such approval. 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 statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in a general meeting, but no regulation made by the Company in a general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. |
| <i>Specific Powers given to Directors</i> | 123 | <p>Without prejudice to the general powers conferred by the immediately preceding Article and to any other powers or authority conferred by these presents on the Directors or on the Managing Director, it is hereby expressly declared that the Directors shall subject to the regulations of these presents and to the provisions of the Act and in addition to the powers of the Board provided under Section 179 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, have the following powers, that is to say, power:</p> <ul style="list-style-type: none">a) To carry the agreement into effect;b) To pay preliminary expenses;c) To acquire and dispose of property and rights;d) To pay for property in debenture etc; |

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- e) To secure contracts by mortgage;
- f) To appoint officers etc;
- g) To appoint trustees;
- h) To bring and defend actions etc;
- i) To refer to arbitration;
- j) To give receipts;
- k) To act in matters of bankrupts and insolvents;
- l) To authorize acceptance etc;
- m) To appoint attorneys;
- n) To invest moneys;
- o) To give security by way of indemnity;
- p) To give percentage of profits;
- q) To make bye laws;
- r) To make contracts etc. ;
- s) To establish and support charitable objects;
- t) To set aside profits for Provident Fund;
- u) To make and alter rules;
- v) To do other acts;
- w) To delegate powers to a Director, officer or employee.

XXI. MANAGING OR WHOLE-TIME DIRECTORS

*Appointment of
managing director/
whole time director*

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Subject to the provisions of the Act, and of these Articles, the Company in a general meeting or the Board may from time to time appoint one or more of their body to be Managing Director or Managing Directors (in which expression shall be included Joint or Deputy Managing Director) or Whole-time Director or Whole-time Directors of the Company, for such term not exceeding five years at a time and upon such terms and conditions as they may think fit, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

*Chairman holding
the position of the
Managing Director
and the Chief
Executive Officer*

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Subject to the approval of the Board of the Company, the Chairman/Vice Chairman of the Board of the Company can hold the position of the Managing Director and/or the Chief Executive Officer of the Company at the same time.

*Managing
Director/Whole Time
Director not subject
to retirement by
rotation*

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Subject to the provisions of the Act, and of these Articles, a Managing Director or an Executive Chairman/Whole-time Director may subject to the Shareholders' approval at the time of appointment or reappointment or otherwise continue to hold office not subject to retirement by rotation under Article 107. However, they shall be counted in determining the number of retiring Directors. He shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to the resignation and removal of the other Directors of the Company and he shall *ipso facto* and immediately cease to be a Managing Director or an Executive

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| | | <p>Chairman/Whole-time Director if he ceases to hold the office of Director for any cause, provided that if at any time the number of Directors (including Managing Director or Executive Chairman/Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of Directors for the time being, then such Managing Director or Executive Chairman/Whole-time Director, as the Directors shall from time to time select, shall be liable to retirement by rotation in accordance with Article 105 for that period and the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.</p> |
| <i>Remuneration of Managing/Whole Time Directors</i> | 127 | <p>Subject to the provisions of the Act and of these Articles and of any contract between him and the Company, the remuneration of the Managing Director or Whole-time Director shall from time to time be fixed by the Directors, subject to the approvals of the Members of Company and may be by way of fixed monthly payment or commission on profits of the Company or by participation in such profits or by any or all of these modes or any other mode not expressly prohibited by the Act. A Managing Director or Whole-time Director shall in addition to the above remuneration not be entitled to the fee for attending meetings of Board or Committee.</p> |
| <i>Powers and Duties of Managing/Whole Time Directors</i> | 128 | <p>Subject to the provisions of the Act and of these Articles, the Company or the Board may from time to time entrust to and confer upon a Managing Director or Managing Directors or Whole-time Director or Whole-time Directors for the time being, such of the power exercisable under these Articles or otherwise by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and condition they may subject to the provisions of the Act and of these Articles confer such powers either collaterally with, or to the exclusion of or 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.</p> |
| XXIII. KEY MANAGERIAL PERSONNEL | | |
| <i>Appointment and Remuneration</i> | 131 | <p>Subject to Section 203 of the Act, the Board shall appoint a Managing Director, Whole-time Director, Chief Executive Officer, Company Secretary, Chief Financial Officer and such other Officers as Key Managerial Personnel as may be prescribed on such terms and conditions and on such remuneration as may be approved by the Board and may remove them by means of resolution of the Board.</p> |
| <i>Powers of Key Managerial Personnel.</i> | 132 | <p>Without prejudice to the general powers or authorities conferred by these presents on Key Managerial Personnel, it is hereby expressly declared that the Key Managerial Personnel shall subject to the regulations of these presents and to the provisions of the Act and in addition to the powers of the Key Managerial Personnel provided under the Act, have the power and authority to represent the Company and to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds, things in the name and on behalf of the Company as they may consider expedient or in relation to any of the matters for the purposes of the Company.</p> |

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XXVI. RESERVES

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| <i>Reserves</i> | 136 | The Board may, from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improvising or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may, subject to the provisions of the Act invest the several sums so set aside upon investments (other than Shares of the Company) as it may think fit and from time to time deal with and vary such investment and dispose of all or any part thereof for the benefit of the Company and may divide the reserve into such special funds as the Board thinks fit, with power to employ the reserve or any parts thereof in the business of the Company and that without being bound to keep the same separate from other aspects. |
| <i>Carry forward of profits</i> | 138 | The Board may also carry forward any profits which it may consider necessary not to divide without setting them aside as a reserve. |

XXVII. CAPITALIZATION OF RESERVES

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| <i>Capitalization of reserves</i> | 139 | Any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the reserves, or any capital redemption reserve accounts, or in the hands of the Company and available for dividend or representing premiums received on the issue of Shares and standing to the credit of the securities premium account be entitled and distributed among such of the Shareholders as would be entitled to receive the same if distributed by way of dividend and in the proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such Shareholders in paying up in full of any unissued Shares, of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued Shares, or towards both and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest in the said capitalized sum. |
| <i>Surplus money</i> | 140 | A general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the Members. |
| <i>Fractional Certificates</i> | 141 | For the purpose of giving effect to any resolution as mentioned in Articles 140 and 141, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificate, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed for such fractional certificate in order to adjust the rights of all parties and may vest such cash or for such fractional certificates in trustees upon such trusts for the persons entitled to the dividends or capitalized funds as may seem expedient to the Board. Where requisite, a proper contract shall be filled in accordance with Section 39 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividends or capitalized fund |

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and such appointment shall be effective.

XXVII. DIVIDENDS

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| <i>Company in general meeting may declare dividends</i> | 142 | The Company in a general meeting may declare dividends to be paid to the Members according to their rights and interest in the profits and may, subject to the provisions of Section 127 of the Act, fix the time for payment. The dividend declared shall not exceed the amount recommended by the Board, but, the Company in a general meeting may declare a dividend, which is lesser in amount than as recommended by the Board. |
| <i>Dividends only to be paid out of profits</i> | 143 | No dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits except as provided by Section 123 of the Act. No dividend shall carry interest against the Company. |
| <i>Dividends to be pro-rata on the paid up amount</i> | 144 | Subject to the special rights of the holders of preference Shares, if any, for the time being, the profits of the Company distributed as dividend or bonus shall be distributed among the Members in proportion to the amount paid or credited as paid on the Shares held by them, respectively, but no amount paid on a Share in advance of calls shall while carrying interest be treated for the purpose of this Article as paid on the Share. All dividend shall be apportioned and paid <i>pro rata</i> according to the amount paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Shares shall rank for dividend accordingly. |
| <i>Interim dividends</i> | 146 | The Board may subject to Section 123 from time to time, pay to the Members such interim dividend or Shares as in its judgment the position of the Company justifies. |
| <i>Debts may be deducted</i> | 147 | The Board may retain any dividend payable on Shares on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. |
| <i>Dividend in cash</i> | 149 | No dividend shall be payable except in cash, provided that nothing in the foregoing shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid-up bonus Shares or paying up any amount for the time being unpaid on the Shares held by the Members of the Company. |

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| <i>Power to retain dividend until transmission is affected</i> | 151 | The Directors may retain the dividend payable upon Shares in respect of which any Person is under transmission entitled to transfer, until such Person shall become a Member in respect of such Shares or shall duly transfer the same. |
| <i>Dividend to joint shareholders</i> | 153 | Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipt for all dividends, bonuses and other payments in respect of such Share. |
| <i>Payment of dividend</i> | 155 | All dividend and other dues to Members shall be deemed to be payable at the Office of the Company. Unless otherwise directed, any dividend, interest or other moneys payable in cash in respect of a Share may be paid by any banking channels or cheque or warrant sent through the post to the registered address of the holder, or in the case of joint-holders, to the registered address of that one of the joint-holders who is the first named in the Register in respect of the joint-holding or to such person and at such address as the holder, or joint-holders, as the case may be, may direct. |
| <i>Unclaimed dividends</i> | 156 | Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall, within seven (7) days from the date of expiry of the thirty (30) day period, transfer the total amount of dividend which remains so unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend of S.P. Apparels Limited". Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under the Act. |
| <i>Forfeiture of Dividend</i> | 157 | The Company agrees that it will not forfeit unclaimed dividend before the claim becomes barred by law and that such forfeiture, when effected will be annulled in appropriate cases. |

XXIX. BOOKS AND DOCUMENTS

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| <i>Inspection by Directors</i> | 160(a) | The books of account shall be open to inspection by any Director during business hours in accordance with the applicable provisions of the Act and the Rules. |
| <i>Restriction on inspection by shareholders</i> | 160(b) | The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the books of account and books and documents of the Company, other than those referred to in Articles 122 and 172 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 books of account or books or documents of the Company except as conferred by law or authorized by the Board or by Company in a general meeting. |

XXXI. AUDITORS

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| <i>Accounts to be audited annually</i> | 165 | Subject to the provisions of the Act, once at least in every year the books of account of the Company shall be audited by one or more auditor or auditors. |
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| <i>General provisions of the Act to apply</i> | 166 | The appointment, powers, rights, remuneration and duties of the auditors shall be regulated by Sections 139 to 146 and Section 148 of the Act and Rules made thereunder. |
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XXXIII. KEEPING OF REGISTERS AND INSPECTION

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| <i>Statutory registers</i> | 170 | The Company shall duly keep and maintain at the Office, Registers, in accordance with Sections 85, 88, 170, 187, 189 and other applicable provisions of the Act and Rules made thereunder in electronic form or in such form and in such manner as may be prescribed under the Act or the Rules. |
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| <i>Supply of copies of Registers</i> | 171 | The Company shall comply with the provisions of Sections 85, 94, 117, 171, 186 and 189 of the Act and the Rules as to the supplying of copies of the registers, deeds, documents, instruments, returns, certificates, and books etc. herein mentioned to the Persons herein specified when so required by such Persons on payments, where required, of such fees as may be fixed by the Board but not exceeding charges as prescribed by the said Sections of the Act and Rules framed thereunder. |
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| <i>Inspection of Registers</i> | 172 | Where under any provision of the Act or Rules any Person whether a Member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document (including electronic records) required to be kept or maintained by the Company, the Person so entitled to inspection shall be permitted to inspect the same during such business hours and place as may be determined by the Board under the provisions of the Act and the Rules thereunder. |
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| <i>When registers of members and debenture holders may be closed</i> | 173 | The Company, after giving appropriate previous notice, subject to the provisions of Section 91 of the Act and Rules made thereunder and the Listing Obligations Regulations, close the Register of Members or the register of debenture holders or the register of security holders, as the case may be, for any period or period as may be prescribed. |
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XXXVI. WINDING-UP

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| <i>Distribution of assets</i> | 176 | Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among Members and not sufficient to repay the whole of the paid-up Share Capital, such assets shall be distributed so that as nearly as may be and the losses shall be borne by the Members in proportion to the paid-up Share Capital at the commencement of the winding-up, on the Shares held by them respectively. And if in a winding-up assets available for distribution among the Members are more than sufficient to repay the whole of the paid-up Share Capital at the commencement of the winding-up, the excess shall be distributed among the Members in proportion to the paid-up Share Capital at the commencement of the winding-up, paid-up or which ought to have been paid-up on the Shares held by them, respectively. But this Article is to be without prejudice to the rights the holders of Shares issued upon special terms and conditions. Preference shareholders shall have prior rights to repayment of capital and dividends due. |
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| <i>Distribution of assets in specie</i> | 177 | Subject to the provisions of the Act, if the Company shall be wound-up, whether voluntarily or otherwise, the liquidators may, with the sanction of a |
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special resolution divide among the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefits of the contributories, or any of them, as the liquidators with the like sanction, shall think fit.

XXXVIII. GENERAL POWERS

*General Powers
under the Article*

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Where any provisions of the said Act, provides that the Company shall do such act, deed, or thing, or shall have a right, privilege or authority to carry out a particular transaction, only if it is so authorized in its Articles, in respect of all such acts, deeds, things, rights, privileges and authority, this Article hereby authorizes the Company to carry out the same, without the need for any specific or explicit Article in that behalf.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts 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 our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder, may be inspected at the Registered Office and Corporate Office between **10 a.m. and 5 p.m.** on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

A. Material Contracts for the Offer

1. Offer Agreement dated December 28, 2015 among our Company, the Selling Shareholder and the BRLMs.
2. Registrar Agreement dated December 24, 2015 among our Company, the Selling Shareholder and the Registrar to the Offer.
3. Escrow Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), the Refund Bank(s) and the Registrar to the Offer.
4. Syndicate Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs and the Syndicate Members.
5. Underwriting Agreement dated [●] among our Company, the Selling Shareholder and the Underwriters.
6. Share Escrow Agreement dated [●] among our Company, the Selling Shareholder and the Escrow Agent.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and the Articles of Association of our Company, as amended from time to time.
2. Certificate of incorporation dated November 18, 2005.
3. Resolutions of the Board dated December 17, 2015 in relation to matters related to the Offer.
4. Resolutions of the Board dated December 28, 2015 approving this Draft Red Herring Prospectus.
5. Resolution of the Shareholders dated December 23, 2015 in relation to the Offer and other related matters.
6. Resolution of the board of directors of the Selling Shareholder dated July 7, 2015 authorizing the Offer for Sale.
7. Copies of the annual reports of our Company for the Fiscal Years ended March 31, 2011, 2012, 2013, 2014 and 2015.
8. The examination reports of the Statutory Auditors dated December 17, 2015, on the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements included in this Draft Red Herring Prospectus.
9. The Statement of Tax Benefits dated December 28, 2015 from the Statutory Auditors.

10. Consent of the Selling Shareholder, our Directors, the BRLMs, the Legal Advisors to our Company as to Indian law, the Registrar to the Offer, the Bankers to our Company, lenders to our Company (other than Andhra Bank) or the Subsidiaries (in each case where such consent is required), our Company Secretary and Compliance Officer and the Chief Financial Officer, the Syndicate Members, the Bankers to the Offer, and Technopak, the industry consultant, in their respective capacities.
11. Report titled “Global Apparel Industry India’s Apparel Exports and Domestic Apparel Market” dated December 10, 2015, prepared by Technopak.
12. Consent of Deloitte Haskins & Sells, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Auditor on the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements, each dated December 17, 2015, and statement of tax benefits dated December 28, 2015.
13. Copy of the resolutions of the Board and the Shareholders dated August 28, 2015 and September 30, 2015 in relation to appointment of Mr. P. Sundararajan as the Managing Director of our Company.
14. Due Diligence Certificate dated December 28, 2015 addressed to the SEBI from the BRLMs.
15. In-principle listing approvals dated [●] and [●] issued by the BSE and the NSE, respectively.
16. Tripartite Agreement dated April 19, 2007 among our Company, NSDL and the Registrar to the Offer.
17. Tripartite Agreement dated December 21, 2015 among our Company, CDSL and the Registrar to the Offer.
18. Annual Reports of CPPL for the Fiscal Years 2015, 2014 and 2013.
19. Share Subscription and Shareholders’ Agreement among our Company, the Promoters and our Selling Shareholder dated October 26, 2006 and as amended pursuant to the Amendment Agreement dated December 23, 2015.
20. Investment Agreement dated March 18, 2013 between Euro Asia Agencies Limited and our Company.
21. Share Transfer Agreement dated May 24, 2006 among Shivarams Associates Private Limited, Venkatesh Sivaraman, our Company and CPPL.
22. Memorandum of Understanding dated May 24, 2006 among CIPL, CPPL, Shivarams Associates Private Limited and our Company.
23. Slump Sale Agreement dated August 1, 2015 between our Company and Poornam Enterprises Private Limited.
24. Sub-License Agreement dated March 31, 2015 between our Company and CPPL.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

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| Mr. P. Sundararajan <i>(Chairman and Managing Director)</i> | Mrs. S. Latha <i>(Director)</i> |
| Mr. S. Chenduran <i>(Director)</i> | Mr. V. Sakthivel <i>(Director)</i> |
| Mr. Srinivas Chidambaram <i>(Director)</i> | Mr. P. Yesuthasen <i>(Director)</i> |
| A.S. Anandkumar <i>(Director)</i> | G. Ramakrishnan <i>(Director)</i> |

SIGNED BY THE CHIEF FINANCIAL OFFICER

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| Mr. V. Balaji <i>(Chief Financial Officer)</i> |
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Date: December 28, 2015

Place:

DECLARATION

We, New York Life Investment Management India Fund (FVCI) II LLC, hereby certify that all statements made by us in this Draft Red Herring Prospectus about or in relation to us, and the Equity Shares offered by us by way of the Offer for Sale pursuant to the Offer, are true and correct. New York Life Investment Management India Fund (FVCI) II LLC assumes no responsibility for any other statements in this Draft Red Herring Prospectus.

Signed for and on behalf of New York Life Investment Management India Fund (FVCI) II LLC

Date: December 28, 2015

Place: