



MONARCH APPARELS (INDIA) LIMITED

(Our Company was incorporated as “Monarch Apparels (India) Limited” on February 14, 2005 in the State of Maharashtra under the Companies Act, 1956 vide Registration No. 151258 (CINNo:U17120MH2005PLC151258). Certificate of Commencement of Business was obtained from the Registrar of Companies, Maharashtra on February 28, 2005).

Registered Office: C - 41, 3rd Floor, Royal Industrial Estate, 5-B, Naigaum Cross Road, Wadala (West), Mumbai – 400031;
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Contact Person: Ms.Swapana Vengurlekar, Company Secretary and Compliance Officer

Email: ipo@monarchapparels.com, **Website:** www.monarchapparels.com

Promoters: Mr. Nirmal Parmar and Mrs. Sharmila Parmar

PUBLIC ISSUE OF 45,50,000 EQUITY SHARES OF RS.10/- EACH OF MONARCH (APPARELS) INDIA LIMITED FOR CASH AT A PRICE OF RS.11/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RE. 1 PER EQUITY SHARE) AGGREGATING TO RS. 500.50 LACS (“ISSUE”) OF WHICH 2,50,000 EQUITY SHARES OF RS.10/- EACH SHALL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (“THE MARKET MAKERS RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. ISSUE OF 43,00,000 EQUITY SHARES OF RS.10/- EACH IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 28.83% AND 27.25%, RESPECTIVELY OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS.10 PER EQUITY SHARE AND THE ISSUE PRICE IS 1.1 TIMES THE FACE VALUE. THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.

For further details, see section titled “Issue Related Information” beginning on page no 148 of this Draft Prospectus.

All potential investors may participate in this Issue through the Application Supported by Blocked Amount (“ASBA”) process by providing the details of their ASBA Accounts in which the corresponding Application amounts will be blocked by Self Certified Syndicate Banks (“SCSBs”). For details in this regard, please refer the section titled “Issue Procedure” beginning on page 154 of this Draft Prospectus. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.



RISK IN RELATION TO THE FIRST ISSUE	
This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is 1.1 times the face value. The Issue Price (as determined by the Company, in consultation with the Lead Manager, as stated under the paragraph on “Basis for Issue Price” on page 55 of this Draft Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.	
GENERAL RISKS	
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to the section titled “Risk Factors” beginning on page 10 of this Draft Prospectus	
ISSUER'S ABSOLUTE RESPONSIBILITY	
The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.	
LISTING ARRANGEMENT	
The Equity Shares offered through this Draft Prospectus are proposed to be listed on the SME Platform of BSE. In terms of Chapter XB of SEBI (ICDR) Regulations, 2009 as amended from time to time, we are not required to obtain any in-principle listing approval for our Equity Shares being offered in this Issue. However, our Company has received an approval letter dated [●] from BSE for using its name in the Offer Document for listing our shares on the SME Platform of the BSE. For purposes of this Issue, the Designated Stock Exchange will be the BSE Limited (“BSE”).	
LEAD MANAGER	REGISTRAR TO THE ISSUE
 BCB	 B S S
BCB Brokerage Private Limited 1207-A, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001 India SEBI Reg. No. : INM000012078 Tel: (91 22)22722000 (146); Fax: (91 22) 22722451 Email: mbd@bcbbrokerage.com Website: www.bcbbrokerage.com Contact Person: Mr. Varun Kacholia	Bigshare Services Private Limited E/2/3 Ansa Industrial Estate, Sakivihar Road, Sakinaka Andheri (E), Mumbai – 400072 India SEBI Registration No.: INR000001385 Tel : (91 22) 40430200; Fax : (91 22) 28475207 E-mail: ipo@bigshareonline.com Website: www.bigshareonline.com Contact person: Mr. Ashok Shetty
ISSUE PROGRAMME	
ISSUE OPENS ON	[●], 2014
ISSUE CLOSES ON	[●], 2014

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SECTION I-DEFINITIONS AND ABBREVIATIONS

COMPANY RELATED TERMS:

Term	Description
“We”, “us”, “our”, “Issuer”, “the Company” and “our Company”.	Unless the context otherwise indicates or implies, refers to Monarch Apparels (India) Limited.
The “Company” or the “Issuer”	Monarch Apparels (India) Limited, a public limited company incorporated under the Companies Act, 1956 and whose registered office is located at C - 41, 3 rd Floor, Royal Industrial Estate, 5-B, Naigaum Cross Road, Wadala (West), Mumbai – 400031, Maharashtra, India
Articles/Articles of Association	Articles of Association of our Company
Auditors	The statutory auditors of our Company, M/s. Laxmikant Kabra & Co.
Board/ Board of Directors	Board of Directors of our Company
Directors	Directors of our Company, unless otherwise specified
Our Promoters	Mr. Nirmal Parmar and Mrs. Sharmila Parmar
Memorandum/ Memorandum of Association	Memorandum of Association of our Company

ISSUE RELATED TERMS:

Term	Description
Allotment/Allotment of Equity Shares	Unless the context otherwise requires, the issue and allotment of Equity Shares, pursuant to the Issue
Allocation/Allocation of Equity Shares	Unless the context otherwise requires, the issue and allocation of Equity Shares, pursuant to the Issue
Allottee	The successful applicant to whom the Equity Shares are/ have been issued
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The form in terms of which the Applicant shall apply for the Equity Shares of the Company.
Application Supported by Blocked Amount/ASBA	An application, whether physical or electronic, used by all applicants to make an application authorizing a SCSB to block the application amount in the ASBA Account maintained with the SCSB. ASBA is mandatory for QIBs and Non-Institutional Applicants participating in the Issue.
ASBA Account	Account maintained by an ASBA Applicant with a SCSB which will be blocked by such SCSB to the extent of the application amount of the ASBA Applicant.
ASBA Investors/Applicants	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, Non- Retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their applications.
Banker to the Company	Bank of Baroda, Mumbai
Basis of Allotment	The basis on which the Equity Shares will be allotted to successful Applicants under the Issue and which is described in the chapter titled "Issue Procedure" beginning on page 154 of this Draft Prospectus
CAN/ Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Controlling Branches	Such branches of the SCSBs which co-ordinate Applications under this Issue made by the ASBA Applicants with the Merchant Bankers, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on http://www.sebi.gov.in
Companies Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and /or provisions of Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
Companies Act, 1956	The Companies Act, 1956, as amended from time to time
Companies Act, 2013	The Companies Act, 2013 published on August 29, 2013 and applicable to the extent notified by MCA till date.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Form from the ASBA Applicants and a list of which is available on http://www.sebi.gov.in .
Demographic Details	The demographic details of the Applicants such as their address, PAN, occupation and bank account details.
Designated Date	The date on which the Escrow Collection Banks and the SCSBs transfer the funds from the Escrow Accounts and the ASBA Accounts, respectively, 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 shall allot Equity Shares to successful Applicants in the Issue.
Designated Market Maker	Member Brokers of BSE who are specifically registered as Market Makers with the BSE SME Platform. In our case, BCB Brokerage Private Limited (Registration No. SMEMM0004218012012) is the sole Market Maker, who has agreed to receive or deliver the specified

	securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Eligible NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Draft prospectus constitutes an invitation to subscribe for or purchase the Equity Shares offered thereby.
Equity Share(s)	Equity shares of our Company having face value of Rs.10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Applicant (excluding the ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement to be entered into by our Company, the Registrar, Lead Manager and the Escrow Collection Bank(s) for collection of the Application Amounts and dispatch of refunds (excluding the ASBA Applicants) of the amounts collected to the Applicants on terms and conditions thereof.
Escrow Collection Bank(s)/Banker(s) to the Issue	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account for the Issue will be opened and in this case being [●]
Electronic Transfer of Funds	Refunds through ECS, NEFT, Direct Credit or RTGS as applicable.
First Applicant	The Applicant whose name appears first in the Application Form or Revision Form.
Issue/Public Issue/Issue Size	The issue of 45,50,000 Equity Shares of Rs.10 each at a price of Rs.11 each for cash aggregating to Rs.500.50 Lacs.
Issue Agreement	The agreement entered into on August 22 nd , 2014 between our Company and Lead Manager pursuant to which certain arrangements are agreed in relation to the Issue.
Issue Closing date	The date on which the Issue closes for subscription being [●]
Issue Opening date	The date on which the Issue opens for subscription being [●]
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being Rs.11 per share.
Issue Proceeds	Proceeds from the fresh Issue that will be available to our Company, being Rs. 500.50 Lakhs. For further information about use of the Issue Proceeds please see the chapter titled “Objects of the Issue” beginning on page 48 of this Draft Prospectus
Lead Manager/LM	Lead Manager to the Issue, in this case being BCB Brokerage Private Limited
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the SME Platform of BSE.
Market Maker	Market Maker appointed by our Company from time to time, in this case being BCB Brokerage Private Limited, who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time.
Market Making Agreement	Market Making Agreement dated 22 nd August, 2014 between our Company, LM and Market Maker
Market Making Reservation Portion	The Reserved Portion of 2,50,000 Equity Shares of face value of Rs.10/- each fully paid for cash at a price of Rs.11/- per Equity Share aggregating Rs.27.50 Lacs for the Market Maker in this Issue.
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of

	43,00,000 Equity Shares of Rs.10/- each at Rs.11/- per Equity Share aggregating to Rs.473 Lacs by our Company.
Net Proceeds	The Issue Proceeds received from the fresh Issue excluding Issue related expenses. For further information on the use of Issue Proceeds and Issue expenses, please refer to the section titled "Objects of the Issue" beginning on page 48 of this Draft Prospectus.
Non Institutional Applicants	All Applicants that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount more than Rs.2 Lacs
Non-Resident	A person resident outside India, who is a citizen of India or a person of Indian origin, as defined under FEMA
Prospectus	The Prospectus to be filed with the RoC containing, inter alia, the Issue opening and closing dates and other information
Public Issue Account	The Bank Account opened with the Banker(s) to this Issue by our Company to receive monies from the Escrow Account for this Issue on the Designated Date and where the funds shall be transferred by SCSBs from the ASBA Accounts.
Qualified Institutional buyers or QIBs	QIBs, as defined under regulation 2(1)(zd) of the SEBI ICDR Regulations
Refund Account	Account to which subscription monies to be refunded to the Applicants (excluding ASBA Applicants) shall be transferred from the Public Issue Account
Refund Banker	The bank(s) which is/ are clearing member(s) and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being [●]
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited having its registered office at E/2/3 Ansa Industrial Estate, Sakivihar Road, Sakinaka Andheri (E), Mumbai – 400072
Retail Individual Investor(s)	Individual Investors (including HUFs and Eligible NRIs) who have made an Application for Equity Shares for an amount less than or equal to Rs.2 Lacs.
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s)
Self-Certified Syndicate Bank or SCSBs	A Bank which is registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
SME Platform of BSE	The SME Platform of BSE for listing of equity shares offered under Chapter X-B of the SEBI (ICDR) Regulations which was approved by SEBI as an SME Exchange on September 27, 2011
Stock Exchanges	BSE
Transaction Registration Slip/TRS	The slip or document issued by the member(s) of the Syndicate to the Applicant as proof of registration of the Application
Underwriter	The LM and The Market Maker who have underwritten this Issue pursuant to the provisions of the SEBI (ICDR) Regulations and the SEBI (Underwriters) Regulations, 1993, as amended from time to time, in this case being BCB Brokerage Private Limited.
Underwriting Agreement	The Agreement between the Underwriter(s), Registrar and our Company to be entered into on or after the Pricing Date
Working Days	All days except Sunday and any public holiday (except in relation to the Application/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business.

CONVENTIONAL AND GENERAL TERMS/ ABBREVIATIONS

Term	Description
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CLB	Company law Board
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
Companies Act	The Companies Act, 2013, as amended
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DIN	Director's Identification Number
ECS	Electronic Clearing System
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FCNR Account	Foreign Currency Non Resident Account
FIs	Foreign Institutions
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FII(s)	Foreign Institutional Investors (as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountant of India
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NBFCs	Non Banking Financial Corporations
NEFT	National Electronic Funds Transfer
NTA	Net Tangible Assets
NOC	No Objection Certificate
NR	Non-resident

NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	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 as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961,
p.a	Per Annum
PAT	Profit after Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time
Registration Act	Registration Act, 1908
RoC/ Registrar of Companies	Registrar of Companies located at Mumbai, Maharashtra, India
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
Rs./INR/Rupees	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI (ICDR)Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, including instructions and clarifications issued by SEBI from time to time.

INDUSTRY RELATED TERMS

Term	Description
CSO	Central Statistical organization
IIP	Index of Industrial Production
MMF	Man made Fibres
Mtrs.	Meters
MW	Megawatt
Sq. Mtrs.	Square Meters
T&C	Textile and Clothes Industry
TPA/tpa	Tonnes Per Annum
TPM/tpm	Tonnes per Month
TUFS	Technology Upgradation Fund Scheme
WPI	Wholesale Price Index
WTO	World Trade Organisation
CPI	Consumer Price Index
SEBs	State Electricity Boards
MBOs	Multi Brand Outlets

SECTION II - GENERAL

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India and all references to the "US", the "USA", the "United States" or the "U.S." are to the United States of America, together with its territories and possessions.

Financial Data

Unless indicated otherwise, the financial data in this Draft Prospectus is derived from our restated financial statements prepared in accordance with generally accepted accounting principles followed in India ("Indian GAAP") and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations. Our fiscal year commences on April 1 and ends on March 31, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

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

Currency Presentation

Throughout the Draft Prospectus, all figures have been expressed in lacs, unless otherwise stated. Unless the context otherwise requires all references to one gender also refers to another gender. The word "Lacs" or "Lakhs", or "Lakh" means "100 thousand". In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" in this Draft Prospectus, unless otherwise indicated, have been calculated based on our restated financial statement prepared in accordance with Indian GAAP.

Industry and Market Data

Unless stated otherwise, industry data used in this Draft Prospectus has been obtained from industry publications. 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. Although we believe that the industry data used in this Draft Prospectus is reliable, it has not been verified by any independent source.

CERTAIN CONVENTIONS AND FORWARD-LOOKING STATEMENTS

This Draft Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “potential”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “may”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement. Forward-looking statements reflect our current views with respect to future events 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.

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

1. Delays or defaults in client payments could result in a reduction of our profits.
2. Failure to obtain, renew or maintain our statutory and regulatory registrations and approvals required to operate our business.
3. We may not be able to sustain effective implementation of our business and growth strategies.
4. We do not have any formal agreement with retailers, distributors, raw material suppliers or any customers.
5. Our operations are subject to high working capital requirements.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors”, “Our Business” and “Management’s Discussion of Financial Condition and Results of Operations” on pages 10, 72 and 124 of this Draft Prospectus respectively. Neither our Company nor the Underwriter nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the LM will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION III – RISK FACTORS

An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in the Draft Prospectus, including the risks described below, before making an investment in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, as well as the other risks and uncertainties discussed in the Draft Prospectus, could have a material adverse effect on our business and could cause the trading price of our Equity Shares to decline and you may lose all or part of your investment. In addition, the risks set out in the Draft Prospectus are not exhaustive. Additional risks and uncertainties, whether known or unknown, may in the future have material adverse effect on our business, financial condition and results of operations, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial statements of our Company as of and for the Fiscals 2010, 2011, 2012, 2013 and 2014 in each case prepared in accordance with Indian GAAP, including the schedules, annexure and notes thereto.

Materiality

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

- 1) Some events may not be material individually but may be found material collectively.
- 2) Some events may have material impact qualitatively instead of quantitatively.
- 3) Some events may not be material at present but may be having material impacts in future.

INTERNAL RISKS

1. **Our Company and one of our Promoter-Directors is involved in certain legal proceedings. Any adverse decision in such proceedings may have financial implication on the business of our Company.**

There are outstanding legal proceedings involving our Company and Mr. Nirmal Parmar, one of our Promoter-Directors. These proceedings are pending at different levels of adjudication before various tribunals and enquiry/ adjudication officers. Some of the matters are at the stage of legal notices being exchanged and are yet to take the shape of a legal proceeding. An adverse outcome in these proceedings could have an adverse effect on our business, prospects, financial condition and results of operations. In addition, further liability may arise out of these claims. Brief details of such outstanding litigation as on the date of this Draft Prospectus are as follows:

Sr. No.	Nature of Cases		No. of outstanding cases	Amount involved (in Lacs)
(I) Proceedings against the Company				
	Tax (Show-cause notices)	Income Tax	2	Not quantifiable
		MVAT/ Central Sales Tax	5	Not quantifiable
(II) Proceedings by the Company				
	Legal Notices	IPR related	8	-

	issued by the Company			
(II) Proceedings involving Promoters/Directors				
	Civil	Recovery of money	1	2*

**This is only an approximate amount. It does not include interest on the sums demanded.*

For further details of the legal proceedings involving our Company and the Promoter, see “*Outstanding Litigations, Material Developments and Other Disclosures*” on Page No. 130.

2. ***Our success depends upon our Promoter-Directors and the Key Managerial Personnel. Disassociation of our Promoter-Directors or any failure to retain such key managerial personnel could have an adverse impact on our business, financial conditions and results of operations.***

We depend heavily on our Promoter-Directors and the Key Managerial Personnel to implement our business strategy and carry out our operations. If our Promoter-Directors disassociate or any of our key managerial personnel resign or discontinue their services and are not adequately replaced, our business operations and the implementation of our business strategy could be materially and adversely affected.

3. ***Our revenues and profits are dependent on several factors. Any adverse change in these factors or in combination of these factors may affect our business operations and the financial condition and consequently, our ability to pay dividends.***

Our revenues and profits are dependent on several factors such as retaining our key managerial personnel, our complying with laws, recurring orders from our clients, managing costs and expenses, maintaining adequate inventory levels and general market conditions. Any adverse change in these factors or a combination of these factors may adversely affect our business operations and the financial condition. Further, our ability to pay dividends will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender’s approvals and other factors. Therefore, although, we have consistently maintained the profit levels and reserves, there can be no assurance that we shall have distributable funds or that we will declare dividends.

4. ***Delays or defaults in client payments could result in a reduction of our profits.***

We regularly commit resources to orders/ assignments prior to receiving advances or other payments from clients. We may be subject to working capital shortages due to delays or defaults in client payments. If clients default in their payments on a project to which we have devoted significant resources or if an order/assignment in which we have invested significant resources is delayed, cancelled or curtailed, it could have a material adverse effect on our business, financial condition and results of operations.

Further, we have large number of debtors which may result in a high risk in case of non-payment by these debtors. In the event we are not able to recover our dues from our debtors, we may not be able to maintain our sales level and thus adversely affecting our financial condition.

5. ***Our insurance cover may be inadequate to fully protect us from all losses and may in turn adversely affect our financial condition.***

We maintain such insurance coverage as we believe is adequate to cover the important assets of the Company. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. Further, with respect to the insurance coverage maintained by us, we cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim future coverage. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected.

6. *Certain statutory filings made by our Company have been misplaced*

Our Company has been regular in making the statutory filings with the RoC. However, certain statutory forms required to be filed with RoC have been misplaced by us and we do not have substantial records evidencing the filings made. We may be called upon to re-file the said forms with penalty which will result in incurring considerable amount of expenditure.

7. *If we are not able to obtain, renew or maintain our statutory and regulatory registrations and approvals required to operate our business, it may have a material adverse effect on our business.*

We require certain statutory and regulatory registrations and approvals to operate our business. While, we believe we have procured all the necessary licenses/registrations/approvals, there cannot be any assurance that the same are adequate for legal compliance or that we have complied all the applicable laws. In the future, we will be required to renew such registrations and approvals and obtain new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the time-frame anticipated by us or at all. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues and operations. Further, our Company has not obtained certain consents and approvals for certain units and some of the approvals have not been issued in the name of our Company. If we are unable to procure the same in future, heavy penalties may be imposed on our Company and it may also result in the interruption of our operations.

8. *Some of the properties occupied by us including our Corporate Office are not owned by us. If we are required to vacate the same, due to any reason whatsoever, it may adversely affect our business operations.*

Our Company has its retail stores at the premises that are not owned by the Company. Our Company has been occupying such premises under business conducting agreements from several third parties at a payment of monthly rent in the form of royalty fee. One such agreement has been entered into with a tenant without having received any written confirmation from his landlord. Although, we believe that we have complied with all the terms of such agreements, in the event there is any breach or violation of the same, we may be required to vacate the same. Further, in any event, on expiry of such agreements, if the respective owners are not willing to renew the same, the aforesaid properties may have to be vacated and we may be required to look for alternate premises, which we may not be able to find at terms favourable to our Company. In such an event, it will adversely affect our business operations and our financial condition.

Further, our Corporate Office belongs to our Promoter Mr. Nirmal Parmar. He has permitted the Company to utilise the said premises vide its no-objection certificate dated 1st April, 2005. For further details please see the heading 'Property' in the section titled "Our Business" on page no. 72 of this Draft Prospectus.

9. *Our Company has entered into Agreements for Sale with certain third parties, not being Promoter or Promoter Group, and a final sale deed remains to be executed in favour of our Company.*

Our Company has entered into a registered Agreement for Sale dated 5th September, 2008 for purchase of the premises located at Unit no. 325 on the 3rd floor, Milan Industrial Estate, Abhuday Nagar, Cotton Green, Mumbai-400033 for which part consideration of Rs.0.5 Lacs has been made to the vendor. Our Company has also entered into a registered Agreement for Sale dated 4th March, 2005, for purchase of the premises located at Unit no.C-41, 3rd Floor, Royal Industrial Estates Co-operative Society Ltd., 5-B, Naigam Cross Road, Wadala (West), Mumbai-400031 on payment of the entire consideration amount being Rs.34.50 Lacs. However for both the premises a sale deed remains to be executed. For further details, please see the Chapter "Our Business" on Page No. 72 of this Draft Prospectus.

10. *Our loan agreements have several restrictive covenants and certain unconditional rights in favour of the lender, which could influence our ability to expand, in turn affecting our business and results of operations.*

As on 31st March, 2014, we have availed of Rs.2971.48 Lacs as secured term loan including cash credit facilities from Bank of Baroda. The said loan has been secured by way of mortgage of immovable property owned by our Company, our Promoters and personal guarantee of our Promoters. We have also availed of unsecured loans aggregating to Rs.700.06 Lacs as on 31st March, 2014 from our Promoters and certain members of our Promoter Group which may be recalled at any time. Further, Bank of Baroda has also

sanctioned a loan on adhoc basis amounting to Rs.200 Lacs. In case we are not able to pay our dues in time, the same could adversely impact our operations. In addition to the above, we have to route entire turnover through our cash credit account maintained with the Bank of Baroda and also to transact with them exclusively. Any failure to comply with any requirement or other condition or covenant under our financing agreements, may lead to a termination of our credit facilities, acceleration of all amounts due under the said credit facility and may adversely affect our ability to conduct our business and operations or implement our business plans. Further, the said credit facilities can be renewed/enhanced/cancelled/suspended/reduced and the terms and conditions of the same can be altered by the lender, at its discretion. In the event the lender refuses to renew/enhance the credit facilities and/or cancels/suspends/reduces the said credit facilities and/or alters the terms and conditions to the derogation of our Company, our existing operations as well as proposed expansion may be severely affected. Consequently, it would have a bearing on the financial condition of the Company.

- 11. *Our Company has unsecured loans, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and financial condition of our Company.***

As on 31st March, 2014, our Company has availed of long-term unsecured loans aggregating to Rs.700.06 Lacs from our Promoter/ Promoter Group which are repayable on demand. Any demand from the lenders for repayment of such unsecured loans may adversely affect the financial condition and result of operations of our Company.

- 12. *Our Promoters have given personal guarantee in relation to certain debt facilities obtained by us. In the event, they withdraw/terminate their personal guarantee, we may be required to provide other adequate security.***

Our Promoters, Mr. Nirmal Parmar and Mrs. Sharmila Parmar have given personal guarantees in relation to the secured debt facilities obtained by us. Although, since Mr. Nirmal Parmar and Mrs. Sharmila Parmar are integral to the operations of our Company and we believe that they will not withdraw or terminate their personal guarantees, in the event they do withdraw or terminate their personal guarantees with respect to any facility, the lender may ask for alternate guarantees, repayment of amounts outstanding under such facility, or even terminate such facility. We may not be successful in procuring alternate guarantees satisfactory to the lender and as a result we may need to repay outstanding amounts under such facility or seek additional sources of capital, which could adversely affect our financial condition.

- 13. *Our Promoters will continue to retain majority control over the Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.***

Upon completion of the Issue, our Promoters will own 70.64% of the post-Issue Equity Share capital of the Company. As a result, the Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. The Promoters will also have an effective veto power with respect to any shareholder action or approval requiring a majority vote. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control. For further details of Promoters' shareholding, please see section titled "Capital Structure" on page no. 36 of this Draft Prospectus.

- 14. *Our Company has in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations.***

Our Company has entered into transactions with its Promoters, Promoter Group and Directors. While, it is believed that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that our Company could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will enter into related party transactions in the future. For further details please see the section titled "Auditors' Report and Financial Information of Our Company" on page no. 107 of this Draft Prospectus.

- 15. *Our Promoter-Directors have interests in the Company other than the reimbursement of expenses and normal remuneration or benefits. Any such interests may result in a conflict of interest, which may have an adverse effect on our business.***

Our Promoter-Directors namely Mr. Nirmal Parmar and Mrs. Sharmila Parmar hold certain Equity Shares in our Company and may be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. Further, our Company's corporate office is owned by our Promoter Director. For further details, please see the sections "Our Management", on page 89 of this Draft Prospectus.

16. Our Promoters are the First Generation Entrepreneurs and the investors would be subject to all consequential risks associated with respect to their limited knowledge.

Our Promoters are first generation entrepreneurs. Their experience in managing and being instrumental in the growth of our Company is limited to the extent of their individual knowledge, experience and expertise and we cannot assure that this will not affect our business growth.

17. Our Promoter's name is reported to Credit Information and Bureau of India Limited by a certain bank for alleged non-payment of credit card charges.

Our Promoter namely Mr. Nirmal Parmar is reported to CIBIL with respect to alleged non-payment of Rs.0.012 Lacs towards credit card charges for the year 2011. However, subsequent to reporting the name of our Promoter to CIBIL, no action and/or proceedings have been initiated against him.

18. Our revenues and profits are difficult to predict and can vary significantly from year on year, which may impact our ability to pay dividend and which could cause the price of our Equity Shares to fluctuate.

Our revenues are dependent on several factors such as continuous relationship with the customers and receipt of orders in the relevant accounting period, ability to attract fresh talent in the industry and general market conditions. For further details please see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements" on Page No. 124 of this Draft Prospectus. The combination of these factors may result in significant variations in revenues and profits and as a result of the same year on year results may not be comparable and should not be relied upon as indicative of future performance. Any significant shortfall in revenue may have an adverse effect on our business, operating results and financial condition.

19. Our net cash flows from operating, investing and financing activities have been negative in the past. Any negative cash flow in the future may affect our liquidity and financial condition.

Our cash flow from our operating activities, investing and financing activities have been negative in the past. Our cash flows from operating and investing activities were negative in the financial year ended 31st March, 2012 and 31st March, 2013.

Financing cashflow was negative in the financial year ended 31st March, 2014 on account of repayment of interest on loans.

Details of our cash flows for the last three years:

Particulars	(Rs. in Lacs)		
	For the year ended March 31 st		
	2014	2013	2012
Net Cash from Operating Activities	122.98	(969.33)	(606.07)
Net Cash from Investing Activities	2.11	(8.08)	(3.32)
Net Cash used in Financing Activities	(123.93)	935.23	660.61

Any net negative cash flows in the future could adversely affect our results of operations and consequently our revenues, profitability and growth plans.

20. We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

RISKS RELATING TO BUSINESS

21. *We do not enter into definitive purchase agreements with our raw material suppliers or our customers.*

We procure our raw material from manufacturers and authorized distributors appointed by the manufacturers based on our requirement. Generally, we do not enter into any firm/definite arrangements with our raw material suppliers. Therefore, there are no fixed terms and conditions on which we purchase raw materials. It cannot be assured that we will be offered the best terms by our suppliers as and when we place orders with them. Further, since we do not have definite arrangements with our customers, there are no fixed terms and conditions on which we sell our products and it cannot be assured that we would receive repeat orders from our customers.

In the event we cannot negotiate best terms from our raw material suppliers or that we are unable to procure repeat orders from our customers, the same may affect our business operations and our financial position.

22. *Our production and manufacturing process involves several stages wherein certain activities are outsourced by our Company on a regular basis. Failure to get the work done efficiently and in expected time frame may affect our business and sales.*

Our production and manufacturing process involves several stages such as procuring of the raw materials, cutting, stitching, washing, processing, finishing and packaging. Although most of the apparels are stitched by us, we also get around 60% of the stitching process outsourced from various job workers. Further, washing and processing of the apparels are also generally outsourced. Though the stitching process is carried out by both trained tailors as well as specialists that utilize various imported machines for different processes, we cannot assure complete efficiency on their part and delivery of the product to us in the expected time frame. In case of such failures, in order to ensure good standard and quality of the final product we may have to compromise on the time frame which may ultimately affect our business and sales.

23. *We rely significantly on retail distributors for sale of our products. Also we do not have any formal agreement with each and every distributor.*

We sell our products, *inter alia*, through our retail distributors in the states of Maharashtra, Gujarat, Rajasthan, Chhattisgarh, Andhra Pradesh and some parts of West U.P, Bihar and Jharkhand. As on date, we do not have any formal agreement with each one of them. In the absence of any formal agreement with them, these dealers/distributors may terminate our arrangement at any time which may adversely affect our ability to sell our products. Furthermore, our business growth depends on our ability to attract additional dealerships and widen our dealer network. While we believe, that we have good relations with our dealers but there is no assurance that our current dealers will continue to do business with us or that we can continue to attract additional dealers to our network. If we do not succeed in maintaining the stability of our dealer network, our market share may decline, materially affecting our results of operations and financial condition.

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

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

25. *If demand for our products accounting for major portion of our revenue declines or if we do not successfully commercialize our products, or if the sale is delayed, our business and the results of operations may be adversely affected.*

Two of our products namely jeans and cotton trousers accounted for approximately 83% of our total sales in the Fiscal 2013. Any reduction in demand for these products could adversely affect our business and financial condition. Further, although, we believe that our products have a unique style, introduction of products with similar or better style by our competitors in future could be adverse to the interests of the Company and affect

our business and financial condition. Further, we need to successfully market our products. Once a product is developed by our manufacturing units, it needs to be timely sold for it to contribute to the revenue of the Company. Although, we believe that we have been able to successfully commercialize and market our products without any undue delay in the past, it cannot be assured that we will be able to do so in the future also. In the event, we do not successfully commercialize our products or if our commercialization is unduly delayed for any reason whatsoever, it may affect our business operations and growth prospects.

Further, in the Fiscal 2013, 80% of our total sales was in Maharashtra, Gujrat and Rajasthan. Any reduction in demand for our products in the abovementioned states could adversely affect our business and financial condition.

- 26. *In the case of any defect in our products, we could become liable to customers and incur substantial costs which in turn could adversely affect the value of our brand, and our sales could diminish if we are subjected to any negative publicity.***

We believe that we have been able to maintain quality standards for our products and that there have been no major defects in our products in the past. However, in the event of any major defects in our products in future, we could be made liable to the customers and may incur substantial costs in damages, which would adversely affect our financial condition. Further, any such event may adversely affect the value of our brand and our sales due to negative publicity.

- 27. *We may not be able to correctly assess the demand for our products, which may adversely affect our business, financial condition and results of operations.***

We believe that in the past, we have been able to correctly assess the demand for our products in the market. Further, we also believe that we have been able to maintain adequate inventory levels and that we have been able to deliver the products in the market as per the prevailing demand. However, it cannot be assured that we will be able to correctly assess the demand for our products in future. In such an event, we may experience high inventory levels, thus disturbing our working capital cycle. This may adversely affect our financial condition. Further, in the event, we do not maintain adequate inventory levels, we will not be able to cater to the prevailing demand in the market and thus, it will affect our growth and revenues.

- 28. *Our Company depends on timely identification of evolving fashion trends and creating new designs. Any lag on the part of our Company in this regard may adversely affect our business operations.***

Our business is driven by recent clothing fashion trends which is dynamic and ever changing and we may not be able to adapt to such changes and maintain our growth in face of the competitive environment that we currently operate in. We maintain a team of experienced person who design and develop the products as per customer's needs. This team works on the development of designs by analysing the needs of clients by parameters like latest combinations, new techniques & patterns and most importantly the feedback gained from the sales of the similar products that were designed earlier. Our inability to tap the changing fashion can lead to rejection and obsolescence of our textiles thus damaging goodwill, business operations and financial conditions. Although our Promoters and the key managerial personnel have considerable knowledge of the industry, we cannot assure if they can manage to keep up with the pace of constant changes and diversification. Further, since we operate in a highly competitive environment, it cannot be assured that we will be able to keep pace with our competitors in terms of investments in expansion, acquisitions for inorganic growth, etc. If we cannot keep pace with our competitors or continuously generate new products, our business and financial conditions may be adversely affected.

- 29. *We may not be able to sustain effective implementation of our business and growth strategies***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. We may not be able to execute our strategies in the future. Further, our growth strategies could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long term business outlook.

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

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

31. *We operate in a competitive business environment. Competition from existing players and new entrants and consequent pricing pressures may adversely affect our business, financial condition and results of operations.*

We operate in a competitive business environment. Growing competition in the domestic and/or the international markets may subject us to pricing pressures and require us to reduce the prices of our products in order to retain or attract customers, which may have a material adverse effect on our revenues and margins. Some of our competitors may be increasing their capacities and targeting the same products as us. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

32. *Our inability to upgrade to the latest technology may adversely affect our growth, market position and profitability*

Advancement in technology may require us to make additional capital expenditure for upgrading our manufacturing facilities so as to compete with our various competitors. In the event we are not able to respond to such technological advancement in a timely manner, we may lose our competitive edge thereby adversely affecting our profits.

33. *We derive all of our income from our customers within India. Therefore, factors that adversely affect the Textile Industry in India may adversely affect our business.*

We have in the past derived and believe that we will continue to derive, a significant portion of our income from our customers within India. In addition, all of our employees are based in India. Consequently, factors that adversely affect the Indian economy or the Textile industry within India, may adversely affect our business and profitability. We are, therefore, less insulated from the risk of adverse changes in market conditions in India as compared to several of our competitors who have significant operations outside India.

34. *Our current processing facilities are geographically located at one place, i.e. Mumbai and the loss or shutdown of operations at the facility could have a material adverse effect on us.*

Our existing processing facilities are located in Mumbai. As a result, any local social unrest, natural disaster or break down of services and utilities in that area could have material adverse effect on the business, financial position and results of operation of our Company.

RISKS RELATING TO OBJECTS OF THE ISSUE

35. *The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the section titled “Objects of the Issue”. Any revision in the estimates may require us to reschedule our Project expenditure and may have a bearing on our expected revenues and earnings.*

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our estimates for the objects may exceed the value that would have been determined by third party appraisals and may require us to reschedule our expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency.

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

Our business requires significant amount of working capital. Major Portion of our working capital is utilized towards debtors and inventory. We have been sanctioned working capital of Rs.2950 lacs from the existing banker, including fund based and non-fund based limits. Our growing scale of business and expansion plans, if any, may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the section “Objects of Issue” on page 48 of this Draft Prospectus.

- 37. *We intend to utilise portion of the Issue proceeds aggregating to Rs.33.5 Lakhs for general corporate purpose.***

The general corporate purpose includes increasing our network facilities, strengthening of our marketing capabilities, infrastructure, the skill and unskilled labours; brand building and other marketing efforts; meeting exigencies in ordinary course of business and any other purpose as may be approved by our Board of Directors from time to time. However, we have not, as of the date of this Draft Prospectus, proceeded further in pursuit of fulfilling any of the requirements as mentioned in the general corporate requirement.

- 38. *The schedule of implementation envisaged by us may be delayed and as a result thereof, we may face operational delays. This may have an adverse effect on our business operations and our return on investments.***

The proposed schedule of implementation may be delayed by any reason whatsoever, including any delay in completion of the Issue. If the schedule of implementation is delayed, we may have to revise our working capital limits resulting in unprecedented financial mismatch and this may affect our revenues and results of operations.

RISKS RELATING TO EQUITY SHARES

- 39. *Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future equity issuances by us, including in a primary offering, may lead to the dilution of investors’ shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

- 40. *There is no existing market for our Equity Shares and we cannot assure you that such a market will develop. The stock price may be volatile, and you may be unable to resell your shares at or above the Issue price or at all.***

Prior to this Issue, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained upon the completion of this Issue. The Issue Price of the Equity Shares offered hereby may not be indicative of the market price of the Equity Shares after this Issue. The market price of our Equity Shares after this Issue will be subject to significant fluctuations in response to among other factors:

- variations in our operating results and the performance of our business;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- changes in financial estimates by securities research analysts;
- addition or loss of executive officers or key employees;
- loss of one or more significant customers;
- the performance of the Indian and global economy;
- significant developments in India’s economic liberalization and deregulation policies, and the fiscal regime; and
- volatility in the Indian and global securities markets.

Even though a Market Maker has been appointed for our stock, since there has been no public market for our Company's Equity Shares, an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our Company's operating results, market conditions specific to the packaging sector in India, developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world. The risk of loss associated with this characteristic may be greater for investors expecting to sell Equity Shares purchased in this Issue soon after the Issue.

41. *The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the Issue Price and you may not be able to sell your Equity Shares at or above the Issue Price.*

The Issue Price of our Equity Shares has been determined by the management and the lead managers on numerous factors and may not be indicative of the market price of our Equity Shares after the Issue. For further information please refer the section titled "Basis of Issue Price" beginning on page 55 of this Draft Prospectus. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Amongst the factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Changes in economic, legal and regulatory factors (both domestic and international) unrelated to our performance such as global recession, imposition of trade / non trade barriers and sanctions etc.

42. *There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE in a timely manner, or at all.*

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

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

Capital gains arising from the sale of shares and debentures are generally taxable in India. Any gain realised on the sale of shares and debentures on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax, or STT, has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which shares or debentures are sold. Any gain realised on the sale of shares and/or held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of shares and/or debentures held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of shares and/or debentures will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a 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 jurisdictions on gains arising from a sale of the shares and/or debentures, as the case may be.

44. *Any future issuance of Equity Shares may dilute the shareholding of the Investor and sales of our Equity Shares by our Promoter or other major shareholders and dilution in net tangible book value may adversely affect the trading price of Equity Shares.*

Any future issuance of our Equity Shares by our Company could dilute the shareholding of the investor. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders

may also adversely affect the trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. While the entire Post-Issue paid-up share capital held by our Promoters and other shareholders will be locked-in for a period of 1 (one) year and 20% of our post-Issue paid-up capital held by our Promoter will be locked-in for a period of 3 (three) years from the date of allotment of Equity Shares in the Issue, upon listing of our Equity Shares on the Stock Exchanges. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. For further information relating to such Equity Shares that will be locked-in, please refer to the sub-section titled "Notes to the Capital Structure" under the section titled "*CapitalStructure*" beginning on page 36 of this Draft Prospectus.

EXTERNAL RISKS

45. *The Companies Act, 2013 has introduced significant changes to the existing Indian company law framework and the SEBI has introduced changes to the Listing Agreement, which are effective from October 1, 2014, which may subject us to greater compliance requirements and increase our compliance costs.*

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offer document, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors, insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. We may also need to spend, in each financial year, at least 2.0% of our average net profits during the three immediately preceding financial years towards corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

The Companies Act, 2013 has introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations issued by SEBI). Recently, SEBI issued revised corporate governance guidelines which are effective from October 1, 2014. Pursuant to the revised guidelines, we are required to, *inter alia*, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 or the revised SEBI corporate governance norms, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

46. *Political instability or changes in the Government in India or in the government of the states where we operate could cause us significant adverse effects.*

We are incorporated in India and all of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of our Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The central government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our businesses, and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in central government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive central governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued. A

significant change in the central government's policies, in particular, those relating to the banking and finance industry in India, could adversely affect our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

47. *Global economic downturn and adverse market conditions could cause our business to suffer. A slowdown in economic growth in India could cause our business to suffer*

The developed economies of the world viz. U.S., Europe, Japan and others are in midst of a downturn affecting their economic condition and markets general business and consumer sentiment has been adversely affected due to the global slowdown and there can be no assurance whether the developed economies or the emerging market economies will see good economic growth in the near future. Consequently, this has also affected the global stock and commodity markets. Our performance and growth is directly related to the performance of the Indian economy. The performance of the Indian economy is dependent among other things on the interest rate, political and regulatory actions, liberalization policies, commodity and energy prices etc. A change in any of the factors would affect the growth prospects of the Indian economy, which may in turn adversely impact our results of operations, and consequently the price of our Equity Shares.

48. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

49. *If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy and our business*

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income.

The Asian region has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Since May 1999, military confrontations between countries have occurred in Kashmir. The hostilities between India and its neighbouring countries are particularly threatening because India and certain of its neighbours possess nuclear weapons. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Afghanistan. There has also recently been hostility in the Korean Peninsula. In July 2006 and November 2008, terrorist attacks in Mumbai resulted in numerous casualties. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

50. *Future sales of our Equity Shares may negatively affect our Equity Shares*

Future sales of substantial amounts of our Equity Shares in the public market, or even the potential for such sales, could adversely affect the price of our Equity Shares and could impair our ability to raise capital. All of the shares sold in this offering, will be freely tradable without restriction. The Equity Shares owned by our Promoters and other shareholders are subject to lock-in as detailed under the section titled "*CapitalStructure*" beginning on page 36 of this Draft Prospectus. We cannot assure you that they will retain ownership of our Equity Shares after the lock-in period following this offering. Sales or distributions by our Promoters or other shareholders of substantial amounts of our Equity Shares in the public market could adversely affect prevailing market prices for our Equity Shares.

51. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.*

The Indian securities markets are relatively smaller than securities markets in more developed economies. Indian stock exchanges in the past have experienced substantial fluctuations in the prices of listed securities. These stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other

regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

Prominent Notes:

- The investors may contact the LM for any complaint pertaining to the Issue.
- Public Issue of 45,50,000 Equity Shares of Rs.10/- each for cash at a price of Rs.11/- per Equity Share (including a share premium of Re. 1 per Equity Share) for cash aggregating to Rs.500.50 Lacs (“**Issue**”). The issue of Equity Shares will constitute 28.83% of the fully diluted post-issue Equity Share capital of our Company.
- Our Company’s net worth as at March 31, 2014 was Rs.1439.93Lacs.
- Based on our restated financial statements, the net asset value per equity share having a face value of Rs.10/- each was Rs.12.82 as of March 31, 2014.
- The average cost of acquisition per Equity Share by our Promoter is as follows:

Sr. No.	Name of Promoter	Cost of Acquisition (in Rs.)
1.	Nirmal Parmar	7.40
2.	Sharmila Parmar	6.11

- Our Company was incorporated as “Monarch Apparels (India) Limited” on February 14, 2005 under the Companies Act, 1956 and commenced its business after obtaining the Certificate of Commencement of Business issued by the Registrar of Companies, Mumbai, Maharashtra on February 28, 2005. For details please refer to the section titled “*History and Other Corporate Matters*” beginning on page 86 of this Draft Prospectus.
- Any clarification or information relating to the Issue shall be made available by the LM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. For any clarification or information relating to the Issue, investors may contact the LMs, who will be obliged to provide such clarification or information to the investors.
- During the period of six months immediately preceding the date of filing of this Draft Prospectus with BSE, no financing arrangements existed whereby the Promoter Group, our Promoters, our Directors and their relatives may have financed the purchase of Equity Shares by any other person, other than in the normal course of the business of such financing entity.
- For the details of related party transaction, please refer to the notes on related party transactions in “*Financial Statements*” on page 107 of this Draft Prospectus.
- No part of the Issue proceeds will be paid as consideration to Promoters, Promoter Group, Directors, Key Managerial Personnel or Group Companies.
- Trading in the Equity Shares for all investors shall be in dematerialised form only.

SECTION IV – INTRODUCTION

SUMMARY OF INDUSTRY AND BUSINESS OVERVIEW

Summary of Industry Overview

The information in this section is derived from various government publications and other industry sources. Neither we nor any other person connected with the Issue has 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 their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current.

Indian Textile Industry

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

The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms/hosiery and knitting sector form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. The multi-fibre strong base by highlighting the following important positions reckon by this industry across globe are:

- **Cotton** – Second largest cotton and cellulosic fibres producing country in the world.
- **Silk** – India is the second largest producer of silk and contributes about 18% to the total world raw silk production.
- **Wool** – India has 3rd largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers.
- **Man-Made Fibres**- the fourth largest in synthetic fibres/yarns globally.
- **Jute** – India is the largest producer and second largest exporter of the jute goods.

(Source: Confederation of Indian Textile Industry; <http://www.citiindia.com/textile-industry.html>)

Market Size of Textile Industry in India

The size of India's Textile market in 2011 was US\$89 billion, the market expected to expand at a compounded annual growth rate (CAGR) of 10.1% over 2009-2021.



The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk and jute and skilled workforce has made India a sourcing hub.

The most significant change in the Indian textile industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production increased by 6 per cent during December 2013. The production increased by about 4 per cent during the year April-December 2013.

Cotton yarn production increased by 6 per cent during December 2013 and by 10 per cent during April-December 2013. Blended and 100 per cent non-cotton yarn production increased by 5 per cent during December 2013 and increased by 8 per cent during the year April-December 2013.

Cloth production by mill sector increased by 4 per cent during December 2013 and by 6 per cent during April-December 2013. Cloth production by handloom, and hosiery increased by 3 per cent and 11 per cent respectively during December 2013. Production by handloom, and hosiery sectors increased by 4 per cent and 13 per cent during April-December 2013. The total cloth production grew by 2 per cent during April-December 2013.

The potential size of the Indian textile and apparel industry is expected to reach US\$ 221 billion by 2021. Garment exports from India is expected to touch US\$ 60 billion over the next 3 years, with the help of government support.

(Source: www.ibef.org)

Summary of Business Overview

Evolution of the brand “Monarch”

“Monarch” brand was officially launched in the year 1994 by Late Mr. Chandan Parmar through his proprietary concern ‘Pavan Apparels’. Sole business of Pavan Apparels was marketing and selling men’s jeans under the brand ‘Monarch’ wherein the manufacturing process of the jeans was entirely outsourced. With a view to expand his textile business and to take advantage of the goodwill earned by the brand ‘Monarch’, Late Mr. Chandan Parmar closed down his proprietary concern - Pavan Apparels and subsequently, on 14th February, 2005, he alongwith our Promoters Mr Nirmal Parmar and Mrs. Sharmila Parmar incorporated Monarch Apparels (India) Limited. Thus, with the inception of our Company, Late Mr. Chandan Parmar and our Promoters gradually extended their textile business beyond marketing and selling men’s jeans.

Business Overview

Initially, our Company carried on its textile business namely finishing, marketing and selling men’s apparels under the brand ‘Monarch’ solely at its registered office located at C – 41, 3rd Floor, Royal Industrial Estate, 5-B Naigaum Cross Road, Saharkar Nagar , Wadala (W), Mumbai- 400031. In the year 2008, we set up a manufacturing unit at Unit No. 325, 3rd Floor, Milan Industrial Estate, Abhudaya Nagar, Cotton Green (West), Mumbai – 400033 and entered the manufacturing sector of the textile industry. Our manufacturing unit at Cotton Green has a total capacity of producing 3 lakhs pieces of apparels per annum.

At present, our Company is primarily involved in designing, manufacturing and marketing men's apparels under the brand 'Monarch'. Our product line consists of:

1. Jeans;
2. Cotton trousers;
3. Corduroys trousers; and
4. Cotton shirts.

The variety that our Company offers ranges from premium casuals/ party wear, semi-premium office to semi-premium casuals catering to the age group of 20 to 45 years. Our products are priced between Rs.895/- and Rs.1895/- which effectually attract the population belonging to middle and upper middle class. With our Promoters having a collective experience of over 2 decades in the textile industry together with our qualified and experienced staff, we have endeavoured to introduce new styles, fits, finishes and fabrics to our product range. We are thus an integrated apparel manufacturer with the process of designing, cutting, stitching, ironing, finishing and packaging being carried out at its 3 separate units.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our statement of Assets and Liabilities and Profit and Losses restated for five years ended, 2014, 2013, 2012, 2011 and 2010. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the auditor's report of 28th July, 2014 dated and presented in the section titled "Financial Information" beginning on page 107.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs.in Lacs)

Particulars	As at				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
A <u>NON-CURRENT ASSETS</u>					
Fixed Assets					
~Tangible Assets	186.84	211.36	232.98	262.13	112.26
Non-Current Investments	10.89	10.89	6.96	4.24	2.76
Deferred Tax Asset (Net)	1.83	-	-	-	-
Long Term Loans and Advances	7.65	9.15	3.65	3.65	4.15
Sub-Total Non Current Assets	207.21	231.40	243.58	270.02	119.17
B <u>CURRENT ASSETS</u>					
Inventories	1,669.68	1,750.24	1,453.27	845.35	530.03
Trade Receivables	4,611.93	4,226.08	2,770.89	1,789.00	889.27
Cash and Bank Balances	44.25	43.10	85.27	34.05	9.36
Short Term Loans and Advances	42.72	49.22	0.59	0.22	17.27
Other Current Assets	4.34	-	-	-	-
Sub-Total Current Assets	6,372.93	6,068.63	4,310.02	2,668.62	1,445.94
C <u>TOTAL ASSETS (C=A+B)</u>	6,580.14	6,300.03	4,553.60	2,938.64	1,565.10
D <u>NON-CURRENT LIABILITIES</u>					
Long Term Liabilities	704.90	670.70	250.18	116.74	156.79
Deferred Tax Liabilities	-	4.19	4.15	5.14	3.00
Long Term Provisions	12.73	5.78	3.30	1.55	0.66
Sub-Total Non Current Liabilities	717.64	680.66	257.63	123.43	160.46
E <u>CURRENT LIABILITIES</u>					
Short Term Borrowings	3,196.98	2,937.97	2,294.50	1,512.49	812.52
Trade Payable	849.23	1,039.87	732.95	165.10	100.71
Other Current Liabilities	81.19	31.70	16.49	16.64	9.25
Short Term Provisions	295.17	288.90	252.77	211.30	94.54
Sub-Total Current Liabilities	4,422.57	4,298.44	3,296.70	1,905.53	1,017.02
F <u>TOTAL LIABILITIES (F=D+E)</u>	5,140.20	4,979.10	3,554.33	2,028.95	1,177.48
G <u>NET WORTH (C-F)</u>	1,439.93	1,320.93	999.27	909.69	387.62
H <u>NET WORTH REPRESENTED BY SHAREHOLDERS' FUND</u>					
Share Capital	1,122.88	701.73	665.70	665.70	112.30
Reserves & Surplus	317.05	619.20	333.57	243.98	275.32
TOTAL- SHAREHOLDERS' FUNDS	1,439.93	1,320.93	999.27	909.69	387.62

SUMMARY OF PROFIT & LOSS ACCOUNT, AS RESTATED

(Rs.in Lacs)

Particulars	For the Year Ended				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>REVENUE</u>					
Revenue from Operations	10,450.53	9,878.85	9,612.60	7,201.99	4,658.26
Other Income	2.56	2.59	1.86	0.96	-
Total Revenue	10,453.09	9,881.44	9,614.46	7,202.95	4,658.26
<u>EXPENSES:</u>					
Cost of Material Consumed	2,255.12	2,331.01	2,534.04	1,810.38	1,064.22
Purchase of Stock-in-Trade	3,900.55	3,561.75	3,143.27	2,250.21	2,027.63
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29.18	(225.03)	(496.45)	(258.89)	(163.02)
Employee Benefit expense	373.45	367.74	377.66	175.68	112.78
Finance Cost	415.60	352.18	262.20	168.07	98.20
Depreciation and Amortization Expense	24.88	28.36	31.62	14.34	11.10
Other Expenses	3,273.67	3,296.85	3,622.53	2,737.87	1,410.38
Total Expenses	10,272.46	9,712.85	9,474.85	6,897.67	4,561.29
<u>Profit Before Tax</u>	180.62	168.58	139.60	305.28	96.97
<u>Tax Expenses</u>					
Current tax	68.04	63.91	51.01	110.26	32.90
Earlier Year's Taxes	-	-	-	-	(1.60)
Deferred Tax (Assets)/ Liabilities	(6.02)	(0.95)	(0.99)	2.14	3.00
	62.02	62.95	50.02	112.40	34.31
<u>Profit / (Loss) for the Period (X-XI)</u>	118.60	105.63	89.58	192.88	62.67
<u>Earning Per Share (Basic & Diluted)</u>	1.06	0.97	0.82	2.54	0.84

SUMMARY OF CASH FLOW STATEMENT, AS RESTATED

(Rs. In lacs)

Particulars	For the Year Ended				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>A. Cash Flow from Operating Activities</u>					
Net Profit / (Loss) before tax	180.62	168.58	139.60	305.28	96.97
Adjustment for :					
Depreciation	24.88	28.36	31.62	14.34	11.10
Interest Expenses	411.16	344.78	254.84	160.20	94.41
Preliminary expenses written off	-	-	-	0.38	0.38
Interest Income	(2.56)	(2.59)	(1.86)	(0.96)	-
Gratuty Provision	6.96	2.48	1.75	0.89	0.66
Operating profit before working capital changes	621.06	541.61	425.95	480.13	203.53
Changes in working Capital					
Changes in Inventories	80.56	(296.96)	(607.93)	(315.31)	(190.60)
Change in Sundry Debtors	(385.85)	(1,455.20)	(981.88)	(899.73)	(180.41)
Loan and advances assets	7.99	(53.14)	(0.36)	17.55	(14.22)
Other Current assets	(4.25)	-	-	-	-
Change in Sundry Creditor	(190.64)	306.92	567.84	64.39	(52.98)
Change in Current Liabilities	22.19	37.64	29.56	30.31	28.77
Cash generated from operations	151.06	(919.12)	(566.82)	(622.67)	(205.92)
Direct Tax Paid	28.07	50.21	39.25	16.43	-
Net cash from operating activities(A)	122.98	(969.33)	(606.07)	(639.10)	(205.92)
<u>B. Cash Flow from Investing Activities</u>					
Purchase/Sale of fixed assets (Net)	(0.36)	(6.73)	(2.47)	(164.21)	(18.55)
Investments	-	(3.93)	(2.71)	(1.48)	-
Interest Received	2.47	2.59	1.86	0.96	-
Net cash from investing activities (B)	2.11	(8.08)	(3.32)	(164.72)	(18.55)
<u>C. Cash Flows from Financing Activities</u>					
Proceeds from Issue of Equity Shares	0.07	36.03	-	328.80	15.00
Proceeds from Share Premium	0.34	180.00	-	-	75.00
Proceeds from Unsecured Loan	41.17	414.98	150.41	(40.15)	7.91
Proceeds from Secured Loan	245.82	649.01	765.04	700.07	227.63
Interest Paid	(411.33)	(344.78)	(254.84)	(160.20)	(94.41)
Preliminary Expenses Incurred	-	-	-	-	-
Net cash used from financing activities (C)	(123.94)	935.23	660.61	828.51	231.14
Net change in cash (A+B+C)	1.15	(42.18)	51.23	24.69	6.66
Cash and cash equivalents at beginning of years	43.10	85.27	34.05	9.36	2.70
Cash and cash equivalents at end of year	44.25	43.10	85.27	34.05	9.36

THE ISSUE

Equity Shares offered:	
Issue by the Company*	45,50,000 Equity Shares in the Issue
<i>Of which</i>	
Issue Reserved for Market Makers	2,50,000 Equity Shares of Rs.10/- each for cash at a price of Rs.11/- per share aggregating to Rs.27.50 Lacs
Net Issue to the Public	43,00,000 Equity Shares of Rs.10/-each for cash at a price of Rs.11/- per share aggregating to Rs.473.00Lacs
Equity Shares outstanding prior to the Issue	1,12,28,800 Equity Shares of face value Rs.10/- each
Equity Shares outstanding after the Issue	1,57,78,800 Equity Shares of face value Rs.10/- each
Use of Issue Proceeds	For details refer to chapter titled 'Objects of the Issue' on page 48 of this Draft Prospectus

*This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations as amended from time to time. For further details, please see the section titled "*Issue Related Information*" beginning on page 148 of this Draft Prospectus.

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

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

If the Retail Individual Investor category is entitled to more than fifty per cent on proportionate basis, the Retail Individual Investors shall be allocated that higher percentage.

GENERAL INFORMATION

MONARCH APPARELS (INDIA) LIMITED

Our Company was incorporated as “Monarch Apparels (India) Limited” on February 14, 2005 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Mumbai, Maharashtra bearing CIN no. U17120MH2005PLC151258 and a Certificate of Commencement of Business was obtained from Registrar of Companies, Mumbai Maharashtra on February 28, 2005.

Registered Office of our Company

C-41, 3rd Floor Royal Industrial Estate,
5-B Naigaum Cross Road,
Wadala, Mumbai – 400066
Tel: 022-24120902
Fax: 022-24125400

Corporate Office of our Company

Office no. 45,
2nd Floor, Dahanukar Building,
480, Kalbadevi Road,
Near Edward Cinema,
Mumbai 400 002
Tel: 022-22071515
Fax: 022-22071515

Registrar of Companies

The Registrar of Companies, Mumbai, Maharashtra

100, Everest, Marine Drive,
Mumbai – 400 002
Maharashtra

Board of Directors (as on the date of filing of this Draft Prospectus)

Name, Designation, Occupation	Age	Directors Identification Number	Residential Address
Mr. Nirmal Parmar <i>Designation:</i> Chairman & Managing Director <i>Occupation:</i> Business	49	00509469	D-201, Gundecha Gardens, 2nd Floor, Gas Co Lane Dattaram Khamkar Marg, Lalbaug, Mumbai, 400012
Mrs. Sharmila Parmar <i>Designation:</i> Whole Time Director <i>Occupation:</i> Business	43	00509576	D-201, Gundecha Gardens, 2nd Floor, Gas Co Lane Dattaram Khamkar Marg, Lalbaug, Mumbai, 400012
Ms. Nipsha Jain <i>Designation:</i> Independent & Non-Executive Director <i>Occupation:</i> Business	23	06822260	Ti, Mun.G. no. 21 Ganeshkrupa, (A) Karel Wadi,, Thakuradvar Tehsil., Mumbai, 400002.
Mr. Sitendu Sharma <i>Designation:</i> Independent & Non-Executive Director <i>Occupation:</i> Professional	44	01956423	Sureendra Industries, Flat No 102, Near Raunak Park, 2nd Pokaran Road, Thane, Mumbai-400601
Mr. Mandar Kamlakar Patil <i>Designation:</i> Independent & Non-Executive Director <i>Occupation:</i> Professional	44	05284076	Flat no. 32, building no. 30B, Brindaban Society, Thane-400601

For details of our Directors, see the chapter titled “Our Management” on page 89 of this Draft Prospectus.

Company Secretary and Compliance Officer

Ms. Swapna Vengurlekar

Monarch Apparels (India) Limited
C-41, 3rd Floor Royal Industrial Estate,
5-B, Naigaum Cross Road,
Wadala, Mumbai – 400066
Tel: 022-24120902
Fax: 022-24125400
Email: ipo@monarchapparels.com
Website: www.monarchapparels.com

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

ISSUE MANAGEMENT TEAM

Lead Manager

BCB Brokerage Private Limited

1207-A, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai-400001
India
Tel: +91-22-22722000 (146)
Fax: +91-22-22722451
E-mail: mbd@bcbbrokerage.com
Investor Grievance Email: mbd@bcbbrokerage.com
Website: www.bcbbrokerage.com
Contact Person: Mr. Varun Kacholia

Legal Advisor to the Issue

Dhaval Vussonji & Associates

805/ 806, Dalamal Towers,
Free Press Journal Marg,
Nariman Point,
Mumbai 400 021
India
Tel: 91-22-66623535
Fax: 91-22-66623536

Registrar to the Issue

Bigshare Services Private Limited

E/2/3 Ansa Industrial Estate, Sakivihar Road,
Sakinaka Andheri (E), Mumbai – 400072
Tel : (91 22) 40430200;
Fax : (91 22) 28475207
Website: www.bigshareonline.com
E-mail: ipo@bigshareonline.com
Contact Person: Ashok Shetty
SEBI Registration No. INR000001385

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

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

For all Issue related queries and for redressal of complaints, investors may also write to the LM. All complaints, queries or comments received by BSE shall be forwarded to the LM, who shall respond to the same.

Statutory Auditors

M/s. Laxmikant Kabra & Co.

1, Matru Chhaya, M. Karve Road,
Opp. Dr. Bedekar Hospital,
Naupada, Thane (West) – 400602
Tel:022-25916420/25612639
Fax:022-25438095
Email: lk@laxmikantkabra.com
Contact Person: Mr. Laxmikant Kabra

Bankers to our Company

Bank of Baroda

375/382, 1st Floor, Kitchen Garden Lane,
Mangaldas market, Mumbai-400002
Tel: 022-22062034; 22084881
Fax: 022- 22065403
Email: manbom@bankofbaroda.com
Website: www.bankofbaroda.com

Bankers to the Issue and Escrow Collection Banks

The Bankers to the Issue and the Issue Collection Bank will be finalised prior to filing of the Prospectus with the ROC.

Self-Certified Syndicate Banks

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

Refund Bankers

The Refund Bankers will be appointed prior to filing the Prospectus with RoC.

Credit Rating

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

Brokers to the Issue

All brokers registered with SEBI & members of the Recognised Stock Exchange can act as brokers to the Issue.

Monitoring Agency

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations we are not required to appoint a monitoring agency for the purposes of this Issue as the Issue size shall not exceed Rs.50,000 Lacs. However, as per the Clause 52 of the SME Listing Agreement to be entered into with BSE upon listing of the equity shares and the corporate governance requirements, the audit committee of our Company, would be monitoring the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Net proceeds remain unutilized, to the extent required under the applicable law and regulation.

Statement of Responsibilities for the Issue

BCB Brokerage Private Limited is the sole Lead Manager to this Issue and hence, is responsible for all the issue management related activities.

IPO Grading

Since the issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, there is no

requirement of appointing an IPO Grading agency.

Trustees

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

Project Appraisal

The project has not been approved by any independent financial institution/banks.

Expert Opinion

Except the report of the Statutory Auditor of our Company on the financial statements and Statement of Tax Benefits included in this Draft Prospectus, our Company has not obtained any other expert opinion.

Underwriting Agreement

This Issue shall be 100% Underwritten. Our Company has entered into an Underwriting Agreement dated 22nd August, 2014 with the BCB Brokerage Private Limited for the Equity Shares proposed to be offered through the Issue. The obligations of the Underwriter are subject to certain conditions specified therein. The Underwriter has indicated its intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriter	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Lacs)	% of the Total Issue Size Underwritten
BCB Brokerage Private Limited 1207-A P.J.Tower, Dalal Street, Fort,Mumbai 40001 Tel: +91 – 22 –22722448 Fax: +91– 22 –22722451 Website: www.bcbbrokerage.com E-mail: mbd@bcbbrokerage.com SEBI Reg. No.: INM000012078 Contact Person: Mr. Uttam Bagri	45,50,000	500.50	100%
TOTAL	45,50,000	500.50	100%

As per Regulation 106P(2) of SEBI (ICDR) Regulations, the Lead Manager has agreed to underwrite to a minimum extent of 15% of the Issue out of its own account.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters is sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange(s).

Details of Market Making Arrangement for this Issue

Our Company and the Lead Manager have entered into an agreement dated 22nd August, 2014 with the following Market Maker registered with the SME Platform of BSE in order to fulfil the obligations of Market Making.

Market Maker

Name	BCB Brokerage Private Limited
Address	1207-A P.J.Tower, Dalal Street, Fort,Mumbai 40001
Tel No.	+91 – 22 –22722448
Fax No.	91– 22 –22722451
E-mail	mbd@bcbbrokerage.com
Contact Person	Mr. Uttam Bagri
SEBI Registration No.	INB011161131
Market Maker Reg. No.	SMEMM0004218012012

The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the BSE and SEBI regarding this matter from time to time. Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
2. The minimum depth of the quote shall be Rs.1 Lac However, the investors with holdings of value less than Rs.1 Lac shall be allowed to offer their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. After a period of 3(three) months from the market making period, the market maker would be exempted to provide quote if the Shares of market maker in our Company reaches to 25% of Issue Size. Any Equity Shares allotted to Market Maker under this Issue over and above 2,50,000 Equity Shares would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of market maker in our Company reduce to 24% of Issue Size, the market maker will resume providing 2-way quotes.
4. The Inventory Management and Buying/Selling Quotations and its mechanism shall be as per the relevant circulars issued by SEBI and BSE SME Platform from time to time.
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
6. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
7. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
8. The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.
9. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems or any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
10. The Market Maker shall have the right to terminate said arrangement by giving a 3 (three)months' notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker.

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

11. **Risk containment measures and monitoring for Market Maker:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
12. **Punitive Action in case of default by Market Maker:** BSE SME Exchange will monitor the obligations on a

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

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

13. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ` 25000 lacs, the applicable price bands for the first day shall be:
- In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
 - In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
 - Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading

The following spread will be applicable on the BSE SME Exchange/Platform:

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

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

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

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

CAPITAL STRUCTURE

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

(In Rs.in Lakhs except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A.	Authorized Capital		
	2,00,00,000 Equity Shares of face value of Rs.10/- each	2000.00	-
B.	Issued, Subscribed And Paid-Up Equity Capital before the Issue		
	1,12,28,800 Equity Shares of Rs.10/- each fully paid-up before the Issue	1122.88	-
C.	Present Issue to public in terms of this Draft Prospectus		
	45,50,000 Equity Shares of Rs.10/- each as Issue to Public*.	455	500.50
	<i>Of which</i>		
	Reservation for Market Maker Portion 2,50,000 Equity Shares of Rs.10/- each for cash	25	27.50
	Net Issue to the Public 43,00,000 Equity Shares of Rs.10/- each for cash	430	473.00
	Out of which: 21,50,000 Equity Shares of Rs.10/- each at Issue Price Rs.11/- per equity share will be available for allocation for allotment to Retail Individual Investors of upto Rs.2 Lacs	215.00	236.5
	21,50,000 Equity Shares of Rs.10/- each at Issue Price of Rs.11/- per equity share will be available for allocation for allotment to Investors of above Rs.2 Lacs	215.00	236.5
E.	Equity Capital after the Issue		
	1,57,78,800 Equity Shares of Rs.10/- each	1577.88	-
F.	Securities Premium Account		
	Before the Issue		208.67
	After the Issue		254.17

**the present Issue has been authorized pursuant to a resolution of our Board dated 25th June, 2014 and by Special Resolution passed under Section 62(1)(c) of the Companies Act, 2013 at an Extraordinary General Meeting of our shareholders held on 18th July, 2014. Our Company does not have any outstanding convertible instruments as on the date of this Draft Prospectus*

Classes of Shares

The Company has only one class of share capital i.e. Equity Shares of Rs.10/- each only.

Changes in the Authorised Share Capital of the Company since incorporation:

The Authorized Share Capital of our Company at the time of incorporation was Rs.5 Lacs divided into 50,000 Equity Shares of Rs.10/- each. The following table gives the changes in the Authorized Capital post Incorporation of our Company:

Sr.No.	Particulars of Increase	Date of Shareholders approval
1.	Increase in authorised capital from Rs.5 Lacs to Rs.30 Lacs	June 16, 2005
2.	Increase in authorised capital from Rs.30 Lacs to Rs.200 Lacs comprising of 10,00,000 Equity shares of Rs.10/- each and 10,00,000 preference shares of Rs.10/- each.	October 06, 2005
3.	Reclassification of un-issued 10,00,000 preference shares of Rs.10/- each into 10,00,000 Equity Shares of Rs.10/- each. After reclassification, the authorised share capital comprised of 20,00,000 Equity Shares of Rs.10/- each.	March 23, 2010
4.	Increase in authorised capital from Rs.200 Lacs to Rs.1000 Lacs.	March 30, 2011
5.	Increase in authorised capital from Rs.1000 Lacs to Rs.2000 Lacs.	July 08, 2013

Notes to Capital Structure

1. Share Capital History of our Company

a) The following is the Equity Share Capital History of our Company

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
14 th February, 2005	50,000	10	10	Cash	Subscription to the Memorandum of Association	50,000	5,00,000	-
July 8, 2005	2,50,000	10	10	Cash	Further Allotment ¹	300,000	3,00,000	-
March 28, 2006	339,675	10	10	Cash	Further Allotment ²	639,675	6,396,750	-
March 28, 2007	83,333	10	30	Cash	Further Allotment ³	723,008	7,230,080	16,66,660
March 24, 2009	250,000	10	30	Cash	Further Allotment ⁴	973,008	9,730,080	66,66,660
March 31, 2010	150,000	10	60	Cash	Further Allotment ⁵	1,123,008	11,230,080	1,41,66,660
March 30, 2011	2,246,016	10	0	Nil	Bonus issue in the ratio of 1:2*	3,369,024	33,690,240	28,33,324
March 31, 2011	3,288,000	10	0	Cash	Further Allotment ⁶	6,657,024	66,570,240	28,33,324
March 29, 2013	360,000	10	60	Cash	Further Allotment ⁷	7,017,024	70,170,240	2,08,33,324
March 29, 2013	300	10	10	Cash	Further Allotment ⁸	7,017,324	70,173,240	2,08,33,324
August 23, 2013	676	10	60	Cash	Further Allotment ⁹	7,018,000	70,180,000	2,08,67,124
August 31, 2013	4,210,800	10	0	Nil	Bonus issue in the ratio of 10:6 [#]	11,228,800	112,288,000	2,08,67,124

*22,46,016 bonus shares were issued to eligible shareholders in the ratio of 1:2 out of Share Premium Account

#42,10,800 bonus shares issued to eligible shareholders in the ratio of 10:6 by way of capitalisation of Profit and Loss Account

¹10,000 equity shares were allotted to Mr. Nirmal Parmar and 2,40,000 equity shares were allotted to Mrs. Sharmila Parmar by way of Preferential Allotment

²2,49,425 equity shares were allotted to Mr. Nirmal Parmar and 90,250 equity shares were allotted to Mrs. Sharmila Parmar by way of Preferential Allotment

³33,333 equity shares were allotted to Mr. Nirmal Parmar and 50,000 equity shares were allotted to Mrs. Sharmila Parmar by way of Preferential Allotment

⁴2,50,000 equity shares were allotted to Mr. Nirmal Parmar by way of Preferential Allotment

⁵1,00,000 equity shares were allotted to Mr. Nirmal Parmar and 50,000 equity shares were allotted to Mrs. Sharmila Parmar by way of Preferential Allotment

⁶2,047,800 equity shares were allotted to Mr. Nirmal Parmar and 12,40,200 equity shares were allotted to Mrs. Sharmila Parmar by way of Preferential Allotment towards conversion of part unsecured loan availed of by the Company from Mr. Nirmal Parmar and Mrs. Sharmila Parmar

⁷2,10,000 equity shares were allotted to Mr. Nirmal Parmar, 1,00,000 equity shares were allotted to Mrs. Sharmila Parmar and 50,000 equity shares were allotted to Mrs. Sangeeta Parmar by way of Preferential Allotment towards conversion of part unsecured loan availed of by the Company from Mr. Nirmal Parmar, Mrs. Sharmila Parmar and Mrs. Sangeeta Parmar

⁸300 equity shares were allotted to Mr. Monarch Parmar by way of Preferential Allotment towards conversion of part unsecured loan availed of by the Company from Mr. Monarch Parmar

⁹676 equity shares were allotted to Mr. Nirmal Parmar by way of Preferential Allotment towards conversion of part unsecured loan availed of by the Company from Mr. Nirmal Parmar

2. Till date no Equity Shares have been allotted pursuant to any scheme approved under section 391-394 of the Companies Act, 1956 or under the corresponding provisions of the Companies Act, 2013.
3. As of date of filing this Draft Prospectus, our Company has not issued any equity shares under any employee stock option scheme.

4. Build-up of Promoter's Capital, Promoter's Contribution and Lock-in

a) Promoter's Capital build up

Indicated below is the capital build-up of the Promoter's shareholding in the Company

Date on which the equity shares were allotted / acquired and made fully paid up or transferred	Nature of allotment	Number of Equity shares	Nature of payment of consideration	Face value (in Rs.)	Issue Price (in Rs.)	% of Pre-issue Capital	% of Post-issue Capital
Mr. Nirmal Parmar (A)							
February 14 , 2005	Subscription to MOA	24,750	Cash	10	10	0.22	0.16
July 08, 2005	Further Allotment	10,000	Cash	10	10	0.09	0.06

Date on which the equity shares were allotted / acquired and made fully paid up or transferred	Nature of allotment	Number of Equity shares	Nature of payment of consideration	Face value (in Rs.)	Issue Price (in Rs.)	% of Pre-issue Capital	% of Post-issue Capital
March 28, 2006	Further Allotment	249,425	Cash	10	10	2.22	1.58
March 28, 2007	Further Allotment	33,333	Cash	10	30	0.30	0.21
March 24, 2009	Further Allotment	250,000	Cash	10	30	2.23	1.58
March 31, 2010	Further Allotment	100,000	Cash	10	60	0.89	0.63
March 30, 2011	Bonus Issue	1,335,016	Nil	10	0	11.89	8.46
March 31, 2011	Further Allotment	2,047,800	Cash	10	0	18.24	12.98
March 29, 2013	Further Allotment	210,000	Cash	10	60	1.87	1.33
August 23, 2013	Further Allotment	676	Cash	10	60	0.01	0.00
August 31, 2013	Bonus Issue	2,556,600	Nil	10	0	22.77	16.20
TOTAL (A)		68,17,600				60.72	43.21
Mrs. Sharmila Parmar (B)							
February 14, 2005	Subscription to MOA	24,750	Cash	10	10	0.22	0.16
July 08, 2005	Further Allotment	240,000	Cash	10	10	2.14	1.52
March 28, 2006	Further Allotment	90,250	Cash	10	10	0.80	0.57
March 28, 2007	Further Allotment	50,000	Cash	10	30	0.45	0.32
March 31, 2010	Further Allotment	50,000	Cash	10	60	0.45	0.32
March 30, 2011	Bonus Issue	910,000	Nil	10	0	8.10	5.77
March 31, 2011	Further Allotment	1,240,200	Cash	10	0	11.04	7.86
March 29, 2013	Further Allotment	100,000	Cash	10	60	0.89	0.63
August 31, 2013	Bonus Issue	1,623,120	Nil	10	0	14.45	10.29
TOTAL (B)		43,28,320				38.55	27.43
TOTAL (A+B)		1,11,45,920				99.27	70.64

b) Details of Promoters Contribution locked in for three years:

Pursuant to the Regulation 32(1)(a) of the SEBI ICDR Regulations, an aggregate of 20% of the post-Issue shareholding of the Promoters shall be locked-in for a period of three years from the date of allotment in the Issue. Further our Promoters have given their consent for including these Equity Shares as a part of Promoter's Contribution, details of which are set out below:

Mr. Nirmal Parmar

Date of Allotment / acquisition and when made fully paid-up	Nature of Allotment	Nature of consideration	Number of Equity Shares locked in*	Face Value (Rs.) (per share)	Issue Price / Purchase Price (Rs.) (per share)	% of post Issue Paid Up Capital
July 08, 2005	Further Allotment	Cash	10000	10	10	0.06
March 28, 2006	Further Allotment	Cash	249,425	10	10	1.58
March 28, 2007	Further Allotment	Cash	33,333	10	30	0.21
March 24, 2009	Further Allotment	Cash	250,000	10	30	1.50
March 31, 2010	Further Allotment	Cash	100,000	10	60	0.63
March 29, 2013	Further Allotment	Cash	210000	10	60	1.33
August 31, 2013	Bonus Issue	Nil	25,56,600	10	0	16.20
TOTAL			3159358			20.01

*Commencing from the date of the Allotment of the Equity shares in the Issue.

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this connection, as per Regulation 33 of the SEBI (ICDR) Regulations, Our Company confirms the following:

- i. The Equity Shares offered for minimum 20% Promoter's contribution are not acquired (during the preceding three years) for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluations reserves or reserves without accrual of cash resources or against shares which are otherwise ineligible for computation of Promoter's contribution;
- ii. The minimum Promoter's contribution does not consist of Equity Shares acquired during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
- iii. The Equity Shares held by the Promoters and offered for minimum 20% Promoter's contribution are not subject to any pledge;
- iv. The minimum Promoter's contribution does not consist of any private placement made by solicitation of subscriptions from unrelated persons either directly or through any intermediary; and
- v. The minimum Promoter's contribution does not consist of Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoters' contribution subject to lock-in.

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

In terms of Regulation 36(b) and 37 of the SEBI (ICDR) Regulations, other than the above Equity Shares that would be locked in for three years, the entire pre-Issue capital of our Company shall be locked-in for a period of one year from the date of Allotment in the Issue.

d) Other requirements in respect of lock-in.

Pursuant to Regulation 39 of the SEBI (ICDR) Regulations, locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, Subject to the following:

(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 of the SEBI (ICDR) Regulations, such shares may be pledged, only if, in addition to fulfilling the requirements of paragraph (i), the loan has been granted by the banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

Further, pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Regulation 36 of the SEBI (ICDR) Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by the Promoters may be transferred to and among the Promoters or the Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

5. Shareholding pattern of our Company:

A. The table below presents shareholding pattern of our Company in accordance with clause 37 of the SME Listing Agreement, as on the date of this Draft Prospectus:

Category Code	Category of Shareholders	No. of Shareholders	Total No of Shares	Number of shares held in dematerialized form	Total Shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	4	1,11,46,880	1,11,46,400	99.27	99.27	0	0.00
(b)	Central Government/State Government(s)	0	0.00		0.00	0.00	0	0.00
(c)	Bodies Corporate	0	0.00		0.00	0.00	0	0.00
(d)	Financial Institutions/Banks	0	0.00		0.00	0.00	0	0.00
(e)	Any other (specify)	0	0.00		0.00	0.00	0	0.00
	SUB TOTAL (A) (1)	4	1,11,46,880	1,11,46,400	99.27	99.27	0	0.00

Category Code	Category of Shareholders	No. of Shareholders	Total No of Shares	Number of shares held in dematerialized form	Total Shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(2)	Foreign							
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0.00		0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0.00		0.00	0.00	0	0.00
(c)	Institutions/FII	0	0.00		0.00	0.00	0	0.00
(d)	Any other (specify)	0	0.00		0.00	0.00	0	0.00
	SUB TOTAL (A) (2)	0	0.00		0.00	0.00	0	0.00
	Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	4	1,11,46,880	1,11,46,400	99.27	99.27	0	0.00
(B)	Public Shareholding							
(1)	Institutions							
	Mutual Funds/UTI	0	0.00		0.00	0.00	0	0.00
	Financial Institutions/Banks	0	0.00		0.00	0.00	0	0.00
	Central Government/State Government(s)	0	0.00		0.00	0.00	0	0.00
	Venture Capital Funds	0	0.00		0.00	0.00	0	0.00
	Insurance Companies	0	0.00		0.00	0.00	0	0.00
	Foreign Institutional Investors	0	0.00		0.00	0.00	0	0.00
	Foreign Venture Capital Investors	0	0.00		0.00	0.00	0	0.00
	Nominated Investors (as defined in Chapter XA of	0	0.00		0.00	0.00	0	0.00

Category Code	Category of Shareholders	No. of Shareholders	Total No of Shares	Number of shares held in dematerialized form	Total Shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
	SEBI (ICDR) Regulations)							
	Market Makers	0	0.00		0.00	0.00	0	0.00
	Any other (specify)	0	0.00		0.00	0.00	0	0.00
	SUB TOTAL (B) (1)	0	0.00		0.00	0.00	0	0.00
(2)	Non-Institutions							
	Bodies Corporate	0	0.00		0.00	0.00	0	0.00
	Individuals-							
	i) Individual shareholders holding nominal share capital up to Rs1 lakh	2	960	480	0.01	0.01	0	0.00
	ii) Individuals shareholders holding nominal share capital in excess of Rs 1 lakh	1	80,960	80,960	0.72	0.72	0	0.00
	Any other (specify) Individual (Non-Resident Individuals)	0	0.00	0.00	0.00	0.00	0	0.00
	SUB TOTAL (B) (2)	3	81920	81,440	0.73	0.73	0	0.00
	Total Public Shareholding (B)=(B)(1)+(B) (2)	3	81920	81,440	0.73	0.73	0	0.00
	Total (A)+(B)	7	11228800	1,12,27,840	100.00	100.00	0	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0		0	0	0	0.00
	GRAND TOTAL	7	11228800	1,12,27,840	100.00	100.00	0	0.00

Category Code	Category of Shareholders	No. of Shareholders	Total No of Shares	Number of shares held in dematerialized form	Total Shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
	(A)+(B)+(C)							

Our Company will file the shareholding pattern of our Company, in the form prescribed under clause 37 of the Listing Agreement, one day prior to the listing of Equity Shares. The shareholding pattern will be uploaded on the website of BSE before commencement of trading of such Equity Shares.

B.Shareholding of our Promoter and Promoter Group

Sr. No.	Name of the Shareholder	Pre Issue		Post Issue	
		No. of Equity Shares	% of Pre-Issue Capital	No. of Equity Shares	% of Pre-Issue Capital
(A)	Promoter				
	Mr. Nirmal Parmar	6817600	60.72	6817600	43.21
	Mrs. Sharmila Parmar	4328320	38.55	4328320	27.43
(B)	Promoter Group				
	Ms. Vadambai Parmar	480	0.00	480	0.00
	Ms. Kinjal Parmar	480	0.00	480	0.00
	Total	1,11,46,880	99.27	1,11,46,880	70.64

C. The average cost of acquisition or subscription to Equity Shares by our Promoters is set forth in the table below:

Name of the Promoter	No. of Shares held	Average Cost of Acquisition (in Rs)
Mr. Nirmal Parmar	6817600	7.40
Mrs. Sharmila Parmar	4328320	6.11

6. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as follows:

a) Our top ten shareholders and the number of Equity Shares held by them as on the date of filing this Draft Prospectus are as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding (%)
1.	Mr. Nirmal Parmar	6817600	60.72
2.	Mrs. Sharmila Parmar	4328320	38.55
3.	Mrs. Sangeeta Parmar	80960	0.72
4.	Mr. Monarch Parmar	480	0.00

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding (%)
5.	Ms. Kinjal Parmar	480	0.00
6.	Ms. Vadamibai Parmar	480	0.00
7.	Mr. Pawan Kothari	480	0.00
Total		1,12,28,800	100.00

- b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to date of filing of this Draft Prospectus are as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding (%)
1.	Mr. Nirmal Parmar	6817600	60.72
2.	Mrs. Sharmila Parmar	4328320	38.55
3.	Mrs. Sangeeta Parmar	80960	0.72
4.	Mr. Monarch Parmar	480	0.00
5.	Ms. Kinjal Parmar	480	0.00
6.	Ms. Vadamibai Parmar	480	0.00
7.	Mr. Pawan Kothari	480	0.00
Total		1,12,28,800	100.00

- c) Our top ten shareholders and the number of Equity Shares held by them two years prior to date of filing of this Draft Prospectus are as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding (%)
1.	Mr. Nirmal Parmar	40,50,324	60.84
2.	Mrs. Sharmila Parmar	26,05,200	39.13
3.	Mrs. Sangeeta Parmar	599	0.00
4.	Mr. Monarch Parmar	1	0.00
5.	Ms. Swapnali More	300	0.00
6.	Ms. Vadamibai Parmar	300	0.00
7.	Mr. Pawan Kothari	300	0.00
Total		66,57,024	100.00

7. Our Company, our Directors, our Promoters and the LM have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company from any person.
8. Our Company has not issued Equity Shares in the year preceding the date of this Draft Prospectus at a price lower than the Issue price.
9. There are no financing arrangements wherein the Promoter Group, the Directors of our Company and relatives of the Directors of our Company have financed the purchase by any other person of securities of our Company, during the period of six months immediately preceding the date of filing this Draft Prospectus.
10. Save and except the bonus of issue of shares detailed hereunder, no equity shares have been allotted for consideration other than cash.

Date of the Allotment	No. of Equity Shares	Issue price (Rs.)	Reasons for allotment	Benefits accruing to the Company	Persons to whom allotments were made
30 th March, 2011	2,246,016	0	Bonus Issue in the ration of 1:2	-	1. Mr. Nirmal Parmar 2. Mrs. Sharmila Parmar 3. Mr. Chandan Parmar 4. Mrs. Sangeeta Parmar 5. Mrs. Vadamibai Parmar 6. Mr. Swapnil More 7. Ms. Pawan Kothari
31 st August, 2013	4,210,800	0	Bonus issue in the ratio of 10:6	-	1. Mr. Nirmal Parmar 2. Mrs. Sharmila Parmar

11. Our Company has not issued any bonus shares out of revaluation of reserves.
12. Our Company has not made any public issue since its incorporation.
13. As on the date of this Draft Prospectus, LM does not hold any Equity Shares in our Company
14. None of our Directors or Key Managerial Personnel hold any Equity Shares other than as set out below:-

Name	Designation	No. of Equity Shares held
Mr. Nirmal Parmar	Managing Director	68,17,600
Mrs. Sharmila Parmar	Whole Time Director	43,28,320
TOTAL		1,11,45,920

15. Under-subscription, if any, of the categories would be allowed to be met with spill over from any other category at the discretion of the Company and the LM and Designated Stock Exchange.
16. Our Promoters, Directors, and the Promoter Group Entities have not purchased or sold any Equity Shares during a period of six months preceding the date on which this Draft Prospectus has been filed with BSE.
17. As on the date of filing the Draft Prospectus, there are no outstanding, options or rights to convert debentures, loans or other instruments which are convertible into Equity Shares.
18. We have not raised any bridge loan against the proceeds of the Issue.
19. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
20. Our Promoters, members of our Promoter Group and LM, except to the extent of its underwriting obligation, will not participate in this Issue.
21. We presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Draft Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

22. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, or rights issue or in any other manner during the period commencing from the date of filing of this Draft Prospectus with BSE until the Equity Shares offered through the Prospectus have been listed.
23. The Equity Shares held by the Promoters and the Promoter Group are not subject to any pledge.
24. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
25. Save and except as stated in this Draft Prospectus, Equity Shares held by our Promoter and Promoter group are in dematerialised form.
26. As on the date of filing of this Draft Prospectus, the total number of holders of Equity Shares is Seven (7).
27. Our Company or our Promoters shall not make any payments direct or indirect, discounts, commission allowances or otherwise to any Allottee under this Issue.
28. We have not granted any options or issued any shares under any employee stock option or employees stock purchase scheme and we do not intend to allot any Equity Shares to our Employees under ESOS/ESOP scheme from proposed issue.
29. As per RBI regulations, OCBs are not allowed to participate in this Issue.
30. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing of this Draft Prospectus.
31. We have availed financial facilities from Bank of Baroda. In respect of various agreements entered into by our Company with our lender and sanction letters issued by our lender to us, we are bound by certain restrictive covenants.

SECTION V
OBJECTS OF THE ISSUE

The Issue includes a fresh Issue of 45,50,000 Equity Shares of our Company at an Issue Price of Rs.11 per Equity Share.

Our Company proposes to utilize the funds which are being raised through this Issue towards the below mentioned objects and gain benefits of listing on SME platform of BSE:

The Objects of the Issue are as under:

- (a) Long Term Working Capital Requirements;
- (b) General Corporate Purposes; and
- (c) Meeting Issue related expenses.

The main object clause and the ancillary object clause of the Memorandum of Association of our Company enable us to undertake our existing activities and the activities for which we are raising funds through the Issue.

Use of Issue Proceeds

The details of the utilization of Net Proceeds of this Issue will be as per the table set forth below:

(Rupees in Lacs)

Particulars	Amount
Gross Proceeds from the Issue	500.50
Issue Related Expenses	67.00
Net Proceeds from the Issue	433.5

Requirement of Funds

We intend to utilize the Net Proceeds of the Issue of Rs.433.5 Lacs (“**Net Proceeds**”) for financing the objects as set forth below:

(Rs.in Lakhs)

Particulars	Amount
Funding Long Term Working Capital Requirements	400
General Corporate Purpose*	33.5
Total	433.5

* General corporate purposes shall not exceed 25% of the Net Proceeds

Means of Finance:

The above-mentioned fund requirement will be met from the proceeds of the Issue. We intend to fund the shortfall, if any, from internal accruals and/ or debt. Set forth below are the means of finance for the above-mentioned fund requirement:

(Rupees in Lacs)

Particulars	Amount
Net Proceeds from the Issue	433.5
Total	433.5

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

The fund requirements are based on internal management estimates and have not been appraised by any bank or financial institution or any other independent agency. These are based on current conditions and are subject to change in the light of changes in external circumstances or costs or other financial conditions and other external factors.

We intend to utilize the proceeds of the Issue, after deducting underwriting and management fees, selling commissions and other expenses associated with the Issue which is estimated at Rs.67 Lacs, to meet the objects of the Issue as mentioned above.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time, and consequently, our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilisation of net proceeds of the Issue and increasing or decreasing expenditure for a particular object vis-à-vis the utilisation of net proceeds of the Issue. In case of a shortfall in the net proceeds of the Issue, our management may explore a range of options including utilising our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

DETAILS OF THE OBJECTS OF THE ISSUE

- Long Term Working Capital Requirements:

Working Capital Cycle

We have existing banking relationships with sanctioned working capital limits as provided in the section 'Financial Information' on page 107 of this Draft Prospectus. These limits and our internal accruals are adequate to meet our existing requirements. However, our Company will utilize a part of the proceeds of the Issue to fund additional future working capital requirements.

Our Company's working capital cycle:

- A. We are a manufacturers of Readymade Garments: Men's Wear. We procure Raw materials in large quantities from major suppliers and upon receiving orders from our MBO's (Multi Brand Outlets) Our process get starts by cutting the Fabrics, Stitching the Fabrics, washing the semi finished products & finally finishing the products for dispatch.
- B. The Manufacturing Process is high and also in order to ensure readily available customized product along with a low lead for our MBO's, we need to stock different styles, patterns and colours of our finished products to meet varied requirements of our MBO's. Further, we are required to provide sufficient credit period to our clients resulting in high receivables and we enjoy minimum credit from our suppliers through against the same.
- C. We have been steadily growing in size, capacity and technology and as result of which our turnover has increased from Rs. 46 Cr. In F.Y. 2009-10 to Rs. 104.50 Cr. In F.Y. 2013-14. Further due to the slowing down of global economy since 2011 and the subsequent volatility of economic activity in India in the recent past, various industries to whom, we supply have faced liquidity pressures and if the same were to continue we may have to provide additional credit to our clients in order to maintain our current growth rates. This too is one of the major reasons for increase in our working capital requirements.

Basis of estimation of working capital requirement and estimated working capital requirement

(Rs. In lacs)

Sr. No.	Particulars	Holding Levels (days)	Fiscal 2014	Holding Levels (days)	Fiscal 2015
A.	Current Assets:				
	Inventories	58	1669.68	55	1730.00
	Sundry Debtors	161	4611.93	163	5125.00
	Cash and Bank Balances		44.25		50.00
	Other Current Assets		1.05		0.00
	Total Current Assets		6326.91		6905.00
B.	Current Liabilities				
	Trade Payable	50	849.23	54	1025.00
	Other Current Liabilities		81.1		51.50
	Short Term Provisions		258.09		200.00

	Total Current Liabilities		1188.42		1276.5
	Total Working Capital Gap (A – B)		5138.49		5628.5
	Funding Pattern:				
	Working Capital Facilities from Banks		3196.98		3196.98
	Internal Accruals / Owned Funds		1241.51		1331.52
	Loan from Directors		700.00		700.00
	Part of the Net proceeds to be utilized		0		400.00

Justification for “Holding Period” levels

Inventories	The company expects its inventory portfolio to be greater with inclusion of different types of Finished Product line required for dispatching. The company expects that it will have to keep the stock of various products line with requirement of its MBO’s. The Company plans to hold optimum inventory for regular products and keep inventory for products with specific demand, Hence the inventory holding period for F.Y. 2015 has been estimated to be 55 days as compared to 58 days in F.Y. 2014.
Debtors	we propose to rapidly expand our customer base and increase our geographical reach to other parts of India by increasing Regional and localised marketing presence. We plan to increase our customer base, similar to our current credit terms which will increase average credit period marginally. The receivables period for F.Y. 2015 is estimated to be 163 days.
Creditors	In year 2014 the average credit period was 50 days due to increased inventory. The company expects that with increasing competition we might not retain the favourable terms of credit that it currently enjoys. Thus, the estimated average credit period for year 2014-15 is considered at 54 days.

- **General Corporate Purposes**

Our Company intends to deploy the balance Issue proceeds aggregating Rs.33.5 Lacs, towards the general corporate purposes. The Company will have the flexibility in applying a part of the Net Proceeds for general corporate purposes, including increasing our network facilities, strengthening of our marketing capabilities, infrastructure, the skill and unskilled labours; brand building and other marketing efforts; meeting exigencies in ordinary course of business and any other purpose as may be approved by our Board of Directors from time to time. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Schedule of Implementation

The entire Issue Proceeds are to be deployed in the F.Y. 2014-15.

Funds Deployed and Sources of Funds Deployed:

Laxmikant Kabra & Co., Chartered Accountants vide their certificate dated August 8th, 2014 have confirmed that as on 28th July, 2014 the following funds have been deployed for the proposed object of the Issue:

Sr. No	Particular	Amount in Lacs
1	Sources of Funds	
	Internal Accrual	8.79
	Bank Finance	Nil
	Total	8.79
2	Deployment of Funds	
	Issue Related Expenses	8.79
	Total	8.79

- **Public Issue Expense**

The total expenses of the Issue are estimated to be approximately Rs.67 Lacs. The Issue related expenses include, among others, Issue management fees, registrar fees, printing and distribution expenses, fees of the legal counsels, advertisement and road show expenses, stamp duty, depository charges, listing fees to the Stock exchanges etc. The break - up of the total expenses for the Issue estimated at approximately 13.39 % of the Issue Size is as follows:

(Rs. In Lacs)	
Activity	Expenses
Lead management, underwriting and selling commission ,Market Making Fees etc.	54
Advertising and Marketing expenses	3.5
Printing and stationery	3
Others (IPO Grading, Registrars fee, legal fee, listing fee, etc.)	3
Listing and Annual Fees and Expenses of regulatory	3.5
Total estimated Issue expenses	67

Bridge Financing Facilities

We have currently not raised any bridge loans against the Proceeds of the Issue. However, depending on our requirement, we might consider raising bridge financing facilities, pending receipt of the Proceeds of the Issue.

Appraisal

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

Shortfall of Funds

In case of any shortfall in the proceeds to meet the objects mentioned above, our management may explore a range of options, including utilizing internal accruals or seeking debt or additional equity. In case of surplus funds either due to lower utilization than what is stated above or surplus Net Proceeds after meeting all the above mentioned objects, such surplus shall be utilised towards general corporate purposes. Alternatively, if surplus funds are unavailable or in the event of cost overruns, we expect that a shortfall will be met by way of such means available to our Company including internal accruals and/or appropriate debt or equity arrangements.

Interim use of funds

Our management, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the issue proceeds. Pending utilisation for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, inter-corporate deposits for the necessary duration or temporarily deploy the funds in working capital loan accounts. Such investments will be approved by the Board or its committee from time to time, in accordance with its investment policies.

Monitoring of Utilisation of Funds

Proposed size of the issue is Rs.500.50 Lacs i.e. less than Rs.50,000.00 Lacs. Therefore, in terms of Regulation 16(1) of the SEBI (ICDR) Regulations, appointment of a monitoring agency for the purposes of this Issue is not mandatory and hence no Monitoring Agency is being appointed for this Issue.

Our Board and the management will monitor the utilization of the Net Proceeds through its audit committee. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall on half-yearly basis disclose to the

Audit Committee the applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

No part of the Net Proceeds will be paid by the Company as consideration to the Promoters, members of the Promoter Group, Directors or key management personnel of the Company.

BASIC TERMS OF THE ISSUE

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

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated 25th June, 2014 and by special resolution adopted pursuant to Section 62(1)(c) of the Companies Act, 2013, at the Extra ordinary General Meeting of our Company held on 18th July, 2014.

Ranking of Equity Shares

The Equity Shares being offered under the Issue shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends or any other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please refer to the chapter “Main Provisions of the Articles of Association” beginning on page 172 of this Draft Prospectus.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act, 2013, as applicable.

Face Value and Issue Price

The Equity Shares of Rs.10/- each will be issued in terms of the Prospectus to be filed with the RoC. The Issue Price is Rs.11/-per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled “Basis of Issue Price” on page 55 of this Draft Prospectus. At any given point of time there shall be only one denomination for the Equity Shares, subject to applicable laws.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company’s Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the chapter titled “Main Provisions of Articles of Association” on page 172.

Compliance with SEBI (ICDR) Regulations

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI (ICDR) Regulations, the trading of our Equity Shares shall only be in dematerialised

form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of 10,000 Equity Share subject to a minimum Allotment of 10,000 Equity Shares in the Issue. For details of Allotment please refer to the chapter titled “Issue Procedure” beginning on page 154 of this Draft Prospectus.

BASIS OF ISSUE PRICE

The Issue Price will be determined by us in consultation with the LM on the basis of the demand from investors for the Equity Shares through the Fixed Price Process. The face value of the Equity Shares is Rs.10/- and the Issue Price is Rs.11/- which is 1.1 times the face value.

Qualitative Factors

For some of the qualitative factors, which form the basis for computing the price refer to “Our Business-Competitive Strengths” on page 72 of this Draft Prospectus.

Quantitative Factors

Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. *Weighted Average Earning Per Share (“EPS”)*

EPS – Basic & Diluted

Year ended	EPS (Rs.)	Weight
2014	1.06	3
2013	0.97	2
2012	0.82	1
Weighted Average EPS	0.99	

Note:

- The earning per share has been computed by dividing net profit after taxes restated, attributable to equity shareholders by restated weighted average number of equity shares outstanding during the year.
 - The face value of each Equity Share is Rs.10/-
2. *Price Earning Ratio (“P/E” Ratio) in relation to the Issue Price of Rs.11/- per share of Rs.10/- each*

Particulars	P/E at the issue Price (No of times)
P/E based on EPS – Basic & Diluted for the year ended March 31, 2014	10.37
P/E based on Weighted average EPS – Basic& Diluted	11.11
Industry PE	26.9

**Source: Capital Market Volume XXIX/12 dated Aug 03- Aug 17, 2014; Textiles-Products*

3. *Return on Net Worth (“RoNW”)*

Year ended	RoNW (%)	Weight
2014	8.24	3
2013	8.00	2
2012	8.96	1
Weighted Average RONW	8.28	

Note: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year.

4. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 20014 is 8.61%
5. *Net Asset Value (“NAV”)*

Particulars	Amount in Rs.
As on March 31, 2014	12.82
After the Issue	10.08
Issue Price	11

NAV per equity share has been calculated as Net worth divided by restated weighted average number of equity shares

6. *Comparison with Industry Peers*

	EPS (Rs.)* (TTM)	P/E Ratio	RoNW (%)	NAV (Rs.)	Sales (Rs. in Cr.)
Kewal Kiran Limited	54.4	33.6	22.29	235.78	363.86
Provouge(India) Limited	1.5	7.3	2.32	49.06	590.22
Peer Groups**					
Monarch Apparels (India) Limited	1.10	10	8.41	13.12	104.52

* TTM – Trailing Twelve Months ended except for Monarch Apparel (India) Limited

**All figures for peer group are from Source: Audit Report of the respective companies on standalone basis.

Strictly, our Company cannot be compared with the other listed companies as our Company doesn't have a fully comparable competitor operating in all our business segments. However the companies mentioned above have some elements of our main business. Further Capital Market magazine does not have an industry classification which matches our business activities.

7. The face value of our shares is Rs.10/- per share and the Issue Price of Rs.11/- is 1.1 times the face value of our Equity Shares.
8. The LM believes that the Issue Price of Rs.11/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

The Board of Directors

Monarch Apparels (India) Limited
C-20, 1st Floor, Royal Industrial Estate,
5-B, Naigaum Cross Road, Wadala (W),
Mumbai-400031,
Maharashtra.

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby confirm that the enclosed annexure, prepared by **Monarch Apparels (India) Limited ('the Company')** states the possible tax benefits available to the Company and the shareholders of the Company under the Income – tax Act, 1961 ('Act'), the Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfill.

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

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

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

For Laxmikant Kabra & Co.

Chartered Accountants

Firm Registration Number: 117183W

Laxmikant Kabra

Partner

Membership No: 101839

Place: Thane

Date: July 28th 2014

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO MONARCH APPARELS (INDIA) LIMITED AND ITS SHAREHOLDERS

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India for the Financial Year 2012-2013.

A. Special Tax benefits available to the Company

The unit of the Company is entitled for tax incentives are not available.

B. Benefits to the Company under the Act

1. General Tax Benefit

a) Business Income

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. Business losses, if any, for an assessment year can be carried forward and set off against business profits for 8 subsequent Years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.

b) MAT Credit

- As per provisions of Section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax ('MAT') paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years.
- MAT credit shall be allowed for any assessment year to the extent of difference between the tax Payable as per the normal provisions of the Act and the tax paid under Section 115JB for that Assessment year. Such MAT credit is available for set-off up to 10 years succeeding the assessment Year in which the MAT credit arises.

c) Capital Gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as long – term capital gains ('LTCG'). In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.
- Short Term Capital Gains ('STCG') means capital gains arising from the transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
- In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less. LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.
- Income by way of LTCG exempt under Section 10(38) of the Act is to be taken into account while determining book profits in accordance with provisions of Section 115JB of the Act.
- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed

by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income of a domestic company exceeds Rs.10,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains from income – tax

- Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by –:
- National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
- Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

d) Securities Transaction Tax ('STT')

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities Transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

e) Dividends

- As per provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.
- Further, if the company being a holding company, has received any dividend from its subsidiary on which dividend distribution tax has been paid by such subsidiary, then company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.
- As per provisions of Section 10(35) of the Act, income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) is exempt from tax.
- As per provisions of Section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfillment of the conditions specified in that section.
- As per the provisions of Section 115BBD of the Act, dividend received by Indian company from a Specified foreign company (in which it has shareholding of 26% or more) would be taxable at the Concessional rate of 15% on gross basis (excluding surcharge and education cess).

C. Benefits to the Resident members / shareholders of the Company under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend Distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

(b) Capital Gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital Assets based on the period of holding. All capital assets, being shares held in a company or any Other security listed in a recognized stock exchange in India or unit of the Unit Trust of India Or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, Held by an assessee for more than twelve months are considered to be long – term capital Assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any Other capital assets, the holding period should exceed thirty – six months to be considered as Long – term capital assets.
- STCG means capital gains arising from the transfer of capital asset being a share held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a Zero coupon bonds, held by an assessee for 12 months or less.
- In respect of any other capital assets, STCG means capital gain arising from the transfer of an Asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as Defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the Transaction is chargeable to STT and subject to conditions specified in that section.
- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other Than bonds and debentures (excluding capital indexed bonds issued by the Government) and Depreciable assets, is computed

by deducting the indexed cost of acquisition and indexed cost Of improvement from the full value of consideration.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Acts are subject to tax at the rate of 20% with indexation benefits. However, if such tax Payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (Without indexation benefit), the excess tax shall be ignored for the purpose of computing the Tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units Of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual Fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the Transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such Income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined Which has been set up under a scheme of a mutual fund specified under Section 10(23D)), Where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where The taxable income of a domestic company exceeds Rs 10,000,000. Further, education cess And secondary and higher education cess on the total income at the rate of 2% and 1% Respectively is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising During a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising During subsequent 8 assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising During a year is allowed to be set-off only against long term capital gains. Balance loss, if any, Shall be carried forward and set-off against long term capital gains arising during subsequent 8 Assessment years.

(ii) Exemption of capital gains arising from income – tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital Assets are exempt from capital gains tax if such capital gains are invested within a period of 6 Months after the date of such transfer in specified bonds issued by NHAI and REC and subject To the conditions specified therein:
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate Basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 Per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date Of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / Conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is Not allowed as deduction while determining taxable income.
- The characterization of the gain / losses, arising from sale / transfer of shares as business Income or capital gains would depend on the nature of holding and various other factors.
- In addition to the same, some benefits are also available to a resident shareholder being an Individual or Hindu Undivided Family ('HUF').
- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt From tax if the net consideration from such transfer is utilized within a period of one year Before, or two years after the date of transfer, for purchase of a new residential house, or for Construction of residential house within three years from the date of transfer and subject to Conditions and to the extent specified therein.
- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second Proviso therein, where an individual or HUF receives shares and securities without Consideration or for a consideration which is less than the aggregate fair market value of the Shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market Value of such shares and securities over the said consideration is chargeable to tax under the Head 'income from other sources'.

D. Benefits to the Non-resident shareholders of the Company under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34), dividend (both interim and final), if any, received by non resident shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

(b) Capital Gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as Long – term capital assets.
- STCG means capital gain arising from the transfer of capital asset being a share held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a Zero coupon bonds, held by an assessee for 12 months or less.
- In respect of any other capital assets, STCG means capital gain arising from the transfer of an Asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as Defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the Transaction is chargeable to STT and subject to conditions specified in that section.
- As per first proviso to Section 48 of the Act, the capital gains arising on transfer of shares of An Indian Company need to be computed by converting the cost of acquisition, expenditure Incurred in connection with such transfer and full value of the consideration received or Accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian Currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders.
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Acts are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (Without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income of a domestic company exceeds Rs 10,00,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains arising from income – tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital Asset are exempt from capital gains tax if such capital gains are invested within a period of 6 Months after the date of such transfer in specified bonds issued by NHAI and REC and subject To the conditions specified therein:
 - Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs.5,000,000 per assessee during any financial year.
 - Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ Conversion.
 - As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
 - The characterization of the gain / losses, arising from sale / transfer of shares as business Income or capital gains would depend on the nature of holding and various other factors.
 - In addition to the same, some benefits are also available to a resident shareholder being an Individual or HUF.
 - As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
 - As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second Proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the Shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the Head ‘income from other sources’.

(c) Tax Treaty Benefits

As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder or the Act, whichever is more beneficial.

(d) Non-resident taxation

- Special provisions in case of Non-Resident Indian (‘NRI’) in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:
 - NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
 - Specified foreign exchange assets include shares of an Indian company which are acquired / purchased subscribed by NRI in convertible foreign exchange.

- As per provisions of Section 115E of the Act, LTCG arising to a NRI from transfer of specified foreign exchange assets is taxable at the rate of 10% (plus education cess and secondary & higher education cess of 2% and 1% respectively).
- As per provisions of Section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under Section 10(38)) from Assets (other than specified foreign exchange assets) arising to a NRI is taxable at the rate of 20%. (Education cess and secondary & higher education cess of 2% and 1% respectively). No deductions' allowed from such income in respect of any expenditure or allowance or deductions under Chapter VIA of the Act.
- As per provisions of Section 115F of the Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.
- As per provisions of Section 115G of the Act, where the total income of a NRI consists only of income/ LTCG from such foreign exchange asset/ specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.
- As per provisions of Section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him / her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.
- As per provisions of Section 115I of the Act, a NRI can opt not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of the chapter shall not apply for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and tax liability arising thereon.

E. Benefits available to Foreign Institutional Investors ('FIIs') under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by shareholder from a domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

(b) Long – term capital gains exempt under section 10(38) of the Act

- LTCG arising on sale equity shares of a company subjected to STT is exempt from tax as per the provisions of Section 10(38) of the Act. It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

(c) Capital Gains

- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.

- As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities is taxable as follows:

Nature of income	Rate of tax (%)
LTCG on sale of equity shares not subjected to STT	10
STCG on sale of equity shares subjected to STT	15
STCG on sale of equity shares not subjected to STT	30

- For corporate FIIs, the tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income exceeds Rs.10,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of FIIs.
- The benefit of exemption under Section 54EC of the Act mentioned above in case of the Company is also available to FIIs.

(d) Securities Transaction Tax ('STT')

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

(e) Tax Treaty Benefits

- As per provisions of Section 90(2) of the Act, FIIs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FII, whichever is more beneficial.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

F. Benefits available to Mutual Funds under the Act

(a) Dividend Income

- Dividend income, if any, received by the shareholders from the investment of mutual funds in shares of domestic Company will be exempt from tax under section 10(34) read with section 115O of the Act.
- (b) As per provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds setup by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, is exempt from income-tax, subject to the prescribed conditions.

G. Wealth Tax Act, 1957

- Wealth tax is chargeable on prescribed assets. As per provisions of Section 2(m) of the Wealth Tax Act, 1957, the Company is entitled to reduce debts owed in relation to the assets which are chargeable to wealth tax while determining the net taxable wealth.
- Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2 (ea) of the Wealth Tax Act, 1957 and hence, wealth tax is not applicable on shares held in a company.

H. Gift Tax Act, 1958

- Gift tax is not leviable in respect of any gifts made on or after October 1, 1998.

Note:

1. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity Shares;
2. The above Statement of Possible 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. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the

relevant tax laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;

3. 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;

4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and

5. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

SECTION VI - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from various government publications and other industry sources. Neither we nor any other person connected with the Issue has 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 their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current.

Indian Textile Industry

The Indian textiles industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. The industry is expected to reach US\$ 220 billion by 2020. For the textiles industry, the proposed hike in FDI limit in multi-brand retail will bring in more players, thereby providing more options to consumers. It will also bring in greater investments along the entire value chain – from agricultural production to final manufactured goods. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with several international players such as Marks & Spencer, Guess and Next having entered the Indian market. The organized apparel segment is expected to grow at a compound annual growth rate (CAGR) of more than 13 per cent over a 10-year period.

<http://www.ibef.org/industry/textiles.aspx>

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

The Indian textiles industry is extremely varied, with the hand-spun and handwoven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized powerlooms/hosiery and knitting sector form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. The multi-fibre strong base by highlighting the following important positions reckon by this industry across globe are:

- **Cotton** – Second largest cotton and cellulosic fibres producing country in the world.
- **Silk** – India is the second largest producer of silk and contributes about 18% to the total world raw silk production.
- **Wool** –India has 3rd largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers.
- **Man-Made Fibres**- the fourth largest in synthetic fibres/yarns globally.
- **Jute** – India is the largest producer and second largest exporter of the jute goods.

(Source: Confederation of Indian Textile Industry; <http://www.citiindia.com/textile-industry.html>)

Market Size of Textile Industry in India

The size of India's Textile market in 2011 was US\$89 billion, the market expected to expand at a compounded annual growth rate (CAGR) of 10.1% over 2009-2021.



The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk and jute and skilled workforce has made India a sourcing hub.

The most significant change in the Indian textile industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production increased by 6 per cent during December 2013. The production increased by about 4 per cent during the year April-December 2013.

Cotton yarn production increased by 6 per cent during December 2013 and by 10 per cent during April-December 2013. Blended and 100 per cent non-cotton yarn production increased by 5 per cent during December 2013 and increased by 8 per cent during the year April-December 2013.

Cloth production by mill sector increased by 4 per cent during December 2013 and by 6 per cent during April-December 2013. Cloth production by handloom, and hosiery increased by 3 per cent and 11 per cent respectively during December 2013. Production by handloom, and hosiery sectors increased by 4 per cent and 13 per cent during April-December 2013. The total cloth production grew by 2 per cent during April-December 2013.

The potential size of the Indian textile and apparel industry is expected to reach US\$ 221 billion by 2021. Garment exports from India is expected to touch US\$ 60 billion over the next 3 years, with the help of government support.

(Source: www.ibef.org)

Export Scenario

India's Textiles & Clothing (T&C) exports registered a robust growth of 25% in 2005-06, recording a growth of US\$ 3.5 billion over 2004-05 in value terms thereby reaching a level of US\$ 17.52 billion and the growth continued in 2006-07 with T&C exports of US\$19.15 billion recording a increase of 9.28% over the previous year and reached USD 22.15 billion in 2007-08 denoting an increase of 15.7% but declined by over 5% in 2008-09. Exports of Textiles & Clothing grew from USD 21.22 billion in 2008-09 to USD 22.41 billion in 2009-10 and has touched USD 27.47 billion in 2010-11. In the financial year 2011-12, exports of textiles and clothing, has grown by 20.05% over the financial year 2010-11 to touch USD 33.31 billion. Textiles exports in the period 2012-13 are witnessing a (-) 4.82 percent growth in dollar terms although there is 8.10 percent growth in rupee terms.

During the year 2012-13, Readymade Garments account for almost 39% of the total textiles exports. Apparel and cotton textiles products together contribute nearly 74% of the total textiles exports.

India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-thirds of India's textiles exports. The other majorexport destinations are China, U.A.E., Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong-Kong, Canada and Egypt etc.

The report of Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at USD 64.11 billion by the end of March 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket. Exports have been a core feature of India's textile and apparel sector, a fact corroborated by trade figures.

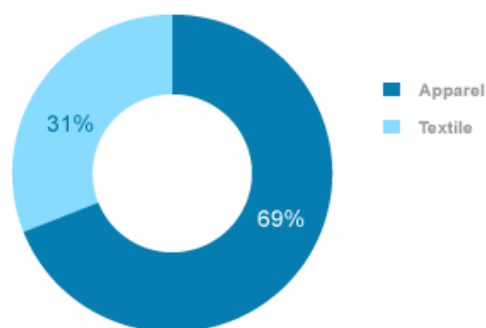
Exports grew to USD33.3 billion in FY12 from USD17.52 billion in FY06, implying a CAGR of 11.2 per cent.

Import Scenario

The total imports of T&C products by India reached US\$ 4.74 billion during the calendar year 2011 (up to November 2012). Cotton was the biggest import amongst T&C items, with a share of US\$ 0.71 billion followed by impregnated textile fabric (US\$ 0.68 billion) and man-made filament with a share of US\$ 0.67 billion. The imports have increased by 4.21% during the calendar year 2012 in dollar terms over the corresponding period in the calendar year 2011.

Indian Apparel Industry

In 2012, apparel had a share of 69% of the overall market; textiles contributed the remaining 31%.



(Source: www.ibef.org)

Government Initiatives

Foreign direct investment (FDI) of upto 100% is allowed in the textiles sector through the automatic route. The Ministry of Textiles has set up an FDI cell at the Economic Division to attract FDI in the sector.

Additionally, the Government has taken various initiatives to promote the growth of textiles industry in India. Some of these are Technology Up-gradation Fund Scheme (TUFS), The Scheme for Integrated Textile Park (SITP) and Integrated Skill Development Scheme.

The Technology Upgradation Fund Scheme (TUFS) was launched on April 1, 1999, for a period of five years, and was subsequently extended upto March 31, 2007. The Scheme provides for interest reimbursement/capital subsidy/Margin Money subsidy and has been devised to bridge the gap between the cost of interest and the capital component to ease up the working capital requirement and to reduce the transaction cost, etc. The Scheme is an important tool to infuse financial support to the textiles industry and help it capitalize on the vibrant and expanding global and domestic markets, through technology upgradation, cost effectiveness, quality production, efficiency and global competitiveness.

During its initial years, the progress of the Scheme was moderate and it gained momentum from 2004-05 onwards. The Scheme has been further extended till 2012 with modified financial and operational parameters which focus on additional capacity building, better adoption of technology, and provides for a higher level of assistance to segments that have a larger potential for growth, like garmenting, technical textiles, and

processing. The scheme is administered through 3 nodal agencies, 36 nodal banks and 108 co-opted PLIs. The scheme since inception has propelled investment of more than Rs. 243721Crores. An amount of Rs. 16315.80 crore has been released towards subsidy under the Scheme as on 31.01.2013.

Scheme of Integrate Textile Parks (SITP) scheme has been made to facilitate setting up of textiles parks with world class infrastructure facilities.

The Government of India's (GOI) support under the Scheme by way of Grant or Equity is limited to 40% of the project cost subject to a ceiling of Rs. 40 crore. GOI support under the Scheme will be generally in the form of grant to the SPV unless specifically decided to be equity. However, the combined equity stake of GOI/State Government/State Industrial Development Corporation, if any, should not exceed 49%.

However, GOI support will be provided @90% of the project cost subject to a ceiling of Rs.40 crore for first two projects in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and Jammu & Kashmir.

Forty (40) Textiles Park projects have been sanctioned in 10th Five Year Plan and 11th Five Year Plan. Estimated project cost (for common infrastructure and common facilities) of the 40 sanctioned projects is Rs. 4121.23 Crore, of which Government of India assistance under the scheme would be Rs. 1427.65 Crore. An amount of Rs. 1046.60 Crore has been released under SITP.

Integrated Skill Development Scheme was launched by the Government in 2010 to address the trained manpower needs of textiles and related segments. The Scheme targets to train approximately 256,000 persons during 2010-11 and 2011-12. The textile industry is also being supported with an extensive skill development programme to train 3 million persons over a period of five years, by leveraging the strength of existing institutions under the textile ministry.

Further, fiscal incentives have also been provided for exports of textile and cotton items under various provisions of the Foreign Trade Policy 2009-14.

(Source: www.investindia.gov.in)

The Apparel Training & Designing Centre was registered as a Society under Societies Registration Act on February 15, 1991 at New Delhi with the mission to upgrade the technical skills of the human resource employed in Garment Industry. There are 75 ATDC centres including 25 ATDC-IGNOU community colleges and over 50 smart centres and skill campus at present functioning across the country to provide trained manpower in the field of Pattern Making/Cutting Techniques and Production Supervision and Quality Control Techniques to the Readymade Garment Industry so that quality garments are manufactured for the global market.

Investment Policy

Foreign direct investment (FDI) of upto 100% is allowed in the textiles sector through the automatic route. The Ministry of Textiles has set up an FDI cell at the Economic Division to attract FDI in the sector.

(www.investindia.gov.in)

Denim Industry in India

	Unbranded	Mass Market	Mid Premium	Premium	Total Market (Rs in Crores)
2012	58%	11%	15%	16%	6700
2017	48%	12%	19%	21%	13000

The denim market in India will nearly double to over Rs 13,000 crore in the next four years, thanks to the youth's love for blue jeans. The boom will be fuelled by not only increasing demand from small cities and rural areas but also the acceptance of denim at workplaces.

The denim category, owing to its high association with casualization and fashion, will witness volume growth due to increased penetration in rural geographies and smaller Indian cities.

This is a reflection of the youth's aspiration to engage with fashion, percolating beyond urban centres. The key growth drivers are: The fast growing youth and urban population; denim manufacturing picking up pace with more large and improved units coming up; and more people wearing it to the work place.

Denim brands in India see potential in all segments of the market — lower medium, medium and semi-premium/premium.

In 2012, the denim market in India stood at Rs 6,700 crore, with unbranded segment accounting for 58 per cent. While the mid-premium market commanded 15 per cent share, luxury comprised 16 per cent of the denim market in 2012.

(Source: Business Line, the article was published on November 28, 2013)

Future Outlook

India's total textile and apparel industry size both domestic and exports is projected to grow at aCAGR of 9.5 per cent to reach \$223 billion by 2021 from the \$89 billion in 2011. India's total textile and apparel industry size is estimated at \$89 billion in 2011 and is projected to grow at a CAGR of 9.5 per cent to reach \$223 billion by 2021.

The domestic textile and apparel market in India is worth \$58 billion and has the potential to grow at a CAG of 9 per cent, to reach \$141 billion by 2021. Overall, India's textile and apparel exports were at \$31 billion in 2011 and are growing at an annual rate of 10 per cent since 2005. Apparel exports contribute the most to the overall exports in terms of value, followed by contributions from fibre, yarn and fabrics. However, fibre exports have the highest CAGR with substantial growth in recent years.

India's share of the world's textile and apparel exports stands at 4.5 per cent. It is estimated that due to the increasing shift of textile and apparel production to Asian nations and the deteriorating export-competitiveness of China, this figure will grow to 8 per cent by 2020, with a total exports value of \$82 billion.

This growth, from 4.5 per cent to 8 per cent of world trade, will open up huge potential for Indian players.

OUR BUSINESS

Evolution of the brand “Monarch”

“Monarch” brand was officially launched in the year 1994 by Late Mr. Chandan Parmar through his proprietary concern ‘Pavan Apparels’. Sole business of Pavan Apparels was marketing and selling men’s jeans under the brand ‘Monarch’ wherein the manufacturing process of the jeans was entirely outsourced. With a view to expand his textile business and to take advantage of the goodwill earned by the brand ‘Monarch’, Late Mr. Chandan Parmar closed down his proprietary concern - Pavan Apparels and subsequently, on 14th February, 2005, he alongwith our Promoters Mr Nirmal Parmar and Mrs. Sharmila Parmar incorporated Monarch Apparels (India) Limited. With the inception of our Company, Late Mr. Chandan Parmar and our Promoters gradually extended their textile business beyond marketing and selling men’s jeans.

Business Overview

Initially, our Company carried on its textile business namely finishing, marketing and selling men’s apparels under the brand ‘Monarch’ solely at its registered office located at C – 41, 3rd Floor, Royal Industrial Estate, 5-B Naigaum Cross Road, Saharkar Nagar , Wadala (W), Mumbai- 400031. In the year 2008, we set up our first manufacturing unit at Unit No. 325, 3rd Floor, Milan Industrial Estate, Abhudaya Nagar, Cotton Green (West), Mumbai – 400033 and entered the manufacturing sector of the textile industry. Our manufacturing unit at Cotton Green has a total capacity of producing 3 lakhs pieces of apparels per annum.

At present, our Company is primarily involved in designing, manufacturing and marketing men’s apparels under the brand ‘Monarch’. Our product line consists of:

1. Jeans;
2. Cotton trousers;
3. Corduroys trousers; and
4. Cotton shirts.

The variety that our Company offers ranges from premium casuals/ party wear, semi-premium office to semi-premium casuals catering to the age group of 20 to 45 years. Our products are priced between Rs.895/- and Rs.1895/- which effectually attract the population belonging to middle and upper middle class. With our Promoters having a collective experience of over 2 decades in the textile industry together with our qualified and experienced staff, we have endeavoured to introduce new styles, fits, finishes and fabrics to our product range. We are thus an integrated apparel manufacturer with the process of designing, cutting, stitching, ironing, finishing and packaging being carried out at its 3 separate units. Further, our Company has three stores at prominent locations in Mumbai for exhibiting and selling, its products including certain other clothing and apparel products. A portion of our production is sold directly through our stores. For the financial year ended March 31, 2014 out of the total sales, 4% is attributable to the sales from our retail stores.

Key Events and Milestones

Year	Key Events, Milestones and Achievements
2005	Incorporation of our Company on February 14, 2005
	Purchase of Registered Office – C - 41 3rd Floor, Royal Industrial Estate, 5-B Naigaum Cross Road, Saharkar Nagar , Wadala (W) , Mumbai- 400031
	Purchase of Machinery “Surbhi Garment” Finishing Stream Press set in March, 2005
	Commencement of Business on February 28, 2005
2008	Set-up of Manufacturing Unit No. – 325, 3 rd Floor, Milan Industrial Estate, Abhudaya Nagar, Cotton Green (W), Mumbai 400033
2009	Opening of first store at Lalbaug (Mumbai)
	Achieved the Award from All India Achievers Foundation For The “Indian Achievers Award

	For Industrial Development” (Delhi)
2010	Presented with certificate of nomination for successful participation in the Nomination phase of Indiamart.Com “Leaders Of Tomorrow Awards 2010” which is sponsored by Et Now and Process advised by Ernst And Yong.
	Purchase of Unit at C- 20 1st Floor, Royal Industrial Estate, 5-B Naigaum Cross Road, Saharkar Nagar, Wadala (W) , Mumbai- 400031
	Achieved International Award “Golden Eagle For Prestige And Quality Europe 2010” By Actualidad Magazine Of Industry And Commerce Madrid (Spain)
2011	Our Company extended its product range by successfully Launching “Cotton Casual Shirts”.
2012	Our Company opened its second store at Mazgaon
	Our Company extended its product range by successfully launching Multi Coloured Lycra Cotton Trousers.
	Company was presented with Certificate of Nomination For Successful Participation in the Nomination Phase Of Indiamart.Com “Leaders Of Tomorrow Awards 2012” sponsored by Et Now And Process and advised by Ernst and Yong.
	Article about our Company & Products published in CMAI’s Apparels Magazines in October, 2012.
2013	Our Company was nominated as India’s Most Promising Brands 2013 by “KPMG”

Our Competitive Strengths

1) Experienced Management Team:

We have a qualified and experienced management team which has substantially contributed to the growth of our business operations. Our Company is managed by a team of experienced and professional personnel with exposure in various aspects of textile industry. Our Promoters, Mr. Nirmal Parmar and Mrs. Sharmila Parmar have collective experience of more than 2 decades in textile business.

2) In-house Integrated Unit:

Our core competency lies in our manufacturing and designing skills. Our in-house staff and workers are involved right from designing the apparel to manufacturing them. This help us in controlling the inventory and production process. We believe that this has helped us in achieving optimal capacity utilisation and at the same time keeping our costs low which eventually help us in maintaining healthy margins.

3) Efficient Supply Chain Management:

We procure our raw material from various manufacturers and authorised distributors appointed by the manufacturers based on our requirement. We analyze the production requirement on a monthly basis, based on which we place orders with our raw material suppliers. This helps us in minimising our inventory of raw materials. This also helps us effectively servicing the requirement of our retailers, distributors and multi-brand outlets.

4) Distribution Network:

We distribute our products through retail distributor’s and multi-brand outlets in various parts of India such as in the state of Maharashtra, Gujarat, Rajasthan, Chhattisgarh, Andhra Pradesh and some parts of West U.P, Bihar and Jharkhand. We sell our products through more than 610 multi-brand outlets which ultimately supply our goods to the end customers. We also have stores in Mumbai for selling our products including certain other clothing and apparel products.

5) Manufacturing Facility and other Units:

Our manufacturing unit located at Cotton Green (Mumbai) together with two of our other units located at Wadala (Mumbai) namely Wadala Unit-I and Wadala Unit-II are fully integrated and self-sufficient. Our manufacturing unit is equipped with modern technology, testing lab, quality controls and first hand machines. Our units located at Wadala are involved in giving finishing touch to the product, packaging, stocking and dispatching.

6) Quality Product:

Our Company follows a strict policy of supplying quality products. We are specific about the quality of products manufactured by us and intensive care is taken to determine the standard of every material/ product dispatched from our units. Additionally, our Company also keeps itself abreast with the latest changes in technology by attending international fairs & various other seminars & expositions and has regular interactions with existing machinery suppliers.

Our Growth Strategy

1) Expansion of our Retail Stores and Franchisee:

Our brand caters to different consumer segments and demographics more particularly the middle and upper middle class of our society. At present, we have three stores in Mumbai exhibiting and selling, *inter alia*, our products. Our retail venture targets the 'value and fashion conscious' Indian consumers' apparel demands. We plan to acquire further three stores on licence basis in South and Central Mumbai. We also propose to increase the number of our stores across India in a phased manner. We plan to promote our brand further by opening of franchisee stores to have a pan India presence.

Our Company has, over the last two decades of its operations, been primarily known as a supplier of quality apparel products to the intermediate sector but not so much to the end-customer. Our Company intends to grow and sustain this retail venture, which would then enable our Company not only to address the demand from manufacturers/ multi brand outlets of apparel but also to the end-consumer. In order to do so, our Company would also build and develop suitable marketing and branding initiatives for its retail venture.

2) Expanding Geographic Reach:

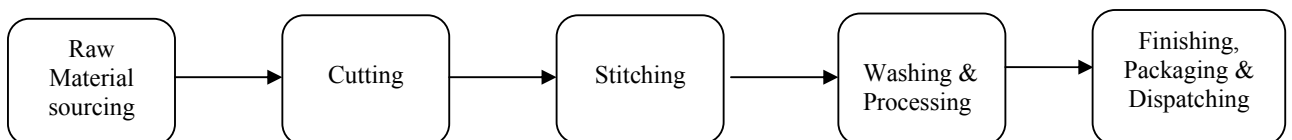
Currently, we operate in eight states namely Maharashtra, Gujarat, Chhattisgarh, Rajasthan, Andhra Pradesh, some part of Western Uttar Pradesh, Bihar and Jharkhand. Our Company will continue exploring opportunities in various other parts of India where it can supply its products to enhance its geographic reach. This will be a strategy that our Company will adopt in the near and middle term.

3) Strengthening the Product Portfolio:

It is our Company's endeavour to constantly develop new products and finishes to capture our customers' requirements both within its traditional product framework as well as for new specialty fabrics.

Our Production Process

Our production processes are designed with special attention to quality and customer satisfaction involving:



1) Raw Material Sourcing

Fabric and other components such as zips, threads, buttons and tags are our main raw materials. We have authorised few suppliers for supplying each of the above mentioned raw materials ensuring quality consistency. The fabric is sourced from distributors appointed by the leading mills in India to reduce the delivery time and for effective inventory management. Each fabric is checked for quality standards, tear and

tensile strength, colour fastness by our in-house technicians. Other components like zippers, buttons, rivets, threads, etc. are either sourced or imported from the dealers.

2) Process

The apparel manufacturing process is carried out after the orders from retailers and distributors are procured for different styles and designs. The entire process encompassing cutting, stitching, washing, processing, finishing, packaging and dispatching usually takes 20-30 days.

3) Cutting

After the fabric sample has been tested for quality by our in-house technician, it is dispatched to our Cotton Green unit for cutting. Cutting being an integral part of apparel manufacturing, we use various machines such as automatic layering machines, power cutting machines and end cutters to ensure quality standards. We try to ensure that there is minimum wastage of the fabric during this process.

4) Stitching

Stitching of the fabric is also done at our Cotton Green. Most of the apparels are stitched by us. We outsource around 60 % of the stitching process to various stitching workers. The stitching process is carried out by both trained job workers as well as specialists that utilize various imported machines for different processes. For example, the pockets of the trouser are sewn on by automatic pocket setters from pocket attaching machine. There are also other special machines for hemming the bottom of the trousers, affixing a double stitch on the side of the jeans as well as its pockets, loop attaching, interlocking and for affixing the two legs of the trousers. The manufacturing of trousers and jeans involves various processes and therefore requires a variety of machines.

5) Washing and Processing

Washing and Processing of apparels process are outsourced to various job workers. Most of our apparels are pre-washed. Washing is an integral part in treating the denim. It gives a different look and feel to the fabric. Washing involves carrying out various chemical processes on the apparel. The various processes including de-sizing (starch removal), bleaching (colour removal), stone wash, sand blasting, over-dyeing, acid wash, fraying, surface painting and screen printing, drying cleaning and laser engraving.

6) Finishing, Packaging and Dispatching

Once the apparels are washed, they are brought to the Wadala Unit-I for finishing and packaging. The process involves excess thread removal, steam ironing, removal of wrinkles and attaching of product's size and price labels. The entire finishing process is carried out with the help of the state of art machinery including form finishers. The form finishers press the apparel in its shape by using suction and balloon method. We also use duplex form finishers that facilitate the ballooning of two apparels at the same time and therefore help to speedup the process. After the apparel undergoes the above-mentioned processes, it is ready to be dispatched. We use double layered packing to ensure that apparels reach the retailers as crisp and well-ironed as they left from the finishing unit. The apparels are housed at our Wadala Unit-I, from where they are dispatched to our stores, other retailers, distributors and multi-brand outlets through various national carriers.

Infrastructure Facilities, Machineries and Utilities

Facilities:

	Wadala Unit-I	Wadala Unit-II	Cotton Green Unit
Type of Facilities	Stocking & Dispatching	Finishing & Packing	Cutting & Stitching
Address	C – 41, 3 rd Floor, Royal Industrial Estate, 5-B, Naigaum Cross Road, Wadala, Mumbai -	C – 20, 1 st Floor, Royal Industrial Estate, 5-B, Naigaum Cross Road, Wadala,	Gala No. 325, 3 rd Floor, Milan Industrial Estate, Abhudaya Nagar. Cotton Green (W), Mumbai – 400033.

	400031.	Mumbai 400031.	-	
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Machineries:

Name of the Machinery	Quantity	Source of Machinery
STITCHING MACHINE		
DURKOPP ADLER MODEL: 59-151 EYELET BUTTON HOLE MACHINE HEAD ONLY.	1	Germany
DURKOPP ADLER MODEL- 251-140040H SINGLE NEEDLE LOCKSTICTH M/C HEAD ONLY.	14	Germany
STAND/TABLE FOR DA MODEL : 251-140040-H	14	Germany
STAND/TABLE FOR DA MODEL : 559-151	1	Germany
TYPICAL MODEL :GK 0056 -1 TWO NEEDLE CHAINSTITCH MACHINE CPL SET	1	Germany
TYPICAL MODEL : GC 6845H TWO NEEDLE LOCKSTITCH MACHINE CPL SET	1	Germany
TYPICAL MODEL : GN 2000-5 FIVE THREAD OVERLOCK MACHINE CPL SET	1	Germany
KANSAI SPECIAL : B2000C BELT LOOP MAKING MACHINE CPL SET.	1	Germany
KANSAI SPECIAL MODEL : DLR - 1508 P WAISTBAND ATTACHING MACHINE CPL SET.	1	Germany
KANSAI SPECIAL MODEL : WX8842-1 HIGH SPEED MULTI NEEDLE MACHINE	1	Germany
DURKOPP ADLER MODEL -510-211 BARTACK MACHINE CPL SET	1	Germany
BROTHER MODEL NO. DA9280-5-3641-1/PF-HB INDUSTRIAL SEWING MACHINE WITH TABLE STAND MOTOR & PULLAR. LG02100-100 FAB NO. DILL070048 "ELGI" BRAND AIR COMPRESSOR SINGLE CYLINDER , EQUIPPED WITH PR GAUGE NON RETURN SAFETY DRAIN VALVES FAD 3.9CFM MAX WRK/PRS 10 KG/CM2 WITH STD ACCS.	1	Germany
ELD 010 HL DRIER - FAB NO. 538 "ELGI" BRAND HEATLESS DRIER CAPACITY 10 CFM COMPACT SERIES MODEL ELD .010 WITH STANDARD ACCESSORIES.	1	Germany
AV-04 AV - MOUNTS - FAB NO. 0910 ANTIVIBRATION PADS SUITABLE FOR AIR COMPRESSORS WITH LEVELLING BOLTS - TYPE AV - 04	1	Germany

ELGI AIRLUBE 1LTR - FAB NO. 09010 ELF" AIRLUBE OIL SUITABLE FOR RECIPROCATING AIR COMPRESSORS.	4	Germany
TYPICAL MODEL : GN 2000 -5 OVERLOCK SEWING MACHINE COMPLETE SET	5	Germany
FUSING MACHINE 600	1	Germany
CUTTING MACHINE		
EASTMAN MODEL : 629-8" CUTTING MACHINE	1	Germany
FINISHING MACHINE		
FINISHING STEAM PRESS:		
GassFird Steam Generator	1	Indigenous
Vaquum Table	6	Indigenous
Iron 3100	6	Indigenous
Solenoid Valve	6	Indigenous
Taflon Shoo	6	Indigenous
Stain Removing m/c	1	Indigenous
Ducting For Steam Line	80	Indigenous
RIVETS FITTING MACHINE - Kaiyu ISM JO A 250VI 5A400V3	2	Indigenous
DURKOPP ADLER MODEL- 251-140042 SINGLE NEEDLE LOCKSTICTH MACHINE CPL SET.	1	Germany
EYELET BUTTON HOLE MACHINE - Typical GT 660-01	1	Germany

Utilities:

	Wadala Unit-I (Registered office)	Wadala Unit-II	Cotton Green Unit
Electricity consumption for production	2551 KWh	217 KWh	509 KWh
Water Utilisation for commercial production	Water needed for only Human Consumption	Water needed for Steam Ioning and Human Consumption	Water needed for only Human Consumption
Effluent Disposal	No effluent treatment required as no discharge	No effluent treatment required as no discharge	No effluent treatment required as no discharge

For details about the market, export scenario, competition, past production figures for the industry, demand and supply forecasts, please see the section title Industry Overview on page no. 67 of this Draft Prospectus.

Communication and IT infrastructure

All our units are connected through dedicated lease lines and VPIN networks with back-up systems in place. The central servers are located at the Wadala Unit-I. We are equipped with implementing an ERP software on logic for our production and marketing activities. We are also planning to connect all our units through radio frequency network.

Our Employees

As on 31st July, 2014, Our Company has 41 employees the details of which are enumerated below:

Sr. no.	Category	No. of Employee
1.	Executive Director	2
2.	Higher Level Management and Key Managerial Persons (Including Vice Presidents & Head of Departments)	6
3.	Middle Level Management	4
4.	Other Employees (including Factory Labourers and Office staff)	29

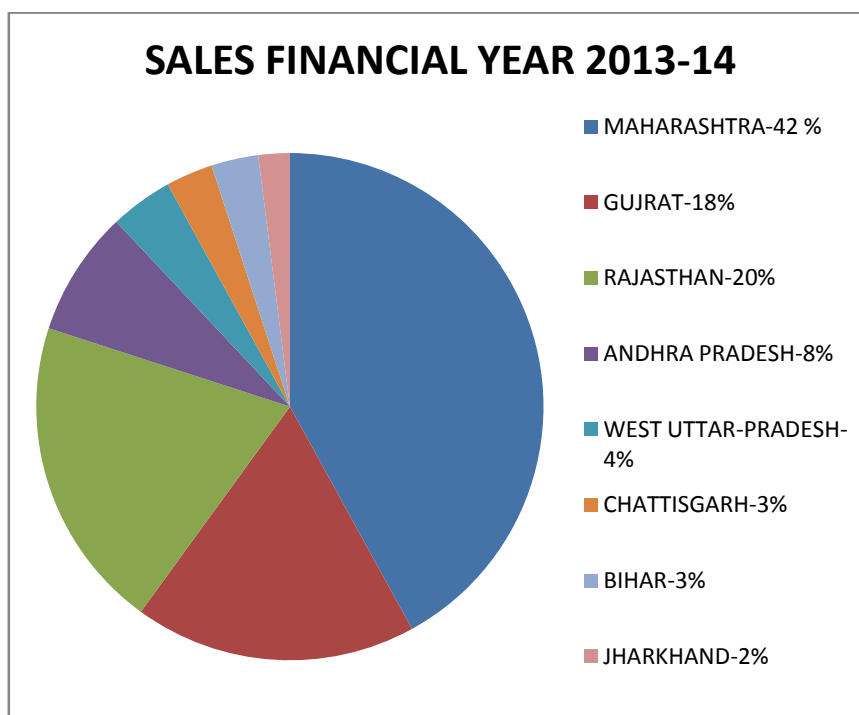
Sales & Marketing

Our Company's customer profile for apparel includes distributors, wholesalers and traders, retailers and importers and domestic agents.

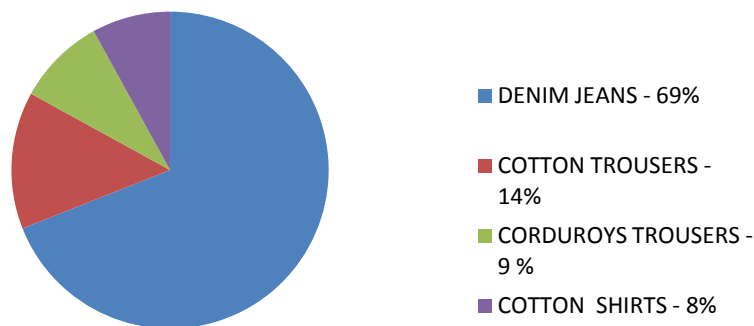
Distribution Channels

We have a widely dispersed national distribution network comprising of department stores, retailers and multi-branded outlets. We use both traditional channels like wholesalers and modern channels like Chain Stores and exclusive stores to promote our products across India.

Regional wise break up



PRODUCT WISE SALES F .Y. 2013- 14



Competition

We are manufacturer of jeans, cotton trousers, corduroy trousers and cotton shirts and face competition from various domestic and international players. Internationally there is competition from Asian peers such as China, Bangladesh and Vietnam who are lower cost manufacturers of denims and also enjoy more favourable duty structure on exports.

Strategic, financial partners and collaborators

At present, we do not have any strategic and financial partnership with any other entity. We have not entered into technical collaboration with any entity.

Export Obligations

As on the date of filing of this Draft Prospectus, there are no export obligations on our Company

Insurance

Our operations are subject to hazards inherent to the transport industry, such as accidents, fires, earthquakes, riots, political disturbances, floods and other force majeure events, acts of terrorism and explosions, including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate. We also ensure that contractors obtain insurance while carrying out any activities on our behalf.

Properties

Immovable Properties

Immovable properties owned and occupied by our Company:

Sr. No.	Property Description	Area	Date and Nature of agreement	Consideration (In Rs. Lacs)	Name of the Vendor	Relation of the Vendor with any Promoter/ Director	Purpose
1.	Cotton Green	560 square feet carpet	Agreement for Sale dated 5 th	0.5 (Part considered)	Mr. Chandrakumar Gopaldas	No	Manufacturing Unit (Cutting and




	Unit: Unit no. 325 on the 3 rd floor, Milan industrial Estate, Abhuday nagar, Cotton Green, Mumbai-400033	area and loft admeasuring 350 square feet carpet area	September, 2008 bearing registration no. BBE3-6571-2008	tion).	Tolani		Stitching)
2.	Wadala Unit-I Unit no.C-41, 3 rd Floor, Royal Industrial Estates Co-operative Society Ltd., 5-B, Naigam Cross Road, Wadala (West), Mumbai-400031	815 square feet carpet area	Agreement for Sale dated March 04, 2005 bearing registration no. BBE2-02002-2005	34.5	Mr. Vinodrai Vaikunthrai Chhapia	No	Registered Office (stocking and dispatching)
3.	Wadala Unit-II C-20, 1 st Floor, Royal Industrial Estate Cooperative Society Limited, 5-B, Naigam Cross Road, Wadala (West) Mumbai- 400031	816 square feet carpet area and loft measuring 408 square feet carpet area	Sale Deed dated 30 th July, 2010 bearing registration no. BBE3-8285-2010	131	Mr. Jairaj Shetty	No	(Finishing and Packaging)

In addition to the aforesaid properties, our Company has obtained premises under certain business conducting agreements on payment of monthly royalty fee for our existing retail stores in Mumbai. The period for which these premises have been obtained varies from 3 years to 5 years. Our Company also occupies the premises at Office no. 45, 2nd Floor, Dahanukar Building, 480 Kalbadevi Road, Near Edward Cinema, Mumbai 400 002 as its Corporate Office owned by its Promoter Mr. Nirmal Parmar. For further details, please see the Chapter “*Risk Factors*” on page 10.

The entities from whom we have purchased the premises where we have set-up the manufacturing units do not have any relationship with any promoters or directors of our Company. Save and except as stated in the chapter “*Government/ Statutory and Business Approvals*” and “*Risk Factors*” on page 135 and 10, we do not require any approvals pertaining to the land on which our factory is located. The premises in respect of which our Company is the owner are registered in its name. Save and except the equitable mortgage created in favour of Bank of Baroda, the aforesaid ownership premises are free from encumbrances.

Intellectual Property

Our Company is the registered owner of the following trademarks/ logos:

Sr. no.	Trade Mark Registration / License No.	Issuing Authority	Date of Issue	Date of Expiry
1.	Trade mark no. 1858709 (Under Class 25) 	Registry of Trade Marks, Mumbai	11 th March, 2011 w.e.f. 4 th September, 2009	3 rd September, 2019
2.	Trade mark no. 1858710 (Under Class 35) 	Registry of Trade Marks, Mumbai	11 th March, 2011 w.e.f. 4 th September, 2009	3 rd September, 2019
3.	Trade mark no. 1396906 (Under Class 25) 	Registry of Trade Marks, Mumbai	7 th November, 2005	6 th November, 2015

KEY INDUSTRIAL REGULATIONS AND POLICIES

The regulations and policies set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. The following description is a summary of the relevant regulations and policies as prescribed by the Government of India that are applicable to our Company. The statements below are based on the provisions of Indian law in force, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Labour Legislation

The Factories Act, 1948

The Factories Act, 1948 is a social legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

Payment of Wages Act, 1936 (“Wages Act”)

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than 1,00,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

Payment of Bonus Act, 1965

The provisions of the Payment of Bonus Act, 1965 (“the **PB Act**”) ensure that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. The PB Act is applicable to all the establishments employing 20 or more employees. It provides for payments of annual bonus subject to a minimum of 8.33% of wages and maximum of 20% of wages to employees drawing Rs. 3500/- per month or less. An employee getting a salary or wage exceeding Rs. 10,000 per month is not entitled to get bonus under this act.

The Workmen Compensation Act, 1923

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

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Act is applicable to factories employing 20 or more employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees’ Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees.

The Employee State Insurance Act, 1948

The Employee State Insurance Act, 1948 (“ESIA”) aims to provide benefits to the employees or their beneficiaries in the event of sickness, maternity, disablement and employment injury and to make provisions for the same. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed under the ESIA. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to maintain prescribed records and registers.

The Payment of Gratuity Act, 1972

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease.

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 makes provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

Shops and Establishment Act, 1948

Under various State laws dealing with shops and establishments, any shop or commercial establishment has to obtain a certificate of registration from the supervising inspector and also has to comply with certain rules laid down in the act governing that particular State. These rules and regulations regulate the opening and closing hours of shops and commercial establishments, daily and weekly work hours, closing dates and holidays, health and safety of persons working in shops and commercial establishments, payment of wages and maintenance of records and registers by the employers, among others.

Tax Related Legislations

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

Central Sales Tax Act, 1956 (CST)

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

Value Added Tax (“VAT”)

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

Customs Act, 1962 (“the Customs Act”)

The provisions of the Customs Act and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any company that wishes to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

Environmental Laws

Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc. The purpose of the Act is to act as an “umbrella” legislation designed to provide a framework for Central government for co-ordination of the activities of various central and state authorities.

Air (Prevention and Control of Pollution) Act 1981 (“Air Act”)

The Air Act has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of Yearly approvals and consents from the corresponding Pollution Control Boards in the state.

Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)

The Water Act was enacted in 1974 in order to provide for the prevention and control of water pollution by factories and manufacturing industries and for maintaining or restoring the wholesomeness of water. In respect to an Industrial Undertaking it applies to the (i) Occupier (the owner and management of the undertaking) (ii) Outlet (iii) Pollution and (iv) Trade effluents. The Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.

Trade Related Legislations

National Textile Policy

Subsequent to the announcement of the Textile Policy, the woven segment of readymade garment sector and the knitting sector have been de-reserved from the list of items reserved for exclusive manufacture in the small scale sector. The Textile Policy also targets the development of a strong multi-fibre base to facilitate product upgradation and diversification. The Textile Policy provides for government financing and venture capital funding for setting up textile plants. Particular emphasis is laid on exports with the proposal of multi-disciplinary institutional mechanisms to formulate policy and action plans, including the restructuring of Export Promotion Councils and operating a brand equity fund exclusively for textile and apparel products. The Textile Policy also contains sector specific agendas. For the cotton sector, it designates the Technology Mission of Cotton as the nodal body to bring about increase in productivity and stability in prices. For the spinning and weaving sectors, decentralized modernizations is the thrust of the government policy and for the garments sector, the government proposes a number of measures in light of the WTO rules and regulations, including strategic alliances with leading global manufacturers and the establishment of textile/apparel parks. The Ministry of Textiles announced the formulation of the National Textile Policy, 2000 118 (“Textile Policy”) in November 2000 with the objective of enabling the textile industry to attain and sustain a preeminent global standing in the manufacture and export of clothing. The Textile Policy envisages a multi-pronged strategy to achieve these long term goals. The strategy aims at modernizing the equipment and technology that is used in the sector and simultaneously strengthening the traditional knowledge, skills and capabilities in this sector.

The Foreign Trade (Development and Regulation) Act, 1992

In India, the main legislation concerning foreign trade is the Foreign Trade (Development and Regulation) Act, 1992. The Act provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. As per the provisions of the Act, the Government :- (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorised to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorised to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the export-import policy.

Other regulations

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

Regulation of Foreign Investment in India

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMARegulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectorial caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectorial limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI.

In addition to the above, the Company is required to comply with the provisions of the Companies Act, FEMA, different state legislations, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND OTHER CORPORATE MATTERS

Our History

Our Company was incorporated as “Monarch Apparels (India) Limited” on February 14, 2005 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Mumbai, Maharashtra and a Certificate of Commencement of Business was obtained from Registrar of Companies, Mumbai, Maharashtra on February 28, 2005.

For further details of our Company’s activities, services and the growth of our Company, please refer to the chapters titled “Our *Business* ” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 72 and 124 respectively of this Draft Prospectus.

Change in the Registered Office

There has been no change in the registered office of our Company since inception.

Key Events and Milestones

Year	Key Events, Milestones and Achievements
2005	Incorporation of our Company on February 14, 2005
	Purchase of Registered Office – C - 41 3rd Floor, Royal Industrial Estate, 5-B Naigaum Cross Road, Saharkar Nagar , Wadala (W) , Mumbai- 400031
	Purchase of Machinery “Surbhi Garment” Finishing Stream Press set in March, 2005
	Commencement of Business on February 28, 2005
2008	Set-up of Manufacturing Unit No. – 325, 3 rd Floor, Milan Industrial Estate, Abhyudaya Nagar, Cotton Green (W), Mumbai 400033
2009	Opening of first store at Lalbaug (Mumbai)
	Achieved the Award from All India Achievers Foundation For The “Indian Achievers Award For Industrial Development” (Delhi)
2010	Presented with certificate of nomination for successful participation in the Nomination phase of Indiamart.Com “ Leaders Of Tomorrow Awards 2010 ” which is sponsored by Et Now and Process advised by Ernst And Yong.
	Purchase of Unit at C- 20 1st Floor, Royal Industrial Estate, 5-B Naigaum Cross Road, Saharkar Nagar, Wadala (W) , Mumbai- 400031
	Achieved International Award “Golden Eagle For Prestige And Quality Europe 2010” By Actualidad Magazine Of Industry And Commerce Madrid (Spain)
2011	Our Company extended its product range by successfully Launching “Cotton Casual Shirts”.
2012	Our Company opened its second store at Mazgaon
	Our Company extended its product range by successfully launching Multi Coloured Lycra Cotton Trousers.
	Company was presented with Certificate of Nomination For Successful Participation in the Nomination Phase Of Indiamart.Com “Leaders Of Tomorrow Awards 2012” sponsored by Et Now And Process and advised by Ernst and Yong.
	Article about our Company & Products published in CMAI’s Apparels Magazines in October, 2012.
2013	Our Company was nominated as India’s Most Promising Brands 2013 by “KPMG”

Main Objects of our Company

The main objects of our Company as stated in our MOA, is set forth below

1. To carry on in India or abroad the business of manufacturing, processing, producing, washing, dyeing, ginning, pressing, spinning, weaving, krimping, texturising, carding, bleaching, combing, doubling, finishing, calendering, sizing, colouring, printing, mercerizing, reeling, winding, throwing, embroidering, blending, sorting, garnetting, stretching, drying, drawing, cutting, improving, buying, selling, reselling, importing, exporting, transporting, storing, fabrication, developing, marketing or supplying and to act as broker, trader, agent, C & F agent, distributor, representative, consultant, collaborator, adatia, stockiest, liasioner, jobworker, export house or otherwise to deal in all types of textile goods, dress materials, fabrics, cloths, yarns such as nets, matting, hosiery, plastic cloths, water proof fabrics, pavliners, americal clothes, imitation leather, and rubber cloths, tents, durries, newar, ropes, rugs, furnishing cloths, tapestries, curtain cloths, blankets, carpets, carpet backing, gloves, laces, terry fabrics, velvet, georgette, gaberdine, pashminas, floor cloths, twid, patto, canvas, khaddar, denim, stonewash, suitings, shirtings, sarees and items made on powerloom, handloom or mill by man-made or natural materials like cotton, flax, hemp, linen, wool, nylon, viscose, ramie, polyester, silk, artsilk, rayon, jute, staple fibres, cashmilon, filaments, terecotton, monofilaments, multifillaments, acrylics, polynosic, polypropeline, polyimide, polymethane, cellulose, dropping, spun, or other fibrous substances.
2. To carry on the business of spinning, weaving, or processing manufacturing, or dealing in cotton, synthetic polyester or other fibrous substances and the preparation bleaching dyeing or colouring of any of the said substances and the sale of yarn cloth.

Amendments to our Memorandum of Association

Sr.No.	Amendments	Date
1.	Increase in authorised capital from Rs 5 Lakh to Rs 30 Lakhs	June 16, 2005
2.	Increase in authorised capital from Rs 30 Lakhs to Rs 100 Lakhs comprising of 10,00,000 Equity shares of Rs 10 each and 10,00,000 preference shares of Rs 10 each	October 06, 2005
3.	Reclassification of un-issued 10,00,000 preference shares of Rs 10 each into 10,00,000 Equity Shares of Rs. 10 each. After reclassification, the authorised share capital comprised of 20,00,000 Equity Shares of Rs. 10 each.	March 23, 2010
4.	Increase in authorised capital from Rs 200 Lakh to Rs 1000 Lakhs	March 30, 2011
5.	Increase in authorised capital from Rs 1000 Lakh to Rs 2000 Lakhs	July 08, 2013

Acquisition of Business/ Undertakings

Our Company has not acquired any business or undertakings in the past.

Details of Merger/Amalgamation

There has been no merger/amalgamation pertaining to our Company.

Funds raising through equity or debt:

For details in relation to our funds raising activities through equity and debt, please refer to the chapters titled 'Capital Structure' and 'Accounts' beginning on Pages No. 36 and 107 respectively, of the Draft Prospectus.

Time and cost overruns in setting up projects:

As on the date of the Draft Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

Strikes or Labour Unrest in the Company

There have been no strikes or labour unrest since incorporation of our Company.

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

There has been no change in the activities of our Company during the last five years

Number of Shareholders/ Members

As on the date of this Draft Prospectus, the total number of holders of our Equity Shares is 07 (Seven).

Revaluation of assets:

Our Company has not revalued its assets since its incorporation.

Managerial competence

For details on managerial competence, please refer to the section titled "Our Management" on page 89 of this Draft Prospectus.

Defaults or rescheduling of borrowing

The Company has not defaulted or rescheduled its borrowing. Save and except as stated in this document, none of our Company's loans have been converted into equity in the past.

Injunctions or restraining orders

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

Strategic Partners and Financial Partners

We do not have any strategic partners or financial partners.

Subsidiaries

We do not have any subsidiaries, as on the date of filing of this Draft Prospectus.

Shareholder's Agreements

There are no shareholder's Agreements, as on date of filing of this Draft Prospectus.

Material Agreements

There are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us and there are no material agreements entered into more than two years before the date of this Draft Prospectus.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have not less than 3 directors and not more than 12 directors. We currently have five directors on our Board.

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

Name, Designation, Father's Name, Occupation, Term, Nationality, Age and DIN No.	Date of Appointment as Director	Residential Address	Other Directorships/Partnership firms, etc.
<p>Name: Mr. Nirmal Kesharimal Parmar (S/o Mr. Kesharimal Kisturchand Parmar)</p> <p>Designation: Managing Director</p> <p>Occupation: Business</p> <p>Term: 8th July, 2013 to 7th July, 2018</p> <p>DIN No: 00509469</p> <p>Nationality : Indian</p> <p>Age: 49 years</p>	<p>Appointed as a Director on 14th February, 2005.</p> <p>Appointed as Whole Time Director w.e.f. 1st April, 2010 for 5 years.</p> <p>Appointed as a Managing Director w.e.f. 8th July, 2013 for a period of 5 years.</p>	<p>D-201, Gundecha Gardens, 2nd Floor, Gas Co Lane Dattaram Khamkar Marg, Lalbaug, Mumbai, 400012</p>	<p>Proprietorship</p> <ul style="list-style-type: none"> • N. Parmar & Associates <p>HUF</p> <ul style="list-style-type: none"> • Nirmal Parmar HUF
<p>Name: Mrs. Sharmila Parmar (D/o Mr. Bhabutmal Parmar)</p> <p>Designation: Whole Time Director</p> <p>Occupation: Business</p> <p>Term: 1st April, 2011 to 31st March, 2016.</p> <p>DIN No: 00509576</p> <p>Nationality : Indian</p> <p>Age : 43 years</p>	<p>Appointed as a Director on 14th February, 2005.</p> <p>Appointed as a Whole Time Director w.e.f. 1st April, 2006 for 5 years.</p> <p>Reappointed as a Whole Time Director w.e.f. 1st April, 2011 for 5 years.</p>	<p>D-201, Gundecha Gardens, 2nd Floor, Gas Co Lane Dattaram Khamkar Marg, Lalbaug, Mumbai, 400012</p>	<p>Proprietorship</p> <ul style="list-style-type: none"> • Devrani & Jethani Co.
<p>Name: Ms. Nipsha Jain (D/o Kamlesh Moolchand Jain)</p> <p>Designation: Independent and Non-Executive Director</p> <p>Occupation: Business</p> <p>Term: Until the next AGM</p> <p>DIN No: 06822260</p> <p>Nationality: Indian</p>	<p>Appointed as an Additional Director on 1st March, 2014.</p>	<p>Ti, Mun.G. no. 21 Ganeshkrupa, (A) Karel Wadi,, Thakuradvar Tehsil., Mumbai, 400002.</p>	<p>NIL</p>

Name, Designation, Father's Name, Occupation, Term, Nationality, Age and DIN No.	Date of Appointment as Director	Residential Address	Other Directorships/Partnership firms, etc.
<i>Age</i> : 23 years			
Name: Mr. Sitendu Sharma (s/o Mr. Krishnakumar Sharma) Designation: Independent and Non-Executive Director Occupation: Professional Term: Until the next AGM DIN No: 01956423 Nationality : Indian Age : 44 years	Appointed as an Additional Director on 1 st March, 2014.	Sureendra Industries, Flat No 102, Near Raunak Park, 2nd Pokaran Road, Thane, Mumbai-400601	Directorship <ul style="list-style-type: none"> •Astec Life Science Limited
Name: Mr. Mandar Kamlakar Patil (s/o Mr. Kamalakar yeshwant patil) Designation: Independent and Non-Executive Director Occupation: Professional Term: Until the next AGM DIN No: 05284076 Nationality: Indian Age: 44 years	Appointed as an Additional Director on 25/06/2014	Flat no. 32, bldg no. 30-B, Brindaban Society Thane-400601	Directorship <ul style="list-style-type: none"> •Amarnath Securities Limited •Astec Lifescience Limited Proprietorship: <ul style="list-style-type: none"> •Mandar Patil & Co.

Note:

All of our directors are Indian nationals. Mr. Nirmal Parmar and Mrs. Sharmila Parmar are husband and wife. Save and except the above, none of our directors is related to each other.

None of the above mentioned Directors is on the RBI List of wilful defaulters as on the date of this Draft Prospectus.

None of our directors is or has been a director in any of the listed companies which have been/ were delisted from the stock exchange(s).

None of our Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors was selected as director or member of senior management.

There is no service contract entered into by the Directors with the Company providing for benefits upon termination of employment.

Brief Biographies of our Directors

Mr. Nirmal Parmar, aged 49 years, is the Co-Promoter and Managing Director of our Company with 9 years of experience in textile industry. He holds a Bachelor degree in Commerce from University of Rajasthan. He is responsible for the management of the entire operations of the Company including administration and finance. He plays a major role in formulating strategies for the profitable growth and operation of our Company.

Mrs. Sharmila Parmar, aged 43 years, is the Co-Promoter and Whole Time Director of our Company with over 18 years of experience in textile industry. She plays a key role in managing the operations of retail stores of our Company. She also supervises general day to day affairs of our Company.

Ms. Nipsha Jain, aged 23 years is an Independent and Non-Executive Director of our Company. She holds a Bachelors degree in Arts from University of Mumbai. She was appointed on our board on 1st March, 2014.

Mr. Sitendu Sharma, aged 44 years is an Independent and Non-Executive Director of our Company. Mr. Sharma is a qualified Chartered Accountant with 15 years of experience in tax, audit and various matters related to company law. He was appointed on our board on 1st March, 2014.

Mr. Mandar Kamlakar Patil, aged 44 years is an Independent and Non-Executive Director of our Company. Mr. Patil is a qualified Chartered Accountant with over 18 years of experience in the field of statutory audit, direct and indirect taxation. He was appointed on our board on 25th June, 2014.

Details of Borrowing Powers of Our Directors

Our Articles, subject to the provisions of Section 293(1)(d) of the Companies Act, 1956 authorizes our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders of the Company, through a resolution passed at the EGM dated February 15, 2013, authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of the Company and its free reserves, not exceeding Rs.500 crores at any time.

Compensation to Managing Director and Whole-time Director

We have not entered into any service agreement with our Managing Director and Whole Time Director, however, the terms of their appointment are ratified by the shareholders of the Company. Following are the details of their compensation:

(i) Mr. Nirmal Parmar, Managing Director

Particulars	Per Month (Rs.)	Per Annum (Rs.)
Basic	45,000/-	5,40,000/-
House Rent Allowance	10,000/-	1,20,000/-
Medical Allowance	3,000/-	36,000/-
Conveyances	2,000/-	24,000/-
Total Cost to Company	60,000/-	7,20,000/-

(ii) Mrs. Sharmila Parmar, Whole Time Director

Particulars	Per Month (Rs.)	Per Annum (Rs.)
Basic	45,000/-	5,40,000/-
House Rent Allowance	10,000/-	1,20,000/-
Medical Allowance	3,000/-	36,000/-
Conveyances	2,000/-	24,000/-
Total Cost to Company	60,000/-	7,20,000/-

Payment or benefit to Non-Executive Directors of our Company

Apart from the remuneration of our Executive Directors as stipulated under the heading “Compensation to Managing Director and Whole Time Director” above, our Non-Executive Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act and the rules made there under and actual travel, boarding and lodging expenses for attending the Board or committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

Except as indicated above, each Non-Executive Director is eligible for sitting fees of Rs.15000 for each Board meeting that he attends and Rs.15000 for each meeting of a committee of the Board.

Corporate Governance

We have complied with the SEBI (ICDR) Regulations with respect to corporate governance especially constituting committees such as Audit/ Stakeholders Relationship Committee, etc. Further, the provisions of the listing agreement to be entered into with the Stock Exchange with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchange. We have complied with such provisions, including with respect to the appointment of Independent Directors to our Board and the constitution of the Shareholders Investor Grievances Committee. We have also adopted the Corporate Governance Code in accordance with Clause 52 of the SME listing agreement to be entered into with the Stock Exchange prior to listing.

Our Company undertakes to take all necessary steps to comply with all the requirements of Clause 52 of the SME Listing Agreement to be entered into with the Stock Exchange.

Currently our board has five Directors, of which the Chairman of the Board is an Executive Director, and in compliance with the requirements of Clause 52 of the SME Listing Agreement, we have 2 executive Directors, 3 Independent Directors on our Board. Accordingly not less than 50% of the Board of Directors comprises of Non-Executive as well as Independent Directors.

I. Committees of the Board in accordance with the Listing Agreement

1. Audit Committee

The Audit Committee was originally constituted by our Directors at their Board Meeting held on 30th March, 2011. To comply with the provisions of Companies Act, 2013 and the related rules and Clause 52 of the Listing Agreement, Audit Committee was reconstituted by our Directors at their Board Meeting held on 25th June, 2014. In terms of Clause 52 of the Listing Agreement, the Audit Committee shall meet at least four times a year with maximum interval of four months between two of its meetings. The scope and functions of the Audit Committee are in accordance with section 177 of the Companies Act, 2013 and Clause 52 of the Listing Agreement. The Audit Committee consists of

- a. **Mr. Sitendu Sharma**(Non-Executive and Independent Director) - Chairman
- b. **Mr. Mandar Patil**(Non-Executive and Independent Director) - Member
- c. **Ms. Nipsha Jain**(Non-Executive and Independent Director) - Member

The scope of Audit Committee shall include but shall not be restricted to the following:

1. Oversight of the Issuer’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;

- e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
 14. Discussion with internal auditors any significant findings and follow up there on.
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 18. To review the functioning of the Whistle Blower mechanism,.
 19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the Issuer has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

The Audit Committee enjoys following powers:

- a. To investigate any activity within its terms of reference,
- b. To seek information from any employee
- c. To obtain outside legal or other professional advice, and
- d. To secure attendance of outsiders with relevant expertise if it considers necessary.
- e. The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet

without the presence of any executives of the Issuer. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

The Audit Committee shall 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 management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The Company Secretary of the Company acts as the Secretary to the Committee.

Meeting of Audit Committee

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee of our Board was reconstituted by our Board of Directors pursuant to section 178(5) of the Companies Act, 2013 by a resolution passed at the Board Meeting dated 25th June, 2014. The Stakeholders Relationship Committee comprises of:

- a. **Mr. Sitendu Sharma** (Non-Executive and Independent Director) - Chairman
- b. **Ms. Nipsha Jain**(Non-Executive and Independent Director) - Member
- c. **Mr. Mandar Patil**(Non-Executive and Independent Director) – Member

This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:

1. Allotment and listing of our shares in future
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Reference to statutory and regulatory authorities regarding investor grievances;
5. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
6. And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
7. The Company Secretary of our Company acts as the Secretary to the Committee.

Quorum and Meetings

The quorum necessary for a meeting of the Stakeholders Relationship Committee shall be two members or one third of the members, whichever is greater.

Nomination and Remuneration Committee

Remuneration Committee was originally constituted by our Board of Directors by a resolution passed at the Board meeting on 30th November, 2010. To comply with the provisions of Section 178 of the Companies Act, 2013 and the related rules, Remuneration Committee was reconstituted as Nomination and Remuneration Committee by our Board of Directors by a resolution passed at the Board meeting on 25th June, 2014.

The Nomination and Remuneration Committee comprises of:

- a. **Ms. Nipsha Jain** (Non-Executive Independent Director)- Chairman
- b. **Mr. Sitendu Sharma** (Non-Executive Independent Director)- Member
- c. **Mr. Mandar Patil** (Non-Executive Independent Director)- Member

The scope of Nomination and Remuneration Committee shall include but shall not be restricted to the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report

Quorum and Meetings

The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members, whichever is greater. The Committee is required to meet at least once a year.

The Company Secretary of our Company acts as the Secretary to the Committee.

Policy on disclosure and internal procedure for prevention of Insider Trading

Our Company undertakes to comply with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the stock exchange.

Shareholding of our Directors in the Company

Our Articles of Association do not require our Directors to hold any qualification shares. Except as provided hereunder, no other Director holds any shares in the share capital of our Company.

Sr.No	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
1.	Mr. Nirmal Parmar	6817600	60.72	43.21
2.	Mrs. Sharmila Parmar	4328320	38.55	27.43
	Total	1,11,45,920	99.27	70.64

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles. The Executive Directors will be interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to their relatives or the companies, firms, trusts, in which they are interested as

directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated under the paragraph titled “Related Party Disclosures” beginning on page 107 of this Draft Prospectus, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business. Further, please refer to the paragraph titled “Full Particulars of the nature and extent of the Interest, if any, of our Promoters” and “Common Pursuits” on page 100 and 100 of this Draft Prospectus for details of interest of our Promoter Director.

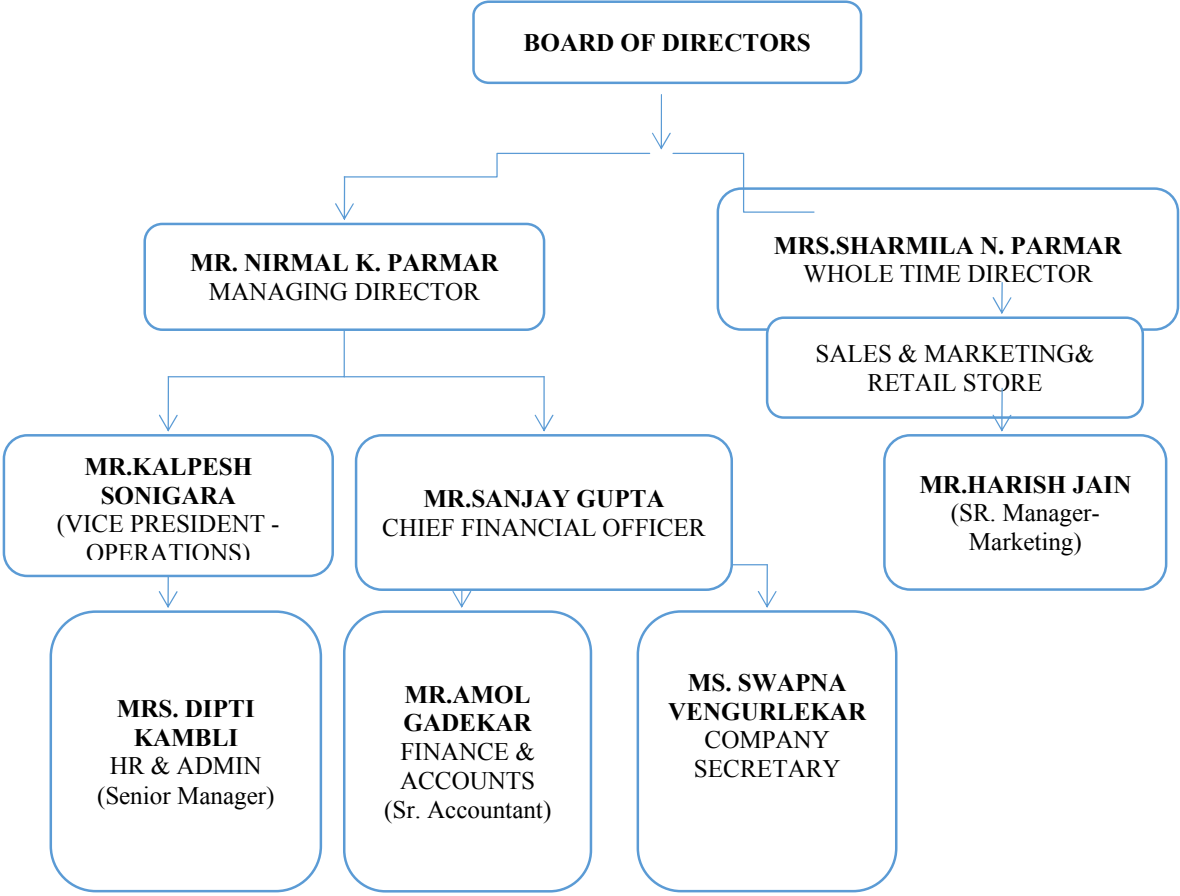
Interest of Directors as to Property

Our Directors have no interest in any property acquired by our Company two years prior to the date of this Draft Prospectus. Our Company has not entered into any contracts or arrangements during the preceding the two years in which the Directors are interested directly or indirectly or no payments have been made to them in respect of these contracts or arrangements. For details, please refer to the section Property in the Chapter Our Business on page 72 of this Draft Prospectus.

Changes in Our Board of Directors during the last three years

Name	Date Of Appointment	Date of Change/ Cessation	Reason
Mr. Chandan Parmar	28 th February, 2005	6 th February, 2012	Death
Mrs. Sangeeta Parmar	20 th March, 2012	1 st March, 2014	Resignation
Ms. Nipsha Jain	1 st March, 2014	-	Appointment
Mr. Sitendu Sharma	1 st March, 2014	-	Appointment
Mr. Mandar Patil	25 th June 2014	-	Appointment

**ORGANISATION
STRUCTURE**



Brief Profile of KMPs:

For details of our Managing Director and Whole Time Director, please refer the section titled Board of Directors in Chapter Our Management on page 89 of this Draft Prospectus..

Mr. Sanjay Gupta, aged 53 years, is the Chief Financial Officer of our Company and is working with us since 2nd May, 2014. Mr. Gupta is a Bachelors of Commerce from University of Mumbai and has an experience of over eighteen years in finance and accounts. As the Chief Financial Officer of our Company, he is responsible for implementing organizational and operational strategies in finance related matters. His annual remuneration is Rs.2,43,000/-.

Ms. Swapna Vengurlekar, aged 23 years, is the Company Secretary and is working with us since 1st December, 2013. She is a qualified Company Secretary and is responsible for administering our Company's day to day secretarial compliance. Her annual remuneration is Rs.1,08,750/-.

Mr. Amol Gadekar, aged 27 years, is a Senior Accountant of Finance and Accounts Department in our Company and is working with us since 1st June, 2013. He is a Bachelors of Commerce from University of Mumbai. As a Senior Accountant, he is responsible for monitoring accounts related work and to handle taxation and other related statutory matters. His annual remuneration is Rs.1,80,000/-.

Mr. Harish Jain, aged 31 years, is a Senior Manager – Sales and Marketing Department in our Company and is working with us since 10th May, 2011. He has an experience of three years in sales and marketing. His responsibilities include coordinating with multi branded outlets for samples, orders and payment collections and updating the production team with the latest trends of the garment market. His annual remuneration is Rs.1,86,000/-.

Mr. Kalpesh Sonigara, aged 27 years, is the Vice President – Operations. He joined our Company on 1st April, 2005 as a trainee. He is a Bachelors of Commerce from University of Mumbai. His responsibilities include purchasing fabric for manufacturing, keeping updated records of all units where goods are manufactured, records of labourers, wages, etc., dispatching of goods, follow-up with designers, etc. His annual remuneration is Rs.3,72,000/-.

Mrs. Dipti Kambli, aged 30 years, is the Vice President - Human Resources and Administration and is working with us since 7th August, 2006. She is a Bachelors of Commerce from University of Mumbai. She has an experience of over 7 years in human resources and administration. Her responsibilities include managing day to day affairs of the Company related to human resources and administration. Her annual remuneration is Rs.1,92,000/-.

All our key managerial personnel are permanent employees of our Company and none of our Directors and our key managerial personnel are related to each other except.

There is no understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned personnel have been recruited.

Save and except as stated below, none of our KMPs holds any share in our Company.

S. No	Name of Key Managerial Person	Number of shares
1	Mr. Nirmal Parmar	68,17,600
2	Mrs. Sharmila Parmar	43,28,320

Bonus or profit sharing plan of the Key Managerial Personnel

There is no bonus or profit sharing plan for our Key Managerial Personnel.

Interest of Key Managerial Personnel

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

Save and except as stated in the section Interest of Directors above, none of our Key Managerial Personnel has been paid any consideration of any nature from the Company, other than their remuneration.

Changes in the Key Managerial Personnel

The changes in the key managerial personnel in the last three years are as follows:

Name of the Key Managerial Person	Date of Joining	Date of Cessation	Reason for change
Mr. Sanjay Gupta	2 nd May, 2014	-	Appointment
Mr. Saurabh Agarwal	1 st September, 2013	2 nd September, 2013	Resignation
Ms.Swapna Vengurlekar	1 st December, 2013		Appointment
Mr. Amol Gadekar	1 st June, 2013		Appointment

Other than the above changes, there have been no changes to the Key Managerial Personnel of the Company that are not in the normal course of employment in the last three years.

Payment of Benefit to Officers of the Company

Except for the payment of salaries & yearly bonus we do not provide any other benefits it to our employees.

ESOP/ESPS Scheme


Presently we do not have ESOP/ESPS Scheme for employees.


Employees

The total numbers of permanent employees as of 31st July, 2014in the Company are 41.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

	Mr. Nirmal Parmar	
	Identification	Details
	PAN	AAFPP4633B
	Passport Number	L1700023
	Driving Licence Number	MH04/98 27106
	Voter's Identification no	SOK4228755

	Mrs. Sharmila Parmar	
	Identification	Details
	PAN	AAFPP4631D
	Passport Number	L2464659
	Driving Licence Number	N.A
	Voter's Identification no	SOK4228763

For a brief profile of our Promoter, refer to “Our Management” on page 89 of this Draft Prospectus.

We confirm that the permanent account number, bank account details and passport number of our promoters have been submitted to BSE at the time of filing the Draft Prospectus with them.

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

Currently, our Promoters hold 99.27% of our pre-issue equity share capital. For details of the build-up of our Promoters' shareholding in our Company, see “*Capital Structure*” on Page No.36.

CHANGE IN MANAGEMENT

There was no change in management of our Company during five years immediately preceding the date of filing Draft Prospectus

Promoter Group

Our Promoter Group as defined under Regulations 2(zb)(iv) of the SEBI (ICDR) Regulations, 2009, includes the following individuals and body corporates:

(i) Natural Persons

Promoter	Name of the Relative	Relationship
Mr. Nirmal Parmar	Sharmila Nirmal Parmar	Wife
	Kesharimal Parmar	Father
	Vadamibai K. Parmar	Mother
	Late Chandan Parmar	Brother
	Dinesh Parmar	Brother
	Pavan Dinesh Kothari	Sister

	Yash Parmar	Son
	Kinjal Parmar	Daughter
	Vidhi Parmar	Daughter
	Methibai Parmar	Wife's Mother
	Bhabutmal Parmar	Wife's Father
	Kantilal Parmar	Wife's Brother
	Vimalchand Parmar	Wife's Brother
	Prakash Parmar	Wife's Brother
	Kewal Parmar	Wife's Brother
	Vikram Parmar	Wife's Brother
	Narangi Mehta	Wife's Sister
	Hemalta Sonigara	Wife's Sister
	Leeladevi Rathod	Wife's Sister
Mrs. Sharmila Parmar	Nirmal Kesarimal Parmar	Husband
	Bhabutmal Parmar	Father
	Methibai Parmar	Mother
	Kantilal Parmar	Brother
	Vimalchand Parmar	Brother
	Prakash Parmar	Brother
	Kewal Parmar	Brother
	Vikram Parmar	Brother
	Narangi Mehta	Sister
	Hemalta Sonigara	Sister
	Leeladevi Rathod	Sister
	Yash Nirmal Parmar	Son
	Kinjal Nirmal Parmar	Daughter
	Vidhi Nirmal Parmar	Daughter
	Kesharimal Parmar	Husband's Father
	Vadamibai K. Parmar	Husband's Mother
	Late Chandan Parmar	Husband's Brother
	Dinesh Parmar	Husband's Brother
	Pavan Dinesh Kothari	Husband's Sister

(ii) Body Corporates

1. Nirmal K. Parmar HUF
2. N. Parmar & Associates
3. Devrani & Jethani Co.

For further details, please refer section titled “*Group Companies*” beginning on page 100 of this Draft Prospectus.

Interest of Promoters

Our Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any payable to them for attending meeting of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. Our Promoter-Directors may also be deemed to be interested to the extent of Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. For further information, please refer to the details under the heading “*Interest of Directors*” above.

Except as stated under the heading “*Related Party Transactions*” under the section titled “*Financial Information*” on page 107 in this Draft Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.

Related Party Transactions

For details on related party transactions please refer to “*Related Party Transactions*” beginning on page 107 of this Draft Prospectus.

Payment of Amount or Benefits to our Promoter and Promoter Group during the last two years

Except as mentioned in this Draft Prospectus and “*Related Party Transactions*” on page no. 107 of this Draft Prospectus, no amount or benefits were paid or were intended to be paid to our Promoter and Promoter Group during the last two years from the date of filing of this Draft Prospectus.

GROUP COMPANIES

Save and except as stated in this section of the Draft Prospectus, there are no companies, firms, ventures, etc. promoted by our Promoters:

1. Nirmal K. Parmar HUF

Nirmal K. Parmar HUF was formed in the year 1994. Mr. Nirmal K. Parmar is the Karta of Hindu Undivided Family with Mrs. Sharmila Parmar, Ms. Kinjal Parmar, Mr. Yash Parmar and Ms. Vidhi Parmar as the coparceners.

Financial Performance

(Rs. In Lacs)

Sr. No.	Particulars	As at March		
		2014	2013	2012
1.	Capital	15.78	10.14	7.98
2.	Income	2.34	1.88	1.12

2. N Parmar & Associates

N. Parmar & Associates was established on 18th May, 1995 by Mr. Nirmal K. Parmar as its sole proprietor. N. Parmar & Associates is involved in providing tax consultancy service.

Financial Performance		(Rs. In Lacs)		
Particulars	2014	2013	2012	
Proprietor Capital	(255.00)	(132.62)	(118.53)	
Direct income	9.90	9.60	14.78	
Total income	9.90	9.60	14.78	
Net profit/loss	7.49	8.20	8.09	

3. Devrani & Jethani Company

Devrani & Jethani Company was established in the year 1995 by Mrs. Sharmila N. Parmar as its sole proprietor. Devrani & Jethani Company is a retail trading concern involved in trading of ladies and kids wear.

Financial Performance

Sr. No.	Particulars	As at March		
		2014	2013	2012
1.	Proprietor Capital	(126.12)	(36.66)	(30.95)
2.	Income	16.26	8.43	7.78
3.	Net Profit /Loss	9.99	3.35	2.58

Other disclosures:

The equity shares of our Group Companies are not listed on any of the Stock Exchanges and they have not made any public/rights issue in last five years. Further, no action has been taken against these companies by any Stock Exchange or SEBI.

None of our group companies is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under the Board for Industrial and Financial Reconstruction or under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against our Group Companies.

Companies with negative net worth

None of our Group Companies has negative Net Worth on date of end of the respective financial years audited and mentioned herein.

Declaration

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE at the time of filing this Draft Prospectus with them.

Further our Promoters have not been identified as wilful defaulter by RBI or any other Government authority and there are no violations of Securities Law committed by or Promoters in past or pending against them. None of the Promoters has been prohibited from accessing the capital markets and no order or direction has been passed by SEBI or any other authority.

Full Particulars of the nature and extent of the Interest, if any, of our Promoters

Our Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any payable to them for attending meeting of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. All our Promoter Directors may also be deemed to be interested to the extent of Equity Shares held by their relatives in our Company, or that may be subscribed for and allotted to them, out

of the present Issue in terms of this Draft Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Draft Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Further, our individual Promoters are also directors on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by our Company, if any, to/from these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, see “Related Party Disclosures” beginning on page 107 of this Draft Prospectus.

Common Pursuits

Our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Payment of benefits to our Promoters

For details of payment or benefit paid to our Promoter please refer Para “Remuneration of Executive Directors” under the chapter titled “Our Management”. Also refer to “Related Party Disclosures” beginning on page 107 of this Draft Prospectus.

Companies with which the Promoters have disassociated in the last three years

Our Promoters have not disassociated with any Promoter Group Company in the last three years.

Nature and Extent of Interest of Group Companies

(a) In the promotion of our Company

None of our Group Companies has any interest in the promotion of our Company.

(b) In the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the Draft Prospectus with BSE

Our Group Companies do not have any interest in the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the Draft Prospectus with BSE.

Payment of Amount or Benefits to our Group Companies during the Last Two Years

Except as mentioned in “Related Party Transactions” on page 107 of this Draft Prospectus, no amount or benefits were paid or were intended to be paid to our Group Companies during the last two years from the date of filing of this Draft Prospectus.

Related Party Transaction

Please refer to “Related Party Disclosures” under the chapter titled “Financial Information” on page 107 of this Draft Prospectus.

Sale or purchase between our Company and our Promoter Group Companies

There are no sale or purchase between our Company and our Promoter Group Companies exceeding in value of 10% of our total sales or purchases.

Change in Accounting Policies in the last three years

There has been no change in accounting policies in the last three years except as stated in the chapter titled “Financial Information” beginning on page 107 of this Draft Prospectus.

DIVIDEND POLICY

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion. Our Company has not paid any dividend in the previous five Financial Years.

Dividends are payable within 30 days of approval by the Equity Shareholders at the annual general meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the “record date” are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

CURRENCY OF PRESENTATION

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

Throughout the Draft Prospectus, all figures have been expressed in lacs, unless otherwise stated. Unless the context otherwise requires all references to one gender also refers to another gender. The word “Lacs” or “Lakhs”, or “Lakh” means “100 thousand”. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

SECTION VII - FINANCIAL INFORMATION

AUDITORS' REPORT AS REQUIRED BY PART I OF CHAPTER III OF THE COMPANIES ACT, 2013

Independent Auditor's Report for the Restated Financial Statements of MONARCH APPARELS (INDIA) LIMITED.

The Board of Directors
MONARCH APPARELS (INDIA) LTD.
C20, 1ST FLOOR,
ROYAL INDUSTRIAL ESTATE, 5B,
NAIGAON CROSS ROAD,
WADALA (W)-31.

Dear Sirs,

We have examined the financial information comprising of Summary Statement of assets and liabilities, As restated, as at 31st March 2014, 2013, 2012, 2011 and 2010, Summary Statement of Profit and Losses, As restated for the years ended 31st March 2014, 2013, 2012, 2011 and 2010 and also the Statement of Cash flows, As Restated for the years ended 31st March 2014, 2013, 2012, 2010 and 2010 (together referred to as restated Summary statements') of Monarch Apparels (India) Limited (the 'Company') annexed to this report and initialed by us for identification purposes, for the purpose of inclusion in the offer document. This financial information has been prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the offer document being issued by the Company in connection with the proposed Initial Public Offering ('IPO') of equity shares having a face value of Rs.10 each at an issue price to be arrived at by a Book Building Process (referred to as 'the Issue') on the SME Platform of BSE Limited ("BSE").

This financial information has been prepared in accordance with the requirements of:

- i) Part I of Chapter III to the Companies Act, 2013;
- ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations'), as amended from time to time issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments.

This financial information has been extracted by the management from the audited financial statements of the Company for the years ended 31st March 2014, 2013, 2012, 2011 and 2010.

We have examined such financial information in accordance with the requirements of:

- i) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and
- ii) The terms of reference received from the Company requesting us to carry out work in connection with the offer document being issued by the Company relating to IPO.

A. Financial information as per the Restated Summary Statements of the Company:

1. We have examined:

- i) the attached Statement of Assets and Liabilities, as Restated as at year ended March 31st, 2014, 2013, 2012, 2011 and 2010 (Annexure 1);
- ii) the attached Statement of Profits and Losses, as Restated for the year ended March 31st, 2014, 2013, 2012, 2011 and 2010 (Annexure 2);
- iii) the attached Statement of Cash Flows, as Restated for the year ended March 31st, 2014, 2013, 2012, 2011 and 2010 (Annexure 3);

- iv) the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings.(Annexure 4);

The Restated Summary Statements of the Company have been extracted by the management from the Audited Financial Statements of the Company for the financial years ended on March 31st, 2014, 2013, 2012, 2011 and 2010 which have been approved by the Board of Directors.

2. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of Act, ICDR Regulations, Guidance Note on the reports in Company Prospectus (Revised) issued by ICAI and Engagement Letter , we report that:

- (i) The “**Restated Statement of Assets and Liabilities**” as set out in **Annexure I** to this report, of the Company as at March 31st, 2014, 2013, 2012, 2011 and 2010 are prepared by the Company and approved by the Board of Directors. This Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the individual Financial Statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.
- (ii) The “**Restated Statement of Profit and Loss**” as set out in **Annexure II** to this report, of the Company for the financial years ended March 31st, 2014, 2013, 2012, 2011 and 2010 are prepared by the Company and approved by the Board of Directors. This Statement of Profit and Loss , as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.
- (iii) The “**Restated Statement of Cash Flow**” as set out in **Annexure III** to this report, of the Company for the financial years ended on March 31st, 2014, 2013, 2012, 2011 and 2010 are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Summary Statements as set out in **Annexure IV** to this Report.
- (iv) Based on the above, we are of the opinion that the Restated Financial Statements have been made after incorporating:
- a) Adjustments for the adoptions of accounting policies retrospectively in respective financial years/period to reflect the same accounting treatment as per the adopted accounting policy for all reporting periods.
- b) Adjustments for prior period and other material amounts in the respective financial years/period to which they relate and there are no qualifications which require adjustments.
- c) There are no extra-ordinary items that need to be disclosed separately in the accounts and qualifications requiring adjustments.
- d) There were no qualification in the Audit Reports issued by the Statutory Auditors for the financial years ended on 31st, March 2014, 2013, 2012, 2011 and 2010 which would require adjustments in this Restated Financial Statements of the Company.
- e) The Profits and Losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Polices and Notes to Restated Summary Statements as set out in **Annexure IV** to this report.
3. Financial Statements for the year ended 31st, March 2014 have been audited by M/s. Laxmikant Kabra & Co., Chartered Accountants and financial years ended 31st, March 2013, 2012, 2011 and 2010 have been audited by M/s B.M. Udeshi & Co., Chartered Accountants and accordingly reliance has been placed on the financial information examined by them for the said years/period. The Financial Report included for these years/period is based solely on the report submitted by them. **Further accounts for financial year ended 31st, March 2012 and year ended 31st, March 2013 have been re-audited by us for this purpose.**

B. Other financial information:

4. We have also examined the following other financial information as restated relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the financial years ended on 31st, March 2014, 2013, 2012, 2011 and 2010 proposed to be included in the Draft Prospectus / Prospectus (“**Offer Document**”).
 - i) Statement of Reserve and Surplus, as Restated (Annexure-V)
 - ii) Statement of Long Term Borrowings, as Restated (Annexure- VI)
 - iii) Statement of Short Term Borrowings, as Restated (Annexure-VII)
 - iv) Statement of Trade Payables, as Restated (Annexure- VIII)
 - v) Statement of Non-current Investment, as Restated (Annexure- IX)
 - vi) Statement of Long Term Loans and Advances as Restated (Annexure- X)
 - vii) Statement of Short Term Loans and Advances, as Restated (Annexure- XI)
 - viii) Statement of Trade Receivables, as Restated (Annexure-XII)
 - ix) Statement of Inventories, as Restated (Annexure-XIII)
 - x) Statement of Other Income, as Restated (Annexure- XIV)
 - xi) Statement of Accounting Ratios, as Restated (Annexure-XV)
 - xii) Statement of Tax Shelters, as Restated (Annexure- XVI)
 - xiii) Statement of Capitalization, as Restated (Annexure- XVII)
 - xiv) Statement of Related Party Transactions, as Restated (Annexure- XVIII)
5. We, M/s Laxmikant Kabra & Co., Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (“**ICAI**”) and hold a peer review certificate issued by the “Peer Review Board” of the ICAI (“**Independent Auditor**”).
6. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the Company.
7. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report, nor should this constructed 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 the report.
9. In our opinion, the above financial information contained in Annexure I to XXIII of this report read with the respective Significant Accounting Policies and Notes to Restated Summary Statements as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note.
10. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the SME IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

For Laxmikant Kabra & Co.
Chartered Accountants
Firm Registration No. 117183W

(CA Laxmikant Kabra)
Partner
Membership No. 101839
Date: 28-07-2014
Place: Thane

ANNEXURE - I STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in Lacs)

Particulars	As at				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
A	<u>NON-CURRENT ASSETS</u>				
Fixed Assets					
~Tangible Assets	186.84	211.36	232.98	262.13	112.26
Non-Current Investments	10.89	10.89	6.96	4.24	2.76
Deferred Tax Asset (Net)	1.83	-	-	-	-
Long Term Loans and Advances	7.65	9.15	3.65	3.65	4.15
Sub-Total Non Current Assets	207.21	231.40	243.58	270.02	119.17
B	<u>CURRENT ASSETS</u>				
Inventories	1,669.68	1,750.24	1,453.27	845.35	530.03
Trade Receivables	4,611.93	4,226.08	2,770.89	1,789.00	889.27
Cash and Bank Balances	44.25	43.10	85.27	34.05	9.36
Short Term Loans and Advances	42.72	49.22	0.59	0.22	17.27
Other Current Asstes	4.34	-	-	-	-
Sub-Total Current Assets	6,372.93	6,068.63	4,310.02	2,668.62	1,445.94
C	<u>TOTAL ASSETS (C=A+B)</u>				
	6,580.14	6,300.03	4,553.60	2,938.64	1,565.10
D	<u>NON-CURRENT LIABILITIES</u>				
Long Term Liabilities	704.90	670.70	250.18	116.74	156.79
Deferred Tax Liabilities	-	4.19	4.15	5.14	3.00
Long Term Provisions	12.73	5.78	3.30	1.55	0.66
Sub-Total Non Current Liabilities	717.64	680.66	257.63	123.43	160.46
E	<u>CURRENT LIABILITIES</u>				
Short Term Borrowings	3,196.98	2,937.97	2,294.50	1,512.49	812.52
Trade Payable	849.23	1,039.87	732.95	165.10	100.71
Other Current Liabilities	81.19	31.70	16.49	16.64	9.25
Short Term Provisions	295.17	288.90	252.77	211.30	94.54
Sub-Total Current Liabilities	4,422.57	4,298.44	3,296.70	1,905.53	1,017.02
F	<u>TOTAL LIABILITIES (F=D+E)</u>				
	5,140.20	4,979.10	3,554.33	2,028.95	1,177.48
G	<u>NET WORTH (C-F)</u>				
	1,439.93	1,320.93	999.27	909.69	387.62
H	<u>NET WORTH REPRESENTED BY SHAREHOLDERS' FUND</u>				
Share Capital	1,122.88	701.73	665.70	665.70	112.30
Reserves & Surplus	317.05	619.20	333.57	243.98	275.32
TOTAL-SHAREHOLDERS' FUNDS	1,439.93	1,320.93	999.27	909.69	387.62

ANNEXURE - II STATEMENT OF PROFIT AND LOSS AS RESTATED

(Rs. in Lacs)

Particulars	For the Year Ended				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>REVENUE</u>					
Revenue from Operations	10,450.53	9,878.85	9,612.60	7,201.99	4,658.26
Other Income	2.56	2.59	1.86	0.96	-
Total Revenue	10,453.09	9,881.44	9,614.46	7,202.95	4,658.26
<u>EXPENSES:</u>					
Cost of Material Consumed	2,255.12	2,331.01	2,534.04	1,810.38	1,064.22
Purchase of Stock-in-Trade	3,900.55	3,561.75	3,143.27	2,250.21	2,027.63
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29.18	(225.03)	(496.45)	(258.89)	(163.02)
Employee Benefit expense	373.45	367.74	377.66	175.68	112.78
Finance Cost	415.60	352.18	262.20	168.07	98.20
Depreciation and Amortization Expense	24.88	28.36	31.62	14.34	11.10
Other Expenses	1,463.56	1,713.74	3,622.53	2,737.87	1,410.38
Total Expenses	10,272.46	9,712.85	9,474.85	6,897.67	4,561.29
<u>Profit Before Tax</u>	180.62	168.58	139.60	305.28	96.97
<u>Tax Expenses</u>					
Current tax	68.04	63.91	51.01	110.26	32.90
Earlier Year's Taxes	-	-	-	-	(1.60)
Deferred Tax (Assets)/ Liabilities	(6.02)	(0.95)	(0.99)	2.14	3.00
	62.02	62.96	50.02	112.40	34.31
<u>Profit / (Loss) for the Period (X-XI)</u>	118.60	105.63	89.58	192.88	62.67
<u>Earning Per Share (Basic & Diluted)</u>	1.06	0.97	0.82	2.54	0.84

ANNEXURE - III STATEMENT OF CASH FLOW AS RESTATED

(Rs. in Lacs)

Particulars	For the Year Ended				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
A. <u>Cash Flow from Operating Activities</u>					
Net Profit / (Loss) before tax	180.62	168.58	139.60	305.28	96.97
Adjustment for :					
Depreciation	24.88	28.36	31.62	14.34	11.10
Interest Expenses	411.16	344.78	254.84	160.20	94.41
Preliminary expenses written off	-	-	-	0.38	0.38
Interest Income	(2.56)	(2.59)	(1.86)	(0.96)	-
Gratuty Provision	6.96	2.48	1.75	0.89	0.66
 Operating profit before working capital changes	621.06	541.61	425.95	480.13	203.53
Changes in working Capital					
Changes in Inventories	80.56	(296.96)	(607.93)	(315.31)	(190.60)
Change in Sundry Debtors	(385.85)	(1,455.20)	(981.88)	(899.73)	(180.41)
Loan and advances assets	7.99	(53.14)	(0.36)	17.55	(14.22)
Other Current assets	(4.25)	-	-	-	-
Change in Sundry Creditor	(190.64)	306.92	567.84	64.39	(52.98)
Change in Current Liabilities	22.19	37.64	29.56	30.31	28.77
 Cash generated from operations	151.06	(919.12)	(566.82)	(622.67)	(205.92)
Direct Tax Paid	28.07	50.21	39.25	16.43	-
Net cash from operating activities(A)	122.98	(969.33)	(606.07)	(639.10)	(205.92)
B. <u>Cash Flow from Investing Activities</u>					
Purchase/Sale of fixed assets (Net)	(0.36)	(6.73)	(2.47)	(164.21)	(18.55)
Investments	-	(3.93)	(2.71)	(1.48)	-
Interest Received	2.47	2.59	1.86	0.96	-
Net cash from investing activities (B)	2.11	(8.08)	(3.32)	(164.72)	(18.55)
C. <u>Cash Flows from Financing Activities</u>					
Proceeds from Issue of Equity Shares	0.07	36.03	-	328.80	15.00
Proceeds from Share Premium	0.34	180.00	-	-	75.00
Proceeds from Unsecured Loan	41.17	414.98	150.41	(40.15)	7.91
Proceeds from Secured Loan	245.82	649.01	765.04	700.07	227.63
Interest Paid	(411.33)	(344.78)	(254.84)	(160.20)	(94.41)
Preliminary Expenses Incurred	-	-	-	-	-
Net cash used from financing activities (C)	(123.94)	935.23	660.61	828.51	231.14
Net change in cash (A+B+C)	1.15	(42.18)	51.23	24.69	6.66
Cash and cash equivalents at beginning of years	43.10	85.27	34.05	9.36	2.70
Cash and cash equivalents at end of year	44.25	43.10	85.27	34.05	9.36

ANNEXURE-IV-NOTES TO THE RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, STATEMENT OF PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED

A. Corporate information

Monarch Apparels (India) Limited (the Company) is a public company incorporated under the provisions of the Companies Act, 1956 on 14th February 2005. The company is engaged in manufacturing and trading of designer woolen/cotton readymade apparels under its brand “monarch” which has also been recognised as a “monarch”.

B. Significant accounting policies

1. Basis of preparation

The ‘Summary Statement of the Assets and Liabilities, As Restated’ of the Company as at 31 March 2014, 2013, 2012, 2011 and 2010, the ‘Summary Statement of Profits and Losses, As Restated’ and the ‘Statement of Cash Flows, As Restated’ for the years ended 31 March 2014, 2013, 2012, 2011 and 2010 (collectively referred to as ‘Restated Summary Statements’) have been prepared specifically for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India (‘SEBI’) in connection with the proposed Initial Public Offering (hereinafter referred to as ‘IPO’).

The restated summary statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the ‘Act’) read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The restated summary statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

The Restated Summary Statements of the Company have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI, as amended from time to time.

During the year ended 31 March 2012, the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company for the preparation and presentation of its financial statements, accordingly previous years’ figures have been re-grouped/re-classified wherever applicable.

Appropriate re-classifications/ adjustments have been made in the Restated Summary Statements wherever required, by re-classification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the presentation and recognition as per the audited financial statements of the Company and the requirements of the SEBI Regulations.

2. Use of estimates

In preparing the Company’s restated summary statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future years.

3. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- i) Sales
- a) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

ii) Other income is accounted for on accrual basis in accordance with Accounting Standards (AS) 9-“Revenue Recognition”.

iii) Insurance and other claims are recognized in accounts on lodgment to the extent these are measurable with reasonable certainty of acceptance. Excess / shortfall is adjusted in the year of receipt.

4. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) “Revised AS 15”.

i) Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees’ Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

ii) Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise.

iii) Leave salary

Provision for short term leave salary of employees/workers is recognised on full cost basis. Full cost basis, measures the liability of all the accumulated leaves outstanding as of the balance sheet dates as a product of basic salary of the employees/workers.

5. Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and amortization and impairment losses (if any). Cost includes purchase price and all other attributable cost to bring the assets to its working condition for the intended use.

6. Depreciation

Depreciation on fixed assets is provided on written down value method as per rates prescribed under the Schedule XIV to the Companies Act, 1956.

Depreciation on fixed assets added/disposed off during the year/period is provided on pro-rata basis with reference to the date of addition/disposal. Individual assets costing upto Rs. 5000 are depreciated in full in the year of purchase.

7. Investments

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments; all other investments are classified as long term investments. Long term investment is carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current investments are carried at lower of cost and fair value.

8. Inventories

Inventories are stated at cost or net realizable value whichever is lower on FIFO basis.

9. Borrowing costs

Borrowing cost that are directly attributable to the acquisition or construction of a qualifying asset (including real estate projects) are considered as part of the cost of the asset/project. All other borrowing costs are treated as period cost and charged to the profit and loss account in the year in which incurred.

10. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

11. Accounting for taxes on income

The tax expense comprises of current taxes and deferred taxes. Current tax is the amount of income tax determined to be payable in respect of taxable income for a period as per the provisions of Income Tax, 1961. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

13. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where reliable estimate of the obligation cannot be made

14. Cash and cash equivalent

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits with an original maturity of Twelve months or less.

C. Notes on adjustments for restated summary statements

1. The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below in Table-1. This summarizes the results of restatements made in the audited accounts for the respective years/ period and its impact on the profit & losses of the company.

Particular	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Profit after tax as per Audited Statement of Accounts	80.14	119.06	97.34	205.18	67.64
Adjustments on Account of earlier					
Gratuity Provision	5.78	(2.48)	(1.75)	(0.89)	(0.66)
Deferred Tax Assets/ (Liability)	4.19	0.95	-	(2.14)	(3.00)
Excess/(Short) Provision of Current Tax	31.09	(11.91)	(6.01)	(10.26)	(2.90)
Excess/(Short) Provision of Earlier Year Tax	(2.59)	-	-	0.99	1.60
Profit after tax as per Restated Statement of Accounts	118.60	105.63	89.58	192.88	62.67

2. Material regrouping

Appropriate adjustments, wherever material, have been made in Restated Summary Statements of Assets & Liabilities, Profit & Loss, wherever required, by a reclassification of the corresponding items of income, expenses, Assets & Liabilities in order to bring them in line with the requirements of the guidelines issued by the Securities and Exchange Board of India (Issued of Capital & Disclosure Requirements) Regulations, 2009 as amended up-to-date.

Till the year ended 31st March, 2011, the company was using Pre-Revised Schedule-VI to the Companies Act 1956, for Preparation and Presentation of Financial statements. During the year ended 31st March, 2012, the revised Schedule –VI notified under the Companies Act 1956, have become applicable to the company. The Company has reclassified previous year's figures to conform to the Revised Schedule-VI

3. Material Regrouping for Assets & Liabilities Restated

Till the financial year ended March 31, 2011; the Company has shown loans from directors under Unsecured Loan. From the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company has regrouped the same under the heads of "Long term Borrowings"

The summary statement of Assets & Liabilities as Restated for the Financial Year ended March 31, 2011 and March 31, 2010 has been reclassified and shown accordingly.

Till the financial year ended March 31, 2011, the Company has shown Preliminary Expenses under Miscellaneous Expenditure. From the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company has regrouped the same under the heads of "Other Current Assets".

The summary statement of Assets & Liabilities as Restated for the Financial Year ended March 31, 2011 and March 31, 2010 has been reclassified and shown accordingly.

4. Details of Dues to Micro enterprises and Small enterprises:

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The company does not have any transaction with micro, small and medium enterprise defined under the act and hence there are no amounts due to such undertakings.

5. Segment Reporting

The company operates only in one reportable business segment namely share and stock broking and other related ancillary services. Hence there are no reportable segments under Accounting Standard -17. During the years/period under report the Company was engaged in its business only within India. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.

6. In the opinion of the Board, subject to the debts considered doubtful, Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
7. The company is not having any earning / Expenditure in Foreign Currency.
8. Earnings per Share
The details of Earnings per Share as per AS-20 are provided in Annexure 06.
9. Related Party Transactions:
The details of Related Party Transactions as per AS-18 are provided in Annexure 13.
10. The figures in the Restated Financials are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored

ANNEXURE V - STATEMENT OF DETAILS OF RESERVES & SURPLUS, AS RESTATED

(Rs. in Lacs)

PARTICULARS	AS AT				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>SECURITIES PREMIUM</u>					
Balance Brought Forward	208.33	28.33	28.33	141.67	66.67
Less : Utilisation for Bonus Issue of Shares	-	-	-	(113.33)	-
Add : Issue of Equity Shares	0.34	180.00	-	-	75.00
	208.67	208.33	28.33	28.33	141.67
<u>PROFIT AND LOSS</u>					
Balance Brought Forward	410.87	305.23	215.65	134.04	71.37
Add : Net Profit transferred from Profit & Loss A/c	118.60	105.63	89.58	192.88	62.67
Less : Utilisation for Bonus Issue of Shares	(421.08)	-	-	(111.27)	-
	108.38	410.87	305.23	215.65	134.04
Less : Utilization for Misc. Expense	-	-	-	-	(0.38)
Total	317.05	619.20	333.57	243.98	275.32

ANNEXURE VI - STATEMENT OF LONG TERM BORROWING AS RESTATED

(Rs. in Lacs)

PARTICULARS	AS AT				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>SECURED</u>					
I) FROM BANKS					
BANK OF BARODA - TERM LOAN	4.84	11.80	6.26	23.23	23.13
<u>UNSECURED</u>					
I) FINANCIAL INSTITUTION					
BARCLAYS BANK	-	-	-	-	5.58
CHOLAMANDALAM DBS BANK	-	-	-	-	6.45
INDIABULLS FINANCIAL SERVICES LTD.	-	-	-	-	4.77
KOTAK MAHINDRA BANK	-	-	-	-	3.65
RELIANCE CAPITAL LTD	-	-	-	-	5.94
STANDARD CHARTERED BANK	-	-	-	-	8.92
LOAN FROM DIRECTORS					
NIRMAL K. PARMAR	342.84	336.12	158.80	49.23	55.63
SANGEETA PARMAR	107.52	220.68	24.96	-	-
SHARMILA N. PARMAR	249.71	102.10	60.16	28.41	31.74
CHANDAN K. PARMAR	-	-	-	15.87	10.98
TOTAL	704.90	670.70	250.18	116.74	156.79

ANNEXURE VII - STATEMENT OF SHORT TERM BORROWING, AS RESTATED

(Rs. in Lacs)

PARTICULARS	AS AT				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>SECURED</u>					
From Banks					
Working capital borrowings from Bank of Baroda	3,196.98	2,937.97	2,294.50	1,512.49	812.52
Total	3,196.98	2,937.97	2,294.50	1,512.49	812.52

ANNEXURE VIII - STATEMENT OF TRADE PAYABLE, AS RESTATED

(Rs. in Lacs)

PARTICULARS	AS AT				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>TRADE PAYABLE</u>					
Sundry Creditors for goods, expenses	1,239.05	1,039.87	732.95	165.10	100.71
Total	1,239.05	1,039.87	732.95	165.10	100.71

ANNEXURE IX - STATEMENT OF NON-CURRENT INVESTMENTS, AS RESTATED

(Rs. in Lacs)

PARTICULARS	AS AT									
	31-Mar-14		31-Mar-13		31-Mar-12		31-Mar-11		31-Mar-10	
	QTY	Rs.	QTY	Rs.	QTY	Rs.	QTY	Rs.	QTY	Rs.
<u>NON-CURRENT INVESTMENTS</u> (At cost)										
Shares Unquoted										
Share of Royal Ind. Estate Co-op. Soc. of Rs. 10 each	166 (No.)	0.02	166 (No.)	0.02	166 (No.)	0.02	166 (No.)	0.02	83 (No.)	0.01
Others										
Investments in gold	510 (Gms)	10.87	510 (Gms)	10.87	394 (Gms)	6.94	299 (Gms)	4.23	224 (Gms)	2.75
Total		10.89		10.89		6.96		4.24		2.76
<u>Aggregate market value Of Gold</u>		14.54		14.54		11.23		8.52		6.39

ANNEXURE X - STATEMENT OF DETAILS OF DEPOSITS / LONG TERM LOANS & ADVANCES, AS RESTATED

(Rs. in Lacs)

PARTICULARS	AS AT				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>DEPOSITS</u>					
Deposit with Electricity Board	0.15	0.15	0.15	0.15	0.15
Deposit for Rent	7.50	7.50	2.00	2.00	2.00
<u>OTHER ADVANCES</u>					
Advance	-	1.50	1.50	1.50	2.00
Total	7.65	9.15	3.65	3.65	4.15

ANNEXURE XI - STATEMENT OF SHORT TERM LOANS & ADVANCES, AS RESTATED

(Rs. in Lacs)

PARTICULARS	AS AT				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>SHORT TERM LOANS AND ADVANCES</u>					
Capital Advance (Gala Purchased)	-	-	-	-	16.00
Advance to Staff	1.21	0.47	0.30	0.22	1.21
Trade Advance	41.52	48.75	0.29	-	0.07
Total	42.72	49.22	0.59	0.22	17.27

ANNEXURE XII - STATEMENT OF TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD), AS RESTATED

(Rs. in Lacs)

PARTICULARS	AS AT				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>TRADE RECEIVABLES</u>					
Outstanding for a period exceeding six months from the date they are due for payment	530.41	35.47	43.98	20.26	15.68
Others	4,081.53	4,190.61	2,726.91	1,768.75	873.59
Total	4,611.93	4,226.08	2,770.89	1,789.00	889.27

ANNEXURE XIII - STATEMENT OF INVENTORIES, AS RESTATED

(Rs. in Lacs)

PARTICULARS	AS AT				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>INVENTORIES</u>					
Raw Materials	255.19	304.07	232.42	131.18	73.97
Finished Goods	586.65	463.56	359.03	310.48	184.63
Stock-in-Trade	-	6.50	21.43	-	6.25
Work-in-Progress	816.39	962.16	826.73	400.26	260.98
Packing Materials & Accessories	11.45	13.94	13.67	3.43	4.22
Total	1,669.68	1,750.24	1,453.27	845.35	530.03

ANNEXURE XIV - STATEMENT OF OTHER INCOME, AS RESTATED

(Rs. in Lacs)

PARTICULARS	FOR THE PERIODS				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
<u>OTHER INCOME</u>					
Interest on Recurring Deposits	-	0.25	0.35	0.78	-
Interest on Fixed Deposits	2.56	2.34	1.51	0.19	-
Total	2.56	2.59	1.86	0.96	-

ANNEXURE XV - STATEMENT OF ACCOUNTING RATIO, AS RESTATED

(Rs. in Lacs)

PARTICULARS	FOR THE PERIODS				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Net Worth (A)	1,439.93	1,320.93	999.27	909.69	387.62
Net Profit after Tax (B)	118.60	105.63	89.58	192.88	62.67
No. of Shares outstanding at the end [F.V Rs.10] (C)	11,228,800	7,017,324	6,657,024	6,657,024	1,123,008
Weighted average number of shares outstanding (Excluding Bonus Shares) [F.V Rs.10] (D)	4,771,775	4,413,969	4,411,008	1,141,024	973,419
Bonus Shares	6,456,816	6,456,816	6,456,816	6,456,816	6,456,816
Weighted average number of shares outstanding Post Bonus Shares [F.V Rs.10] (F)	11,228,591	10,870,785	10,867,824	7,597,840	7,430,235
Earnings per Share (EPS) (B / F) (Rs.)	1.06	0.97	0.82	2.54	0.84
Return on Networth (B / A)	8.24%	8.00%	8.96%	21.20%	16.17%
Net Assets Value per Share (A /C)	12.82	18.82	15.01	13.67	34.52

Definitions of key ratios:

I. Earnings per share (Rs.): Net Profit attributable to equity shareholders / weighted average number of equity shares outstanding as at the end of the year / period. Earnings per share are calculated in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

II. Return on Net Worth (%): Net Profit after tax / Net worth as at the end of the year period.

III. Net Asset Value (Rs.): Net Worth at the end of the year / Number of equity shares at the end of the year / period.

IV. Net Profit, as appearing in the Statement of restated profits and losses, and Net Worth as appearing in the restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.

V. In case of a bonus issue after the Balance Sheet date but before the date on which the Financial Statements are approved by the Board of Directors', the per share calculations for those Financial statements and any prior period Financial Statements presented are based on the new no. of shares. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

ANNEXURE XVI – STATEMENT OF TAX SHELTER, AS RESTATED

(Rs. in Lacs)

PARTICULARS	FOR THE PERIODS				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Profit before tax as per Restated P/L	180.62	168.58	139.60	305.28	96.97
Applicable Corporate Tax Rate	32.45%	32.45%	32.45%	33.22%	30.90%
Tax as per actual rate on profits	58.60	54.70	45.30	101.41	29.96
Adjustment					
Permanent Differences	-	-	-	-	-
Timing Differences					
Difference between tax depreciation and book depreciation	3.69	3.06	3.06	(6.91)	(1.16)
Gratuity	3.36	2.48	1.75	0.89	0.66
Leave Enchasmant	3.60	-	-	-	-
Profession Tax of Employee	1.05	-	-	-	-
Total Timing Differences	11.70	5.53	4.80	(6.02)	(0.50)
Total Adjustments	11.70	5.53	4.80	(6.02)	(0.50)
Tax on Adjustments	3.79	1.79	1.56	(2.00)	(0.15)
Taxable Restated Profit	192.32	174.12	144.41	299.26	96.47
Tax at Restated	62.40	56.49	46.86	99.41	29.81
Total tax as per return of income	*62.40	56.49	46.85	99.41	29.81

Note:- * Income Tax Return for year ended 31st March 2014 is yet to be filed.

ANNEXURE XVII - CAPITALIZATION STATEMENT, AS RESTATED

(Rs. in Lacs)

PARTICULARS	Pre-issue as at 31st March, 2014	Post Issue *
Borrowing		
Short - Term Debt -	3,196.98	
Long - Term Debt	711.86	
Total Debt	3,908.84	
Shareholders' Funds		
Share Capital		
- Equity	1,122.88	
Reserves & Surplus	317.05	
Less: Preliminary Expenses (To the extent not written off)	-	
Total Shareholders' Funds	1,439.93	
Long - Term Debt / Shareholders Fund	0.49	
Short - Term Debt / Shareholders Fund	2.22	

* The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares in the IPO.

ANNEXURE XVI - STATEMENT OF RELATED PARTY, AS RESTATED

(Rs. in Lacs)

PARTICULARS	FOR THE PERIODS				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Director Remuneration					
Nirmal K.Parmar	6.00	6.00	6.00	3.60	1.20
Sangeeta C. Parmar	6.00	6.00	-	-	-
Sharmila N.Parmar	6.00	6.00	6.00	3.60	1.20
Chandan K.Parmar	-	-	6.00	3.60	1.20
Loans Taken From					
Nirmal K.Parmar	529.20	570.43	292.81	488.87	99.95
Sangeeta C. Parmar	13.90	108.79	25.46	0.73	1.20
Sharmila N.Parmar	151.45	431.48	93.08	362.84	47.54
Chandan K.Parmar	-	-	9.80	4.89	6.90
N.Parmar & Associates	97.31	42.50	23.79	82.53	88.78
Devrani & Jethani	15.44	-	-	15.29	41.45
Loans Repaid to					
Nirmal K.Parmar	522.49	393.11	183.24	495.27	72.74
Sangeeta C. Parmar	8.48	31.64	0.50	0.73	1.20
Sharmila N.Parmar	122.42	270.96	61.32	366.17	30.02
Chandan K.Parmar	-	-	25.67	-	-
N.Parmar & Associates	197.31	42.50	23.79	82.53	88.78
Devrani & Jethani	15.44	-	-	15.29	41.45

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

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Draft Prospectus. The following discussion relates to our Company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act.

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.

Overview of Business

"Monarch" brand was launched in the year 1992 by Late Mr. Chandan Parmar through his proprietary concern 'Pavan Apparels'. Sole business of Pavan Apparels was marketing and selling men's jeans under the brand 'Monarch' wherein the manufacturing process of the jeans was entirely outsourced. With a view to expand his textile business and to take advantage of the goodwill earned by the brand 'Monarch', Late Mr. Chandan Parmar closed down his proprietary concern - Pavan Apparels and subsequently, on 14th February, 2005, he alongwith our Promoters Mr Nirmal Parmar and Mrs. Sharmila Parmar incorporated Monarch Apparels (India) Limited. Thus, with the inception of our Company, Late Mr. Chandan Parmar and our Promoters gradually extended their textile business beyond marketing and selling men's jeans.

Initially, our Company carried on its textile business namely finishing, marketing and selling men's apparels under the brand 'Monarch' solely at its registered office located at C – 41, 3rd Floor, Royal Industrial Estate, 5-B Naigaum Cross Road, Saharkar Nagar , Wadala (W), Mumbai- 400031. In the year 2008, we set up a manufacturing unit at Unit No. 325, 3rd Floor, Milan Industrial Estate, Abhudaya Nagar, Cotton Green (West), Mumbai – 400033 and entered the manufacturing sector of the textile industry. Our manufacturing unit at Cotton Green has a total capacity of producing 3 lakhs pieces of apparels per annum.

At present, our Company is primarily involved in designing, manufacturing and marketing men's apparels under the brand 'Monarch'. Our product line consists of:

1. Jeans;
2. Cotton trousers;
3. Corduroys trousers; and
4. Cotton shirts.

The variety that our Company offers ranges from premium casuals/ party wear, semi-premium office to semi-premium casuals catering to the age group of 20 to 45 years. Our products are priced between Rs.895/- and Rs.1895/- which effectually attract the population belonging to middle and upper middle class. With our Promoters having a collective experience of over 2 decades in the textile industry together with our qualified and experienced staff, we have endeavoured to introduce new styles, fits, finishes and fabrics to our product range. We are thus an integrated apparel manufacturer with the process of designing, cutting, stitching, ironing, finishing and packaging being carried out at its 3 separate units.

COMPETITION

The Industry in which we operate is highly competitive and fragmented. Competition emerges from small as well as big players in the industry. The organized players in the industry compete with each other by providing high quality time bound products and value added services. We believe the principal elements of competition in the industry are price, quality of product, timely delivery and reliability. We compete against our competitors by establishing ourselves as a knowledge based manufacturing unit, which enables us to provide our clients with innovative designs suitable to current fashion and market requirements.

Significant Developments after March 31, 2014 that may affect our Future Results of Operations

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the Draft Prospectus which materially or adversely affect or is likely to affect the profitability of our Company, or the value of our assets, or our ability to pay liabilities within next twelve months

Key factors affecting our Results of Operations:

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

Significant Accounting Policies

Our significant accounting policies are described in the section entitled “*Financial Information of the Company*” on Page No. 107 of this Draft Prospectus.

Results of Operations

(Rs. In lacs)

	For the Year Ended 31 March 2014	% of Total Income	For the Year Ended 31 March 2013	% of Total Income	For the Year Ended 31 March 2012	% of Total Income
Revenue from operations (Gross)	10,450.53	99.98	9,878.85	99.97	9,612.60	100.03
Less: Excise Duty	-	-	-	-	4.38	0.05
	10,450.53	99.98	9,878.85	99.97	9,608.22	99.98
Other income	2.56	0.02	2.59	0.03	1.86	0.02
Total Revenue (I+II)	10,453.09	100.00	9,881.44	100.00	9,610.08	100.00
Expenses:						
Cost of materials consumed	2,255.12	21.57	2,331.01	23.59	5334.04	55.50
Purchases of Stock-in-Trade	3,900.55	37.31	3,561.75	36.04	343.27	3.57
Changes in inventories of	29.18	0.28	(225.03)	(2.28)	(496.45)	(5.16)

finished goods work-in-progress and Stock-in-Trade						
Other Direct Manufacturing Expenses						
Employee benefits expense	2183.56	20.88	1950.85	19.74	2422.04	25.20
Finance costs	415.60	3.97	352.18	3.56	262.20	2.73
Depreciation	24.88	0.24	28.36	0.29	31.62	0.33
Other expenses	1463.56	14	1713.74	17.34	1578.15	16.42
Total expenses	10,272.46	98.27	9,712.85	98.29	9,468.73	98.53
Profit before tax (III-IV)	177.70	1.70	171.06	1.73	141.35	1.47
Less: Tax expense:						
Current tax	68.04	0.65	63.91	0.64	51.01	0.53
Earlier Year Tax	-	-	-	-	-	-
Deferred tax (Credit)/Charged	(6.02)	(0.06)	(.95)	(0.01)	(0.99)	(0.01)
	62.02	0.53	62.96	0.53	50.02	0.46
Profit for the year (V-VI)	118.60	1.17	105.63	1.20	89.58	1.01

The following table sets forth certain information with respect to our Revenue, expenditures and profits for the period indicated.

Discussion on Results of Operation of Year ended March 31, 2014

Analysis of Operating Income

(Rs. In lacs)

Income	Period ended March 31st 2014	%
Total Income from Core Business	10,450.53	99.98
Other income	2.56	0.02
Total Income	10,453.09	100.00

Revenue from operations: Revenue from operations primarily consists of the sale of products and Interest income. Sale of products includes the sale of Denim Fabrics & Manufactured jeans and casuals.

Other Income: Other income primarily comprises interest income.

Expenses: Our expenses majorly consist of cost of material and consumed, employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

Cost of Material Consumed: Cost of material consumed comprises the cost of raw material and components used in the manufacturing of our products.

Changes in inventories of finished goods, WIP and stock-in-trade: Changes in inventories of finished goods, WIP and stock-in trade consist of the difference between the inventory at the beginning of the period and inventory at the end of the period.

Employees Benefit Expenses: Employee benefit expense includes salaries and wages, Company Employee benefit funds, staff welfare expenses, bonus and performance incentive.

Financial Expenses: Finance cost comprises interest on indebtedness, bank and other Finance charges.

Depreciation and amortization expense: We incurred Depreciation cost of Rs. 24.88 Lacs. We recognize depreciation and amortization expense on a Written down value method as per the rates set forth in the Companies Act.

Other Expenses: Other expenses consist primarily of various Manufacturing & other charges like electricity charges, sales promotion expenses, repairs and maintenance expenses, and other, rent, rates and taxes, legal, professional and consultancy charges. Other items in this category include travelling expenses, conveyance expenses, postage and courier charges, communication expenses, auditors' remuneration, insurance charges, vehicle expenses, office expenses, printing and stationery expenses.

FINANCIAL PERFORMANCE HIGHLIGHTS FOR THE YEAR ENDED MARCH 31 2014.

Revenue from Operation: Our Income from operations during the year of Rs.10, 453.09 Lacs. The Operating revenue mainly comprised of revenue from sale of product amounting to Rs. 10,450.53 Lacs which was 99.98% of our Total Revenue, revenue from other income amounting to Rs. 2.56 Lacs.

Other Income: Other Income of the Company was Rs. 2.56 Lacs which was 0.02%. Other income comprised interest income from bank.

Total Expenses:

The total expenditure was Rs. 10,272.46 Lacs. The total expenditure represents 98.27 %of the Total Revenue for the period .The total expenses is majorly represented by Cost of material consumed, Employee benefits expense, Finance costs, Depreciation and amortization expense, and other expenses for manufacturing, administrative and selling and distribution. The main constituent of total expenditure is cost of material consumed, which is Rs. 2,255.12 Lacs.

Profit After Tax:Our restated net profit was Rs.118.60 Lacs representing 1.17% of the total revenue of our Company. Our provision of current taxes was Rs. 68.04 Lacs, for deferred tax liability was Rs. (6.02) Lacs .

FINANCIAL PERFORMANCE HIGHLIGHTS FOR THE F.Y. 2012-13

Comparison of the Fiscal 2014 with Fiscal 2013

Analysis of Operating Income

(Rs. In lacs)

Income	Fiscal 2014	%	Fiscal 2013	%
Total Income from core business	10,450.53	99.98	9,878.85	99.97
Other income	2.56	0.02	2.59	0.03
Total Income	10,453.09	100.00	9,881.44	100.00

Analysis of year on year increase

Income from Operations:The Total operating income for the FY 2013-14 is Rs. 10,453.09Lacs as compared to Rs. 9,881.44Lacs during the FY 2012-13 showing increase of 5.79%. The increase in turnover was mainly due to increase in volume of sales.

Other Income:The other income for the FY 2013-14 is 2.56 Lacs as compared to 2.59 Lacs during the FY 2012-13 showing Decrease of 1.16 %.

Operating Expenses: The total operating Expenses increased to Rs.10, 272.46 Lacs for FY 2014 from 9,712.85 Lacs for FY 2013 showing an increase of 5.44%. This increase was mainly due to increase in consumption of material.

Employees Expenses: Labour & Staff Cost increased from Rs. 365.26 Lacs for FY 2013 to Rs. 373.08Lacs for FY 2014 showing an increase of 2.15%. This increase was mainly due to increase in salaries and wages, gratuity and leave encashment, Labour & Staff Cost respectively.

Financial Expenses:Interest and Financial Charges increased from Rs. 352.18 Lacs for FY 2013 to Rs. 415.60 Lacs for the FY 2014. Interest cost mainly includes interest on secured loans.

Depreciation: Depreciation on fixed assets during FY 2014 was Rs.24.88 Lacs and during FY 2013 it was Rs. 28.36 Lacs. This increase was due to increase in fixed assets of our Company.

Other Expenses:Other expenses consist of Manufacturing and Administrative Expenses . Other expenses increased from Rs. 3,296.85 Lacs for FY 2013 to Rs. 3,273.67 Lacs for FY 2014 showing an Decrease of 0 .70%. This Decrease was mainly due to Decrease in power & fuel expenses, process purchase, and discount on sales, legal and professional charges amongst others.

Profit Before Extraordinary Items and Tax: PBDIT increased from 168.58 Lacs for FY 2013 to 180.62 Lacs for FY 2014, mainly on account of increasein volume of sales.

Profit After Tax:PAT increased from 105.63 Lacs for the FY 2013 to 118.60 Lacs in FY 2014. This increase was mainly due to increase revenue of our Company and the other reasons as details above.

Comparison of the Fiscal 2013 with Fiscal 2012

Income	(Rs. In lacs)			
	Fiscal 2013	%	Fiscal 2012	%
Total Income from core business	9,878.85	99.97	9,608.22	99.96
Other income	2.59	0.03	1.86	0.04
Total Income	9,881.44	100.00	9612.60	100.00

Analysis of Year on year increase in:

Income from Operations:The Total operating income for the FY 2013 is Rs. 9,878.85 Lacs as compared to Rs. 9612.60 Lacs during the FY 2012 showing increase of 2.77%. The increase in turnover was mainly due to increase in volume of sales.

Other Income:The other income for the FY 2013 is Rs 2.59. Lacs as compared to Rs. 1.86 Lacs during the FY 2012 showing Increase of.28.18 %.

Operating Expenses:The total operating Expenses increased to Rs. 9,712.85 Lacs for FY 2013 from 9,474.85 Lacs for FY 2012 showing an increase of 2.45%.

Employees Expenses: Employee Benefit Expenses increased from Rs.377.66 Lacs for FY 2012 to Rs.367.74 Lacs for FY 2013 showing an decrease of 2.62%. This decrease was mainly due to marginal increase in flux rate of employees.

Financial Expenses:Financial Charges increased from Rs.262.20 Lacs for FY 2012 to Rs.352.18 Lacs for the FY 2013. Interest cost mainly includes interest on secured loans

Depreciation: Depreciation on fixed assets during FY 2013 was Rs. 28.36 Lacs and during FY 2012 it was Rs. 31.62 Lacs. This Decrease was due to Decrease in fixed assets of our Company.

Profit Before Extraordinary Items and Tax:PBDIT increased from Rs.168.58 Lacs for FY 2013 to 139.60 Lacs for FY 2012, mainly on account of increase in volume of sales.

Profit after Tax: PAT increased from Rs.89.58 Lacs for the FY 2012 to Rs.105.63 Lacs in FY 2013. This Increase was mainly due to decrease in cost of material consumed, employee benefit cost, financial charges, tax effect and the other reasons as details above.

Other Matters:

Unusual or infrequent events or transactions:

There are no unusual or infrequent events or transactions in our Company. The transactions are as per usual business operations.

Significant economic changes that materially affected or are likely to affect income from continuing operations: There are no significant economic changes that may materially affect or likely to affect income from continuing operations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Apart from the risks as disclosed under Section “*Risk Factors*” beginning on page 10 in the Draft Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

Future changes in relationship between costs and revenues

Our Company’s future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by raw material suppliers.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of business.

Status of any publicly announced New Products or Business Segment

Our Company has not announced any new product or business segment.

Seasonality of business

Our Company’s business is not seasonal in nature.

SECTION VIII - LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as stated in this Draft Prospectus, there are no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for economic offences or civil offences or litigation for tax liabilities against our Company, our Directors or our Promoters or companies promoted by our Promoters and there are no defaults to banks/financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters or Directors, no legal action has been pending or taken by Ministry or Department of the Government or a statutory authority against our Promoters during the last five years immediately preceding the year of the issue of this draft prospectus. Further, except as stated in this Draft Prospectus, there are no past cases in which penalties have been imposed on our Company or our Promoters, Directors or companies promoted by our Promoters or our Subsidiary by concerned authorities, and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company.

The Listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India. Neither our Company nor its Promoters, members of the Promoter Group, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

For details of contingent liabilities of our Company, please refer to "Notes to Financial Statements", as restated" under the section titled "Financial Information" beginning on page 107 of this Draft Prospectus.

A) LITIGATION INVOLVING OUR COMPANY

CIVIL CASES

I. Cases filed against our Company

Nil.

II. Cases filed by our Company

Nil

CRIMINAL CASES

III. Cases filed against our Company

NIL.

IV. Cases filed by our Company

NIL

NOTICES ISSUED AGAINST OUR COMPANY

Income Tax Cases

- a) A show cause notice u/s 143(2) of the IT Act, 1961 dated August 6, 2013 was issued by the ACIT/DCIT circle 6(3), Mumbai, inter-alia, seeking further information in respect of the return of income submitted by the Company for the assessment year 2012-13 and directing our Company to attend their office in relation to the same. The said matter is currently pending.
- b) A show cause notice u/s 142(1) of the IT Act, 1961 dated July 8, 2013 bearing no. DCIT-6(3)/Notice u/s 142(1)/2013-2014 was issued by the Deputy Commissioner of Income Tax, Mumbai, inter-alia, directing our Company to furnish additional documents such as annual report, tax audit report etc. in connection with assessment year 2011-12. An Order dated 5th March, 2014 was passed by Additional Commissioner of

Income Tax, Range 6(3), Mumbai, Income Tax Department, in terms of which the total income assessed was approximately Rs.302.25 lacs. The said Order also stated that penalty proceedings are being initiated under section 271(1)(c) of the Income Tax Act, 1961, however, we have not received any notice/ intimation for the same.

B) Central Sales Tax/ MVAT Cases

- a) A show cause notice dated May 12, 2014 was issued by the Office of the Sales Tax officer, Mumbai, inter-alia, directing our company to show cause as to why penalty u/s 29(3) &(7) of the Maharashtra Value Added Tax Act, 2002 should not be imposed on the Company on account of certain disallowed claims. Our Company attended the office of the Sale Tax Officer on 30th June, 2014 and the matter was adjourned to 7th August, 2014. The matter is currently pending.
- b) A show cause notice under rule 9A of the Central sales Tax (Bombay) Rules, 1957 dated June 1, 2013 bearing no. STO (MUM-VAT-C-806/B.A.-1/2006-2007/2013-14 B-618 was issued by the Office of the sales tax Officer, Mumbai, inter-alia, alleging that the Company has claimed sales on declaration under the Central Sales Tax Act, 1956, even though the said declarations were not received by the department as per the audit report in Form-704 filed by the Company and directed our Company to produce documents in support of our claim and show cause as to why tax shouldn't be levied on our Company under Section 9(2) r/w section 33(6B) of Bombay Sales Tax Act, 1959 or as the case may be, section 23(5) of the Maharashtra Value Added Tax Act, 2002 for the FY 2006-2007.
- c) A show cause notice dated 23rd September, 2010 bearing no. STO(806)/Desk Audit/13269/469/B was issued by the office of the Sales Tax officer, Mumbai to our Company, inter-alia, alleging discrepancies in the form 704 filed by our Company and directing our Company to produce Form C for Rs.44,943/- for the period 2006-07 and file the return/revised return and the payment of tax within 10 days from the date of the receipt.
- d) A notice dated March 28, 2013 bearing no. STO/C-908/Issue Based Audit/Notice/B-1607 was issued by the Office of the Sales Tax Officer, Mumbai to our Company, inter-alia, alleging that our Company has wrongly claimed set-off of Rs.2431/- on purchases of Rs.19,446 from M/s Galaxy Corporation for the financial year 2010-2011 as no goods were actually sold by M/s Galaxy Corporation and false invoices were issued by the said M/s Galaxy Corporation on the basis of which the set-off were claimed by the Company. The said show cause notice further directed our Company to attend their office within 7 days from the receipt of this notice in person along with the requisite documents specified therein. The said matter is currently pending.
- e) A notice dated November 16, 2012 bearing no. AC D-205/704 Cell/Issue Base/courtesy Letter/B-13648 was issued by the Office of the Sales Tax Officer, Mumbai, inter-alia, alleging that the Company has not discharged its tax liability correctly and certain discrepancies were observed in the audit report filed by the Company for the FY 2008-09 and directing our Company to attend their office on 16th January, 2013 in person along with the requisite documents specified therein. The said matter is currently pending.

C) ROC Notice

Nil

NOTICES ISSUED BY OUR COMPANY

- a) Our Company by a notice dated 6th January, 2014 addressed to M/s Parampura (Nagpur), has claimed that it is in long and continuous use of the trademark "MONARCH". It has, *inter alia*, alleged that the said entity is in unlawful use of the said trademark which is visually, phonetically and structurally identical to the trademark used by them. The Company has inter alia, called upon the said entity to refrain itself from using the said trademark and to pay Rs.5,00,000/- as and by way of damages. We have not received any reply to the said notice till date.

- b) Our Company by a noticedated 6th January, 2014 addressed to M/s Monarch Apparels (Pune), has claimed that it is in long and continuous use of the trademark “MONARCH”. It has, *inter alia*, alleged that the said entity is in unlawful use of the said trademark which is visually, phonetically and structurally identical to the trademark used by them. The Company has inter alia, called upon the said entity to refrain itself from using the said trademark and to pay Rs.5,00,000/- as and by way of damages. We have not received any reply to the said notice till date.
- c) Our Company by a notice dated 6th January, 2014 addressed to M/s Monarch Apparels (Ahmedabad), has claimed that it is in long and continuous use of the trademark “MONARCH”. It has, *inter alia*, alleged that the said entity is in unlawful use of the said trademark which is visually, phonetically and structurally identical to the trademark used by them. The Company has inter alia, called upon the said entity to refrain itself from using the said trademark and to pay Rs.5,00,000/- as and by way of damages. We have not received any reply to the said notice till date.
- d) Our Company by a notice dated 6th January, 2014 addressed to M/s Monarch Garments (Jodhpur), has claimed that it is in long and continuous use of the trademark “MONARCH”. It has, *inter alia*, alleged that the said entity is in unlawful use of the said trademark which is visually, phonetically and structurally identical to the trademark used by them. The Company has inter alia, called upon the said entity to refrain itself from using the said trademark and to pay Rs.5,00,000/- as and by way of damages. We have not received any reply to the said notice till date.
- e) Our Company by a notice dated 27th January, 2014 addressed to M/s Monarch Mens Wear (Mumbai), has claimed that it is in long and continuous use of the trademark “MONARCH”. It has, *inter alia*, alleged that the said entity is in unlawful use of the said trademark which is visually, phonetically and structurally identical to the trademark used by them. The Company has inter alia, called upon the said entity to refrain itself from using the said trademark and to pay Rs.5,00,000/- as and by way of damages. We have not received any reply to the said notice till date.
- f) Our Company by a notice dated 27th January, 2014 addressed to M/s Monarch Industries (Nashik), has claimed that it is in long and continuous use of the trademark “MONARCH”. It has, *inter alia*, alleged that the said entity is in unlawful use of the said trademark which is visually, phonetically and structurally identical to the trademark used by them. The Company has inter alia, called upon the said entity to refrain itself from using the said trademark and to pay Rs.5,00,000/- as and by way of damages. We have not received any reply to the said notice till date.
- g) Our Company by a notice dated 27th January, 2014 addressed to M/s Monarch - the Leather Boutique (Mumbai), has claimed that it is in long and continuous use of the trademark “MONARCH”. It has, *inter alia*, alleged that the said entity is in unlawful use of the said trademark which is visually, phonetically and structurally identical to the trademark used by them. The Company has inter alia, called upon the said entity to refrain itself from using the said trademark and to pay Rs.5,00,000/- as and by way of damages. We have not received any reply to the said notice till date.
- h) Our Company by a notice dated 27th January, 2014 addressed to M/s Monarch Leathers (Mumbai), has claimed that it is in long and continuous use of the trademark “MONARCH”. It has, *inter alia*, alleged that the said entity is in unlawful use of the said trademark which is visually, phonetically and structurally identical to the trademark used by them. The Company has inter alia, called upon the said entity to refrain itself from using the said trademark and to pay Rs.5,00,000/- as and by way of damages. We have not received any reply to the said notice till date.

D) LITIGATION INVOLVING OUR PROMOTERS/ DIRECTORS

CIVIL CASES

Cases filed against Promoters/Directors

A summary suit bearing No. 2425 of 2009 was filed by Pratap @ Prakash K. Chugh (“**the Plaintiff**”) in the High Court of Judicature at Bombay against one of our Promoter Mr. Nirmal Parmar (“**Defendant**”) for the

recovery of Rs.2 lakhs, inter-alia, alleging that the Defendant has failed to repay a friendly loan of Rs. 2 Lakhs advanced by the Plaintiff to Mr. Nirmal Parmar. By an order dated January 13, 2012 passed by the Hon'ble Bombay High Court in the said summary suit directed the Defendant to make the payment of Rs.2 Lakhs alongwith an interest @ 9% p.a. to the Plaintiff.

Cases filed by Promoters/Directors

Nil

CRIMINAL CASES

Cases filed against our Promoters/Directors

Nil

Cases filed by our Promoters/Directors

Nil

Notices Issued By/ Against Our Promoters/Directors

Nil

E) LITIGATION INVOLVING THE GROUP COMPANIES

Civil cases

Cases filed against the Group Companies

Nil

Cases filed by the Group Companies

Nil

Criminal cases

Cases filed against our Group Companies

Nil

Cases filed by our Group Companies

Nil

Notices Issued By/ Against Our Group Companies

Nil

F) PENALTIES IMPOSED IN PAST CASES IN THE LAST FIVE YEARS

Nil

G) AMOUNTS EXCEEDING RS. 1 LAKH OWED TO SMALL SCALE UNDERTAKINGS OR OTHER CREDITORS AND OUTSTANDING FOR MORE THAN 1 MONTH:

Except as disclosed in the section titled "Financial Information" at Page No. 107 there are no sums exceeding Rs. 1 Lakh outstanding for a period of more than one month to any small scale industries and any other creditors.

Material developments occurring after the last Balance Sheet Date

Except as disclosed in the section title “Management Discussion and Analysis of Financial Conditions and Results of Operations” at Page No. 107 there are no material developments which would affect the business and operations of our Company since March 31, 2014.

Adverse Events

There has been no adverse event affecting the operations of our Company, occurring within one year prior to the date of filing of the Draft Prospectus with BSE.

GOVERNMENT / STATUTORY AND BUSINESS APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and no further approvals are required for carrying on our present business except as mentioned below. It must be distinctly understood that in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.




Approvals for the Issue

1. The Board of Directors has, pursuant to a resolution passed at its meeting held on 25th June, 2014, authorised the Issue subject to the approval of the shareholders of our Company and approvals by such other authorities as may be necessary.
2. The shareholders of our Company have authorized the Issue by a resolution dated 18th July, 2014 under Section 62(1)(c) of the Companies Act, 2013
3. Approval from the Bombay Stock Exchange dated [●].

Approvals to carry on our Business

Our Company has received the following significant approvals in relation to our business:

Sr. No.	Nature of Registration/ Licence	Registration/ Licence no.	Issuing Authority	Date of Issue	Date of expiry
1.	Certificate of Incorporation	U17120MH2005PLC151258	Registrar of Companies, Maharashtra	14 th February, 2005	N/a
2.	Certificate of Commencement of Business	CO.NO.11-151258	Assistant Registrar of Companies, Maharashtra	28 th February, 2005	N/a
3.	Tax Deduction Account Number	MUMM26842E	Commissioner of Income Tax, Mumbai	April, 2005	N/a
4.	Permanent Account Number	AAECM2218H	Commissioner of Income Tax, Mumbai	14 th February, 2005	N/a
5.	Maharashtra Value Added Tax (Certificate of Registration)	27170361422V	Registration Officer, Sales Tax Department, Maharashtra	1 st April, 2006	N/a
6.	Central Sales Tax Registration & Turnover (Certificate of Registration)	27170361422C	Registration Officer, Sales Tax Department, Maharashtra	1 st April, 2006	N/a
7.	Sales Tax Registration Certificate under Maharashtra Value Added Tax Act, 2002	400031/V/0011	Sales Tax Officer, Registration Branch, Mumbai	30 th April, 2005	N/a
8.	Professional Tax Enrolment Number	PT/E/1/1/26/18/2103	Registration Tax Officer, Enrolment Registration Branch, Mumbai	23 rd December, 2005	N/a

Sr. No.	Nature of Registration/Licence	Registration/ Licence no.	Issuing Authority	Date of Issue	Date of expiry
9.	Professional Tax Registration Number	27170361422P	Profession Tax Officer	4 th May, 2011	N/a
10.	Central Excise Registration Certificate	AAECM2218HEM001	Deputy Commissioner, Central Excise, Mumbai	29 th June, 2011	Until revoked
11.	Memorandum for Micro Small and Medium Enterprise	27231100320	Deputy Director of Industries (MMR)	9 th November, 2010	N/a
12.	Registration as a Small Scale Industrial Unit	110730613	Directorate of Industries, Maharashtra	30 th December, 2005	N/a
13.	Employee Provident Fund Registration	129032	Regional Provident Fund Commissioner, Bandra-Mumbai-1	3 rd June, 2004	N/a
14.	Employee State Insurance Corporation Certificate	31-58141-19	Regional office Maharashtra, ESIC	12 th July, 2005	N/a
15.	Trade Mark Registration	Trade mark no. 1858709 (Under Class 25) 	Registry of Trade Marks, Mumbai	11 th March, 2011 w.e.f. 4 th September, 2009	3 rd September, 2019
16.	Trade Mark Registration	Trade mark no. 1858710 (Under Class 35) 	Registry of Trade Marks, Mumbai	11 th March, 2011 w.e.f. 4 th September, 2009	3 rd September, 2019
17.	Trade Mark Registration	Trade mark no. 1396906 (Under Class 25) 	Registry of Trade Marks, Mumbai	7 th November, 2005	6 th November, 2015
18.	Certificate of Importer-Exporter Code	0306027615	Foreign Trade Development Officer	21 st July, 2006	N/a
19.	Shops and Commercial Establishment Registration				
	a. Shop no. 7, Mazgaon*	760301559/ Shop I	Inspector, Shops and Establishments Act, 1948	7 th February, 2013	31 st December, 2015
	b. Shop no. 17&18, Lalbaug	FS008070/ Shop I	Inspector, Shops and Establishments Act, 1948	27 th June, 2000	31 st December, 2016

Sr. No.	Nature of Registration/Licence	Registration/ Licence no.	Issuing Authority	Date of Issue	Date of expiry
	c. Unit no. C-20 and C-41, Royal Estate, Wadala	FS006248/ Commercial II	Inspector, Shops and Establishments Act, 1948	6 th July, 2005	31 st December, 2015
	d. Unit no. 325, Milan Estate, Cotton Green	760095133/ Commercial II	Inspector, Shops and Establishments Act, 1948	10 th June, 2009	31 st December, 2015
	e. Ground floor, Nidhi House, Mazgaon	760317588/ Shop I	Inspector, Shops and Establishments Act, 1948	30 th March, 2013	31 st December, 2015
20.	Consent to operate under Water Act, Air Act, HW (M&H) Rules.	Consent no. - MPCB/ROM/MU-4081-12/CC/CO	Maharashtra Pollution Control Board, Regional Office, Mumbai-I	14 th February, 2013	31 st June, 2017
21.	Licence granted under section 394 of the Mumbai Municipal Corporation Act, 1888				
	a. Unit no. C-20, Royal Estate, Wadala	871195032	Sr. Inspector (Licence) FS Ward	24 th December, 2013	21 st September, 2015
	b. Unit no. C-41, Royal Estate, Wadala	761014750	Sr. Inspector (Licence) FS Ward	1 st January, 2013	31 st December, 2014
	c. Unit no. 325, Milan Estate, Cotton Green	871098259	Sr. Inspector (Licence) FS Ward	7 th January, 2013	6 th January, 2015
22.	Licence to run a factory under Factories Act, 1948 for premises at C-20, C-41, Royal Estate, Wadala	Mumbai/2(m)(i)14101/M-2214	Chief Inspector of Factories, Maharashtra State	14 th December, 2012	31 st December, 2016
23.	Licence under section 390 and 479 of the Mumbai Municipal Corporation Act, 1888				
	a. Unit no. C-41, Royal Estate, Wadala	FS/27 of 05-06	Assistant Commissioner, F/South Ward, For MCGM	28 th December, 2005	31 st March, 2015
	b. Unit no. 325, Milan Estate, Cotton Green	Renewal Permit no.- 786142391 Factory Permit no.- 785024466	Assistant Commissioner, F/South Ward, For MCGM	1 st April, 2013	31 st March, 2015
	c. Unit no. C-20, Royal Estate, Wadala	Renewal Permit no.- 786142392 Factory Permit no.- 785028830	Assistant Commissioner, F/South Ward, For MCGM	1 st April, 2013	31 st March, 2015

** Our Company has made an application on 28th June 2014 for correction of the name in which the certificate was issued to the Company.*

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated 25th June, 2014 and by a special resolution passed pursuant to Section 62(1)(c) of the Companies Act, 2013 at the EGM of the shareholders of our Company held on 18th July, 2014.

We have received an approval from the BSE pursuant to letter dated [●] to use the name of BSE in this Draft Prospectus for listing of equity shares on the SME platform of the BSE.

Prohibition by SEBI or any Government Authorities

Our Company, our Directors, our Promoters, our group companies and other companies promoted by our Promoter and companies/firms within which our Company's Directors are associated as directors/Promoters/Partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

Further, our Promoters or their relatives have confirmed that they have not been declared as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are pending against them. Entities of our Promoter Group do not appear on the RBI defaulter list, nor are there any violations of securities laws committed by them in the past or pending against them.

None of the Directors are associated with any entities, which are engaged in securities market related business and are registered with SEBI for the same.

Eligibility for the Issue

Our Company is an "Unlisted issuer" in terms of the SEBI (ICDR) Regulation; and this Issue is an "Initial Public Offer" in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE).

We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI (ICDR) Regulations, this issue shall be hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the total Issue Size. For further details pertaining to the said underwriting please see "General Information- Underwriting" on page [.] of this Draft Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it then our Company and every officer in default shall, on and from expiry of eight days therefrom, be liable to repay such application money, with interest as prescribed under Section 39 of the Companies Act, 2013.
- c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulation, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manger submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the arrangement

of Market Making please refer to “General Information- Details of the Market Making Arrangements for this Issue” on page [.] of this Draft Prospectus.

Our Company is eligible for the Issue in accordance with Chapter XBoF of the SEBI (ICDR) Regulations explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

1. Our Company has net tangible assets of at least Rs. 100 lacs in each of the preceding 3 full years

(Rs. In Lacs)			
Particulars	2014	2013	2012
Fixed Assets (Net)	186.84	211.36	232.98
Capital Work in Progress	-	-	-
Investments	-	-	-
Current Assets and Loans & Advances	6372.93	6068.63	4310.02
Less: Current Liabilities & provisions	4422.57	4298.44	3296.70
Net Tangible Assets	2137.2	1981.55	1246.3
Monetary Assets(Cash and Bank)	44.25	43.10	85.27
Monetary Assets as a % of Net tangible Assets	2.07	2.17	6.84

Net Tangible assets is defined as the sum of fixed assets, investment, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities)

Monetary assets include cash on hand and bank balance.

2. Our Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least 2 out of immediately preceding 3 years

(Rs. In Lacs)			
Particulars	2014	2013	2012
Net profit after tax and before extraordinary item	118.60	105.63	89.58

3. Our Company has a net worth of at least Rs.100 Lacs in each of the preceding 3 full years.

(Rs. In Lacs)			
Particulars	2014	2013	2012
Equity Share Capital	1122.88	701.73	665.70
Share Application Money	-	-	-
Reserves & Surplus	317.05	619.20	333.57
Less: Misc. Exp	-	-	-
Net worth	1439.93	1320.93	999.27

4. As on the date of Draft Prospectus, our Company has a paid up capital of Rs.1122.88 Lacs, which is in excess of Rs.1 crore, and the Post Issue Capital shall also be in excess of Rs. 1 crore.
5. Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
6. There is no winding up petition against our company that has been accepted by a court.
7. Our company has entered into an agreement with both the depositories and shall mandatorily facilitate trading in demat securities and
8. We have a website: www.monarchapparels.com

Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT PROSPECTUS. THE LEAD MANAGER, BCB BROKERAGE PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, BCB BROKERAGE PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED August 28th 2014 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- 1 WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- 2 ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- (A) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (B) THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS;**
- 3 WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**
- 4 WHEN UNDERWRITTEN, WE SHALL SATISFY 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 EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE**

DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH BSE UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.

- 6 WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.-NOTED FOR COMPLIANCE.**
- 7 WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) GUIDELINES, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE.**
- 8 WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9 WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE DRAFT PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE**
- 10 WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE. – NOT APPLICABLE**
- 11 WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.**
- 12 WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:**
 - (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY; AND**
 - (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.”**
- 13 WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA**

(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

- 14 WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**
- 15 WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."**
- 16 WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR (PLEASE SEE THE "ANNEXURE A" FOR FURTHER DETAILS) .**
- 17 WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.**

THE FILING OF THE DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34, 35, 36 AND 38(1) OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT."

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

- 1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS HAS BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- 2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**
- 3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.**
- 4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.**
- 5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISOR TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT PROSPECTUS.**

6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGEBOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE- NOTED FOR COMPLIANCE.

Note:

The filing of this draft Prospectus does not, however, absolve our Company from any liabilities under section 34, section 35, section 36 or section 38(1) of the Companies Act, 2013 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Lead Manager any irregularities or lapses in the Offer Document.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Mumbai, Maharashtra in terms of sections 26 and 32 of Companies Act, 2013.

Disclaimer from the Company and the Lead Manager

Our Company, our Directors and the LM accept no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisements or any other material issued by or at our Company's instance and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

Caution

The LM accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the LM and us on 22nd August 2014 and the Underwriting Agreement entered into between the Underwriters and us on 22nd August 2014 and the Market Making Agreement dated 22nd August 2014 entered into among the Market Maker, Lead Manager and our Company.

All information shall be made available by us and the LM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere.

Neither our Company nor any member of the Syndicate is liable to the Applicants for any failure in downloading the Applications due to faults in any software/hardware system or otherwise

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in equity shares, Public financial institutions as specified in Section 2(72) of the Companies Act 2013, venture capital funds registered with SEBI, national investment funds, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2500lacs and pension funds with minimum corpus of Rs. 2500lacs, and to non-residents including FVCIs, multilateral and bilateral institutions, FIIs registered with SEBI and Eligible NRIs, 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 provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft 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 Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause under Rule 144a of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of the SME Platform of Bombay Stock Exchange Limited

As required, a copy of this Draft Prospectus shall be submitted to the SME Platform of BSE. The disclaimer clause as intimated by the SME Platform of BSE to us, post scrutiny of this Draft Prospectus, shall be included in the Prospectus prior to filing the same with the RoC.

Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI. A copy of the 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 at the Office of the Registrar of Companies, 100, Everest, Marine Drive, Mumbai – 400 002

Listing

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of BSE. However, application shall be made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest at the rate of 15% per annum on application money, as prescribed under Section 40 of the Companies Act 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within 15 Working Days of the Issue Closing Date.

Our Company has obtained approval from BSE vide letter dated [●] for listing of its shares.

Track record of past issues handled by the Lead Manager

As per Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, Lead Manager has to give disclosure of past issues handled by them.

For details regarding the track record of the lead manager to the issue, please refer to the website of the lead manager .

Consents

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary and Compliance Officer, Statutory Auditors, Independent Auditors, Bankers to the Company and Bankers to the Issue; and (b) Lead Manager to the Issue and Market Maker*, Escrow Collection Bankers*, Registrar to the Issue, Legal Advisor to the Issue, Underwriters to act in their respective capacities, have been obtained and would be filed along with a copy of the Prospectus with the RoC, as required under Sections 32 of the Companies Act 2013 and such consents will not be withdrawn up to the time of delivery of this Draft Prospectus for registration with RoC.

** Consents from the Escrow Collection Bank, Market Maker and Underwriter shall be obtained prior to the filing of the Prospectus with the RoC. Other consents mentioned herein above have been obtained prior to filing of this Draft Prospectus with the BSE.*

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s Laxmikant Kabra & Co, Chartered Accountants, the Statutory Auditors have given their written consent for inclusion of their report in the form and context in which it appears in this Draft Prospectus and such consent and report has not been withdrawn up to the time of this of this Draft Prospectus with BSE.

M/s Laxmikant Kabra & Co, Chartered Accountants, the Statutory Auditors have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Prospectus and has not withdrawn such consent up to the time of delivery of the Prospectus for registration with the RoC.

Expert Opinion

Except for the below stated reports and certificate included in the Draft Prospectus, our Company has not obtained any expert opinions:

1. Statutory Auditor – Statement of Tax Benefits
2. Statutory Auditor – Restated Financial Statements
3. Legal Due Diligence Report

Undertaking from our Company, our Promoter and Directors

Our Company accepts full responsibility for the accuracy of the information given in this Draft Prospectus and confirms that to the best of our knowledge and belief, there are no other facts, their omission of which make any statement in this Draft Prospectus misleading and we further confirm that we have made all reasonable inquiries to ascertain such facts. Our Company further declares that the Stock Exchange to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of the Issue or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in the Draft Prospectus. Our Promoters/Directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the Equity Shares offered in terms of this Draft Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /withheld and/or amounts to a misstatement/ misrepresentation, our Promoters/ Directors undertake to refund the entire application monies to all the subscribers.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs.67 Lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be borne by our Company.

The estimated Issue expenses are as under:

(Rs.in Laacs)

Activity	Expenses
Lead management, underwriting and selling commission,Market Making Fees etc.	54
Advertising and Marketing expenses	3.5
Printing and stationery	3
Others (IPO Grading, Registrars fee, legal fee, listing fee, etc.)	3
Listing and Annual Fees and Expenses of Regulatory	3.5
Total estimated Issue expenses	67

Fees Payable to the LM

The total fees payable to the Lead Manager will be as per the engagement letter dated April 1st 2014, the Underwriting Agreement dated 22nd August, 2014, MoU dated 22nd August, 2014 and the Market Making Agreement dated 22nd August, 2014 executed between our Company and the LM, a copy of which is available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Draft Prospectus until the Issue Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of applications, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MOU entered into between us and the Registrar dated 23rd June 2014 a copy of which is available for inspection at our Registered Office. The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Underwriting commission, brokerage and selling commission

The Underwriting Commission and Selling Commission for this Issue are as set out in the Underwriting Agreement amongst our Company and the LM. The Underwriting Commission shall be paid as set out in the Underwriting Agreement based on the Issue Price and amount underwritten in the manner mentioned in this Draft Prospectus.

Previous Public or Rights Issues in the last 5 years

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of this Draft Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in the chapter titled "Capital Structure" our Company has not made any previous issues of Equity Shares for consideration otherwise than for cash.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of equity shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Details of Capital Issue made last 3 years in regard to the Issuer Company and other listed Companies under the same management within the meaning of section 370(1) (B) of the Companies Act, 1956/ Section 186 of the Companies Act, 2013 at present or during the last 3 years

We do not have any companies under the same management within the meaning of section 370(1) (B) of the Companies Act, 1956 / Section 186 of the Companies Act, 2013 which has made any capital issue during the last three years.

Promise v/s performance for the last 3 issues

Neither our Company nor any Group or associate companies have made any previous rights and public issues.

Listed Ventures of the Promoters

There are no listed ventures of our Promoters

Promise vis- a vis Performance – Last one Issue of Group Companies

There are no listed ventures of our Promoters.

Outstanding Debentures or Bond Issues or Preference Shares and other Instruments issued and outstanding as on the date of the Draft Prospectus and terms of the Issue

Our Company has no outstanding debentures or bonds as of the date of this Draft Prospectus.

Stock Market Data for our Equity Shares

This being an initial public issue of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

Our Company has constituted a Stakeholders Relationship Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non-receipt of dividends etc. For further details on this committee, please refer the head ‘Corporate Governance’ on page 89. To expedite the process of share transfer, our Company has appointed Bigshare Services Private Limited as the Registrar and Share Transfer Agents of our Company vide MoU dated 23rd June 2014.

Disposal of Investor Grievances by the Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be fifteen working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have also appointed Ms. Swapna Vengurlekar, Company Secretary of our Company as the Compliance Officer for this Issue and she may be contacted in case of any pre-Issue or post Issue related problems, at the following address:

Ms. Swapna Vengurlekar

Monarch Apparels (India) Limited
C-41, 3rd Floor Royal Industrial Estate,
5-B, Naigaum Cross Road, Wadala, Mumbai – 400066
Tel: 022-24120902; Fax: 022-24125400
Email: ipo@monarchapparels.com
Website: www.monarchapparels.com

Change in the Auditors during the last 3 years and reasons thereof

Laxmikant Kabra & Co., Chartered Accountants, were appointed as the statutory auditors of our Company in place of M/s B. M. Udeshi & Co., Chartered Accountants by a resolution passed at its AGM on 25th September, 2013 due to resignation of M/s B. M. Udeshi & Co.

Save and except as stated above, there has been no other change in the Auditors during the last 3 years.

Capitalization of Reserves or Profits during last 5 years

Our Company has not capitalized our reserves or profits during the last 5 years, except as stated in the chapter titled ‘Capital Structure’ on page 36.

Revaluation of Assets during the last 5 years

Our Company has not revalued the assets; during the last 5 years for details refer to the chapter titled ‘Capital Structure’ on page 36.

SECTION IX: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, Application Form, Revision Form, Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, SME platform of BSE, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non-Institutional applicants and other applicants whose application amount exceeds Rs. 2 lakhs can participate in the Issue only through the ASBA process. The Retail Individual Applicants can participate in the Issue either through the ASBA process or the non ASBA process. ASBA Applicants should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process.

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated 25th June, 2014 and by special resolution adopted pursuant to Section 62(1)(c) of the Companies Act, 2013 at the EGM held on 18th July, 2014.

Ranking of Equity Shares

The Equity Shares being offered under the Issue and the Equity Shares allotted pursuant to the exercise of issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees of Equity Shares under this Issue will be entitled to dividends or any other corporate benefits, if any, declared by the Company after the date of Allotment. For description of our articles of association please refer to the chapter titled "Main Provisions of the Articles of Association" beginning on page 172 of this Draft Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act, 2013, our Memorandum and Articles of Association and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. For further details, please see the chapter titled "Dividend Policy" beginning on page 105 of this Draft Prospectus.

Face Value and Issue Price

The Equity Shares of Rs.10/- each will be issued in terms of the Draft prospectus to be filed with the RoC. The Issue Price is Rs.11/- per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares, subject to applicable laws.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the chapter titled detailed description of the main

provisions of our Articles

Compliance with SEBI (ICDR) Regulations

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Minimum Application Value, Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI (ICDR) Regulations, the trading of our Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Trading of the Equity Shares will happen in the minimum contract size of 10,000 Equity Shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by BSE from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of 10,000 Equity Share subject to a minimum allotment of 10,000 Equity Shares to the successful applicants. For details of Allotment please refer to the chapter titled "Issue Procedure" beginning on page 154 of this Draft Prospectus.

Minimum Number of Allottees

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 12 working days of closure of Issue.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, Maharashtra, India. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Nomination Facility to Investor

In accordance with Section 72(1) and 72(2) of the Companies Act, 2013, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72(3) of the Companies Act, 2013, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only in the prescribed form available on request at the Registered Office of our Company or from the Registrar and Transfer Agents of our Company.

In accordance with Section 72 of the Companies Act, 2013, any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares ; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other 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 Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten and the details of the same have been disclosed on page 30 of this Draft prospectus. Since this Issue is 100% underwritten it is not restricted to any minimum subscription level. If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under the Companies Act.

In accordance with Regulation 106 P (1) of the SEBI (ICDR) Regulations, our Issue shall be 100% underwritten. Thus, the underwriting obligations shall be for the entire 100% of the offer through the Draft prospectus and shall not be restricted to the minimum subscription level.

Further, in accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty) and the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.

Further, as per Section 39(3) of Companies Act 2013 Act, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. In the event of any failure to refund the application money within the specified period, a penalty of Rs.1,000 for each day during which the default continues or Rs. 100,000, whichever is less. Additionally, section 40(3) of the Companies Act 2013 requires application money to be refunded in the event of failure to Allot Equity Shares for any reason. The penalty for the failure to comply with the provisions of section 40(3) of the 2013 Act would amount to not less than Rs. 500,000, and which may extend to Rs. 5,000,000 and every officer of the Company who is in default shall be punishable with imprisonment for a term which may extend to one year or a fine not exceeding Rs. 300,000 or both.

Arrangement for disposal of Odd Lots

The trading of the Equity Shares will happen in the minimum contract size of 10,000 shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE.

Restriction on transfer and transmission of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. For further details please refer to the chapter “Main Provisions of the Articles of Association” on page 172 of this Draft Prospectus.

Migration to Main Board

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of the company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.
- If the Paid up Capital of the company is more than Rs. 10 crores but below Rs.25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Market Making

The shares issued through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing on the SME Platform of BSE.

For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker, please see the chapter titled "General Information - Details of the Market Making Arrangement for this Issue" beginning on page 30 of this Draft Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this issue.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106 (M) (2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such this Issue, please see the chapters titled "Terms of the Issue" and "Issue Procedure" beginning on pages 148 and 154 respectively, of this Draft Prospectus.

The present Issue of 45,50,000 Equity Shares at a price of Rs.11/-aggregating Rs.500.50Lacsby the Company. The issue of equity shares will constitute 28.83% of the fully diluted post-issue equity share capital of our company.

	Net Issue to Public	Market Maker Reservation Portion
Number of Equity Shares *	43,00,000Equity Shares	2,50,000 Equity Shares
Percentage of Issue Size available for allocation	94.5% of the Issue Size	5.5% of the Issue Size
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate subject to minimum allotment of 10000Equity Shares and further allotment in multiples of 10000Equity Shares each	Firm Allotment
Mode of Application	For QIB and NII Applicants, the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Minimum Application Size	<i>For QIB and NII:</i> Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value exceeds Rs.2,00,000/-. <i>For Retail Individuals:</i> 10,000 Equity Shares such that the Application Value does not exceed Rs.2,00,000/-.	2,50,000 Equity Shares
Maximum Application Size	<i>For QIB and NII:</i> Such number of Equity Shares in multiples of 10,000 Equity Shares such that the application size does not exceed 43,00,000 Equity Shares. <i>For Retail Individuals:</i> Such number of Equity Shares in multiples of 10,000 Equity Shares such that the application value does not exceed Rs. 2,00,000.	2,50,000 Equity Shares
Trading Lot	10,000 Equity Shares	10,000 Equity Shares.However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR)Regulations, 2009.
Terms of Payment	100%	100%

*50% of the shares offered are reserved for applications below Rs. 2 lakh and the balance for higher amount applications.

Withdrawal of the Issue

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- i. The final listing and trading approvals of BSE for listing of Equity Shares offered through this Issue on its SME Platform, which the Company shall apply for after Allotment; and
- ii. The final RoC approval of the Draft Prospectus after it is filed with the RoC.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper. The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Issue programme:

ISSUE OPENING DATE	[.]
ISSUE CLOSING DATE	[.]

Applications and any revisions to the same will be accepted only between 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date when applications will be accepted only between 10.00 a.m. to 4.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

FIXED PRICE ISSUE PROCEDURE

The Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009 via Fixed Price Process. Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit them to the Registrar to the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchanges by the Brokers (including sub-brokers) do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected.

As per the provisions of Section 29 of the Companies Act, 2013, the Allotment of Equity Shares in the Issue shall be only in a de-materialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).The Equity Shares on Allotment shall, however, be traded only in the dematerialized segment of the Stock Exchange, as mandated by SEBI.

APPLICATION FORM

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. The Application Form shall contain space for indicating number of specified securities subscribed for in demat and physical form. ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants.

The prescribed color of the Application Form for various categories is as follows:

Category	Colour of Application-cum-Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs other Non-Residents applying on a repatriation basis	Blue

In accordance with the SEBI (ICDR) Regulations, in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

WHO CAN APPLY?

- Indian nationals resident in India who are not minors, in the names of their children as natural/legal guardians, in single or joint names (not more than three).
- Eligible NRIs and FIIs on a repatriation basis or non-repatriation basis subject to applicable laws.
- Hindu Undivided Families (HUFs) in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals.

- State Industrial Development Corporations.
- Insurance companies registered with the Insurance Regulatory and Development Authority (“IRDA”), India.
- Provident Funds with a minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to invest in equity shares.
- Pension funds with a minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to invest in equity shares.
- Companies, corporate bodies, limited liability partnerships and societies registered under applicable laws in India and authorised to invest in equity shares.
- Venture Capital Funds registered with the SEBI.
- Foreign Venture Capital Investors registered with the SEBI.
- Alternate Investment Fund registered with the SEBI;
- Foreign Portfolio Investor other than Category III Foreign Portfolio Investor registered with the Board;
- Eligible QFIs;
- Indian Mutual Funds registered with the SEBI.
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI (ICDR) Regulations and regulations, as applicable).
- Multilateral and bilateral development financial institutions.
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in equity shares.
- Scientific and/or industrial research organisations in India authorised to invest in equity shares.
- Nominated Investor and Market Maker
- National Investment Fund set-up by resolution F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India
- Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India and
- Any other person eligible to Apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing regulations, OCBs cannot participate in this Issue.

Note:

The information below is given for the benefit of the Applicants. The Company and the LM do not accept responsibility for the completeness and accuracy of the information stated. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the limits prescribed under laws or regulations.

PARTICIPATION BY ASSOCIATES OF LM

The LM shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the LM may subscribe to Equity Shares in the Issue where the allotment is on a proportionate basis.

AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue and the collection Centres of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE SME platform i.e. www.bsesme.com.

OPTION TO SUBSCRIBE IN THE ISSUE

- a) Investors will get the allotment of Equity Shares in dematerialization form only.
- b) The Equity Shares, on allotment, shall be traded on Stock Exchange in demat segment only.
- c) A single Application Form any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRIS APPLYING ON NON REPATRIATION

Application must be made only in the names of individuals, limited companies or Statutory Corporations/institutions and not in the names of minors, foreign nationals, non-residents (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu undivided families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF. An applicant in the net offer to the Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public i.e. in accordance with Regulation 43(4) of the SEBI (ICDR) Regulations.

APPLICATION BY MUTUAL FUNDS

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

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

APPLICATIONS BY ELIGIBLE NRIS/FII'S ON REPATRIATION BASIS

Application Forms have been made available for Eligible NRIs at our registered Office. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the eligible NRI category. The eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and should not use the forms meant for the reserved category. All instruments accompanying applications shall be payable at Mumbai only. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis. Allotment of Equity Shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws.

APPLICATIONS BY ELIGIBLE QFIS

The RBI in its circular dated January 13, 2012 has permitted Eligible QFIs to purchase equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest through SEBI registered qualified depository participants (“DP”) in equity shares of Indian companies which are offered to the public in India in accordance with SEBI regulations.

The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap.

SEBI in its circular dated January 13, 2012 has specified among other things eligible transactions for Eligible QFIs (which includes purchase of equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors with respect to margins, voting rights, public issues etc.

Eligible QFIs are required to instruct their DPs to make the application on their behalf for the Issue. DPs are advised to use the Application Form meant for Non-Residents (blue in colour). DPs are required to utilise the ASBA process to participate in the Issue. Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

APPLICATIONS BY THE SEBI-REGISTERED VENTURE CAPITAL FUNDS, FOREIGN VENTURE CAPITAL INVESTORS AND THE FPIS

In accordance with the current regulations, the following restrictions are applicable for investments by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996, as amended and the SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended prescribe investment restrictions on Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI. For example, the holding by any individual VCF should not exceed 25% of the corpus of the VCF in one venture capital undertaking. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public 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) is not permitted to exceed 10 percent of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10 percent of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24 percent of the paid-up Equity Share capital of our Company. The aggregate limit of 24 percent may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from the SEBI 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 FII Regulations. An FII or a sub-account may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FPI after registering as an FPI under the SEBI FPI Regulations.

APPLICATIONS BY LIMITED LIABILITY PARTNERSHIPS

In case of applications 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 Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

APPLICATIONS BY INSURANCE COMPANIES

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

APPLICATION BY PROVIDENT FUNDS/ PENSION FUNDS

In case of applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs. 2,500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

APPLICATION UNDER POWER OF ATTORNEY

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2,500 Lakhs a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to applications by VCFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (b) With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (c) With respect to applications made by provident funds with minimum corpus of Rs. 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2,500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

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

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

MAXIMUM AND MINIMUM APPLICATION SIZE

- i. **For Retail Individual Applicants:** The Application must be for a minimum of 10,000 Equity Shares. As the Application Price payable by the Applicant cannot exceed Rs. 2,00,000, they can make Application for minimum Application size i.e. for 10,000 Equity Shares and maximum application size of 20,000 Equity Shares.
- ii. **For Other Applicants (Non Institutional Applicants and QIBs):** The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 and in multiples of 10,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion.

Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.

INFORMATION FOR THE APPLICANTS:

- a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- b) The LM will circulate copies of the Prospectus along with the Application Form to potential investors.
- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office or from the office of the LM.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the LM or their authorized agent(s) to register their Applications.
- e) Applications made in the Name of Minors and/or their nominees shall not be accepted.
- f) Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no. in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai.

SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit application forms in public issues using the stock broker (“broker”) network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 1, 2013. The list of Broker Centre is available on the websites of BSE Limited i.e. www.bseindia.com.

APPLICANT’S DEPOSITORY ACCOUNT AND BANK DETAILS

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant’s name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as ‘Demographic Details’). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the LM or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

BASIS OF ALLOTMENT

Allotment will be made in consultation with the SME Platform of BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).

2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).

3. For applications where the proportionate allotment works out to less than 10,000 equity shares the allotment will be made as follows:

a) Each successful applicant shall be allotted 10,000 equity shares; and

b) The successful applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.

4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 10,000 equity shares, the applicant would be allotted Shares by rounding off to the nearest multiple of 10,000 equity shares subject to a minimum allotment of 10,000 equity shares.

5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 10,000 equity shares, results in the actual allotment being higher than the shares

offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.

6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

a) As the retail individual investor category is entitled to more than fifty percent on proportionate basis, the retail individual investors shall be allocated that higher percentage.

b) The balance net offer of shares to the public shall be made available for allotment to

i. individual applicants other than retails individual investors and

ii. other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.

c) The unsubscribed portion of the net offer to any one of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

REFUNDS

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

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

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

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

TERMS OF PAYMENT / PAYMENT INSTRUCTIONS

The entire Issue Price of Rs. 11 per Equity Share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Cooperative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

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

A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - Indian Public including eligible NRIs applying on non-repatriation basis: **'Escrow Account Monarch Apparels (India) Limited - R'**.
 - In case of Non Resident Retail Applicants applying on repatriation basis: **'Escrow Account Monarch Apparels (India) Limited - NR'**
2. In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non Resident Ordinary (NRO) Account of Non Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
3. Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay In Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
4. On the Designated Date and no later than 12 days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

PAYMENT BY STOCK INVEST

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

Don'ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

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

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- (i) All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- (ii) Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- (iii) Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of, know your client norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

PERMANENT ACCOUNT NUMBER OR PAN

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ('PAN') to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her

PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

RIGHT TO REJECT APPLICATIONS

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

GROUND FOR REJECTIONS

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 10,000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stockinvest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date;

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of section 38(1) 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 of Companies Act, 2013 and shall be treated as Fraud.

SIGNING OF UNDERWRITING AGREEMENT

Vide an Underwriting agreement dated 22nd August, 2014 this issue is 100% Underwritten.

FILING OF THE PROSPECTUS WITH THE ROC

The Company will file a copy of the Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013.

PRE-ISSUE ADVERTISEMENT

Subject to Section 30 of the Companies Act, 2013 the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

The Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 12 working days of the Issue Closing Date.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 56 of the Companies Act, 2013 or other applicable provisions, if any.

Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 working days of closure of Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

PAYMENT OF REFUND

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ('MICR') code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that

failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

1. **ECS (Electronic Clearing System)** – Payment of refund would be done through ECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. **RTGS (Real Time Gross Settlement)** – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 10.00 Lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 working days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment of Equity Shares shall be made within 12 (Twelve) working days of the Issue Closing Date;
2. Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 (Twelve) working days of the Issue Closing Date would be ensured; and
3. The Company shall pay interest at 15% p.a. for any delay beyond the 15 (Fifteen) working days time period from the Issue Closing Date, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (Twelve) working days prescribed above.

UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

1. That the complaints received in respect of this Issue shall be attended to by us expeditiously;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time; and
6. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc.
7. That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non- ASBA applications while finalizing the basis of allotment;

UTILIZATION OF ISSUE PROCEEDS

Our Board certifies that:

1. All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act, 2013;
2. Details of all monies utilized out of the issue referred to in point 1 above shall be disclosed and continued to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilized;
3. Details of all unutilized monies out of the Issue referred to in 1, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
4. Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
5. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

WITHDRAWAL OF THE ISSUE

In accordance with the SEBI (ICDR) Regulations, the Company in consultation with Lead Manager, reserve the right not to proceed with this Issue any time after the Issue Opening Date, without assigning the reasons thereof.

However, if our Company withdraws the Issue after the Issue Closing Date but before allotment, our Company will issue a public notice within two days, providing reasons for not proceeding with the Issue. The LM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, our Company shall file a fresh prospectus with stock exchange(s).

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company will sign the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- a) Agreement dated October 15, 2013 between NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated October 8, 2014 between CDSL, the Company and the Registrar to the Issue;

The Company's Equity shares bear an ISIN No. INE560P01013

- An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis à vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- The allotment and trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

COMMUNICATIONS

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip. Investors can contact the Compliance Officer or

the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

ASBA PROCESS

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ('ASBA Account') is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application.

The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the LM.

ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

Who can apply?

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

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

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the Public Issue Account as per the provisions of section 40(3) of the Companies Act, 2013 and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the regulations / guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (*the "Securities Act"*) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "*qualified institutional buyers*", as defined in Rule 144A of the Securities Act in transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulations under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

SECTION X
DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION
MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

MONARCH APPARELS (INDIA) LIMITED

CAPITAL

Authorised Capital

The Authorised Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.

The minimum paid up Share capital of the Company shall be Rs.5,00,000/- or such other higher sum as may be prescribed in the Act from time to time.

Increase of capital by the Company how carried into effect

The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.

New Capital same as existing capital

Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Reduction of capital

The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce

- (a) the share capital;
- (b) any capital redemption reserve account; or
- (c) any security premium account

in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

Issue of Sweat Equity Shares

The Company may exercise the powers of issuing sweat equity shares conferred by Section 79A of the Act of a class of shares already issued subject to the following conditions:

the issue of sweat equity shares is authorised by a special resolution passed by the Company in general meeting;

the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued; and

not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business.

Consolidation, Sub-Division And Cancellation

Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (I) of Section 94; and the resolution whereby any share is sub-divided, may determine that, as between the holders of the share resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

MODIFICATION OF CLASS RIGHTS

If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.

New Issue of Shares not to affect rights attached to existing shares of that class

The rights conferred upon the holders of the Shares including Preference Share, 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.

Liability of Members.

Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

Registration of Shares.

Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.

CERTIFICATES

Share Certificates.

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Issue of new certificates in place of those defaced, lost or destroyed.

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

The first named Joint holder deemed sole holder.

Maximum number or joint holders.

The Company shall not be bound to register more than three persons as the joint holders of any share.

Company not bound to recognise any interest in share other than that of registered holders.

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

INTEREST OUT OF CAPITAL**Interest may be paid out of capital.**

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building the provision of any plant, or onshore or offshore rigs, which can not be made profitable for a lengthy period, the Company may pay interest on so much of that share capital at a rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS**Directors may make calls**

(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.

(2) A call may be revoked or postponed at the discretion of the Board.

(3) A call may be made payable by installments.

Notice of Calls

Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

LIEN**Company to have lien on shares**

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

As to enforcing lien by sale.

For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.

Application of proceeds of sale.

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

FORFEITURE AND SURRENDER OF SHARES**If call or installment not paid, notice may be given.**

If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.

Terms of notice

The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.

The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

On default of payment, shares to be forfeited.

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Notice of forfeiture to a Member

When any shares have been forfeited, notice of the forfeiture 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 of Members.

Forfeited shares to be property of the Company and may be sold etc

Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.

Members still liable to pay money owing at time of forfeiture and interest

Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.

Effect of forfeiture

The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture.

A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated claiming to be entitled to the shares.

Title of purchaser and allottee of forfeited shares.

The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

Cancellation of share certificate in respect of forfeited shares.

Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Forfeiture may be remitted.

In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.

Validity of Sale

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Surrender of shares.

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

TRANSFER AND TRANSMISSION OF SHARES

(a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.

(b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

Transfer Form

The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 108 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof. Further, a common form of transfer shall be used as an instrument of transfer of any share or debenture of the Company.

Closure of Register of Members.

The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

Board May require evidence of transmission

Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Company not liable for disregard of a notice prohibiting registration of transfer.

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

Form of transfer outside India

In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognised by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 54 hereof as circumstances permit.

No Transfer to insolvent etc.

No transfer shall be made to any minor, insolvent or person of unsound mind.

NOMINATION

Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his/her shares or debentures shall vest in the event of his/her death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination

No person shall be recognised by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956

The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such nomination.

If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked

Dematerialization of Securities

For the purpose of this Article, unless the context otherwise requires:

A. Definitions:

Beneficial Owner "Beneficial Owner" means a person whose name is recorded as such with a Depository.

SEBI "SEBI" means the Securities and Exchange Board of India.

Bye-Laws "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

Depositories Act "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;

Depository "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

Record "Record" includes the records maintained in the form of books or stored in a computer or in such other form as

may be determined by the regulations made by SEBI;

Regulations “Regulations” mean the regulations made by SEBI;

Security “Security” means such security as may be specified by SEBI.

B. Dematerialisation of Securities :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C. Option for Investors :

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities. Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form :

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

E. Rights of Depositories and Beneficial Owners :

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 security on behalf of the beneficial owner;

Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;

Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F. Service of information :

Notwithstanding anything to the contrary contained in these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Transfer of Security :

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

H. Sections 83 and 108 of the Act not apply :

Notwithstanding anything to the contrary contained in the Articles -

Section 83 of the Act shall not apply to the shares with a Depository;

Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I. Register and Index of beneficial owners :

The Register and Index of Beneficial Owner, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

J. Intimation to Depository :

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

K. Stamp duty on securities held in dematerialised form :

No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.

L. Applicability of the Depositories Act :

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. Company to recognise the rights of registered Holders as also the beneficial Owners in the records of the Depository :

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

N. Declaration by person not holding beneficial interest in any Shares

(1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act.

(2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such Beneficial Owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.

(3) Whenever there is a change in the beneficial interest in a Share referred to above, the Beneficial Owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.

(4) Notwithstanding anything contained in the Act and Articles 37 and 38 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

SHARE WARRANTS

Power to issue share warrants

The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

BORROWING POWERS

Power to Borrow

Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit

or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.

MEETINGS OF MEMBERS

Annual General Meeting.

(a) The Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that of the next and the Annual General Meeting shall be held within six months of the expiry of its financial year.

Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding three month, then such Annual General Meeting may be held within such extended period.

(b) Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the City, town or village in which the Registered office is situated.

(c) The Statutory Meeting of the Company shall be held at such place and at such time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of Section 165 of the Act.

Length of notice of General Meeting.

(a) A General Meeting of the Company, Annual or Extraordinary and by whomsoever called, may be called by giving not less than 21 days clear notice in writing.

(b) A General Meeting may be called by giving shorter notice than that specified in clause (1) hereof if consent is accorded thereto (a) in the case of an Annual General Meeting by all the members entitled to vote thereto and (b) in case of any other general meeting, by members of the Company holding not less than ninety-five per cent of the total voting power exercisable at that meeting.

PROVIDED THAT where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution and not in respect of the latter.

Chairman of General Meeting

At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.

Quorum for General Meeting.

For all purposes the quorum at a general meeting shall be five members personally present. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

Business confined to election of Chairman whilst chair is vacant.

(a) The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.

(b) No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

Chairmen with consent may adjourn meeting

The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place, but

no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

When a Meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or any business to be transacted at an adjourned meeting.

A declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes in favor or against such resolution.

VOTES OF MEMBERS

Members in arrears not to vote.

No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or be reckoned in a quorum 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 or lien.

Number of votes each member entitled

Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

Vote of member of unsound mind and of minor

If any Member is lunatic, minor, unsound mind or, idiot, the vote in respect of his/ her shares shall be cast by his/her legal guardian(s) may vote whether on a show of hands or on a poll vote by proxy, provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

Votes of joint members.

If there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.

Members Paying Money in advance

(a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.

(b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

Time for objections to votes.

No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of the Meeting to be the judge of validity of any vote.

The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll.

DIRECTORS

Number of Directors

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than twelve.

As on the date of adoption of these Articles the following are the Directors of the Company:

Mr. Nirmal Kesharimal Parmar

Mrs. Sharmila Nirmal Parmar

Mrs. Sangeeta Chandanmal Parmar

Qualification Shares

A Director of the Company shall not be bound to hold any Qualification Shares in the Company.

Professional Directors.

Any advocate or Chartered Accountant or any professional who may for the time being be a Director of the Company.

Sitting Fees

(a) Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof.

Travelling expenses Incurred by Director on Company's business

The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

Loans to Directors

The Company shall observe the restrictions imposed on the Company in regard to grant of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any, of the Act.

The Company may increase or reduce the number of Directors

Subject to the provisions of the Act and these Articles, the Company may by an Ordinary Resolution in General Meeting from time to time increase or reduce within the maximum limit permissible the number of Directors provided that any increase in the number of Directors exceeding the limit in that behalf provided in the Act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the Government.

Board resolution necessary for certain contracts

Removal of Directors

The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.

Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.

A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 157 or Section 262 of the Act be filled by the: appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 167 hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 157 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly.

Interested Directors not to participate or vote in Board's proceedings

No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement.

PROCEEDING OF THE BOARD OF DIRECTORS

Meetings of Directors

- (a) The Board of Directors may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.
- (b) The meetings may be held at any place in or outside India or by way of teleconference, video conference or through any other medium as may be permitted under the Act.
- (c) The Chairman of the Board of Directors or the Managing Director or any two- Directors may at any time convene a meeting of the Board of Directors.

Committee Meetings how to be governed.

The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

- (a) A resolution passed by circular without a meeting of the Board or a committee of the Board appointed under Article 135 shall, subject to the provisions of sub-clause (b) hereof and the Act be as valid and effectual as a Resolution duly passed at a meeting of the Board or of a committee duly called and held.
- (b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by a circular, if the Resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum requisite for a Meeting of the Board or the committee as the case may be) and to all other Directors or other members of the Committee at their usual addresses in India and has been approved by such of the Directors or members of the committee as are then in India or by a majority of such of them as are entitled to vote on the Resolution.
- (c) Subject to the provisions of the Act, a statement signed by the Managing Director, Secretary or other person authorized in that behalf by the directors certifying the absence from India of any Directors shall for the purposes of this Article be prima facie conclusive.

Quorum for Meeting of the Board.

Subject to the provisions of Section 287 of the Act, the quorum for a Meeting of the Directors shall be one-third of the total strength of the Board of Directors, or two Directors whichever is higher.

RETIREMENT AND ROTATION OF DIRECTORS

Retirement by Rotation

Not less than two-third of the total number of directors of the Company shall be person whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company, in General Meeting.

The remaining Directors shall be appointed in accordance with the provisions of the Articles.

The Permanent Directors or Permanent Director if any shall not be liable to retirement by rotation from office of Directors nor shall they or he or she be counted in the number of retiring Directors or retiring Director so long as they or he or she shall fill the office of Permanent Director.

Directors to retire annually how determined.

At the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or multiple of three then the number nearest to one-third shall retire from office.

Eligibility for reappointment

Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.

Company to fill up vacancy.

Subject to the applicable provisions of the Act and these Articles, the Company, at the Annual General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by selecting the retiring Director or some other person thereto.

POWERS OF THE BOARD

Powers of the Board

The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting.

To appoint trustees for the Company to conduct legal proceedings.

To act on behalf of the Company in all matters relating to bankruptcy insolvency.

To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.

To invest and deal with money of the company etc.

MANAGING AND WHOLE-TIME DIRECTORS

Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

Remuneration of Managing or Wholetime Director.

The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.

THE SEAL

The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

The Company shall also be at liberty to have an Official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

DIVIDEND WARRANTS

Division of profits.

Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Dividend out of profits only.

No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf.

Dividends in proportion to amount paid-up.

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

Retention of dividends until completion of transfer under Article 64

The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 65 has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

Dividend to joint holders

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

Notice of dividend

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

Dividend to be paid within thirty days

The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within "thirty" or such days as may be prescribed from the date of the declaration of the dividend unless -

where the dividend could not be paid by reason of the operation of any law;

where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;

where there is a dispute regarding the right to receive the dividend;

where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or

where for any other reasons, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

(a) The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend or such time as may be prescribed in the Act from time to time.

(b) If the dividend has not been paid within thirty days or such time as may be prescribed in the Act from time to time to a share holder, then the Company shall within seven days from the date of expiry of the said thirty days or such days as prescribed transfer the whole of the dividend amount to a special account called "Unpaid/Unclaimed Dividend Account- "Monarch Apparels (India) Limited" to be opened with a scheduled bank.

(c) Any money transferred to the unpaid/Unclaimed dividend account of the Company, which remains unpaid or unclaimed for a period of seven years or such time as may be prescribed in the Act from time to time from the date of such transfer shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C of the Act and transfer to the said account the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

ACCOUNTS & AUDIT**Inspection of accounts & books by members.**

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 accounts and books of the Company or any of them shall be open to the inspection by Members not being Directors, and no Member (not being a Director) shall have the right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

Audit Report

The Auditor shall make a report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account and on every other document declared by the Act to be part of or annexed to the Balance sheet and Profit and Loss Account which are to be laid before the Company in General Meeting in terms of the Act

Inspection of Auditors' Report.

The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

WINDING UP

If the Company is to be wound up and the assets available for distribution among the Members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the Members are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid-up or which ought to have been paid on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.

SECTION XI - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Offer Document) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Offer Document, delivered to the Registrar of Companies, Mumbai Maharashtra for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at C-41, 3rd Floor Royal Industrial Estate, 5-B Naigaum Cross Road, Wadala, Mumbai-400031, India from 10.00 a.m. to 5.00 p.m. from the date of this Offer Document to until the date of Closing of the Issue.

Material Contracts

1. Memorandum of Understanding dated 22nd August 2014 entered into between our Company and BCB Brokerage Private Limited, Lead Manager to the Issue.
2. Agreement dated 23rd June 2014 entered into between our Company and Bigshare Services Private Limited, Registrar to the Issue .
3. Agreement among NSDL, the Company and the Registrar to the Issue dated October 15th 2013.
4. Agreement among CDSL, the Company and the Registrar to the Issue dated October 8th 2013.
5. Escrow Agreement dated [●] between our Company, the LM, the Registrar to the Issue and the Escrow Collection Banks.
6. Underwriting Agreement dated 22nd August 2014 between our Company, the LM and the Market Maker .
7. Market Making Agreement dated 22nd August 2014 between Our Company, the LM and the Market Maker(s).

Material Documents

- Copy of Memorandum of Association and Articles of Association of our Company, as amended from time to time;
- Copy of Certificate of Incorporation of Monarch Apparels (India) limited ;
- Copy of the Board Resolution passed at the meeting of Board of Directors held on 25th June 2014 for authorizing the Issue.
- Copy of the Special Resolution passed by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013, at the Extra Ordinary General Meeting held on 18th July 2014 for authorizing the Issue.
- Auditors' Report of M/s. Laxmikant Kabra & Co. dated 28th July, 2014 for Restated Financials of Our Company as mentioned in the Draft Prospectus.
- Copy of the Certificate dated 28th July, 2014 by M/s. Laxmikant Kabra & Co. regarding the Statement of Possible Tax Benefits as mentioned in the Draft Prospectus.
- Consents from our Directors, Company Secretary & Compliance Officer, Statutory Auditors, Bankers to the Company, Lead Managers, Registrar to the Issue, Legal Advisor to the Issue to include their names in the Draft Prospectus to act in their respective capacities.
- Copy of certificate dated August 8th 2014 received from M/s. Laxmikant Kabra & Co Statutory Auditor of our Company regarding sources and deployment of funds up to 28th July, 2014.
- Copy of resolution passed at the meeting of Board of Directors held on August 28th 2014 for approving this Draft Prospectus.

- Due Diligence Certificate dated August 28th 2014 received by the Company from Lead Manager to be submitted to SEBI along with the filing of the Prospectus.
- Copy of approval Letter no. [●] to use the name of BSE in this offer document for listing of Equity Shares on SME Platform of BSE.

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Prospectus are true and correct.

Signed by all the Directors of our Company

1. Mr. Nirmal Parmar _____
2. Mrs. Sharmila Parmar _____
3. Ms. Nipsha Jain _____
4. Mr. Sitendu Sharma _____
5. Mr. Mandar Patil _____

Signed by Chief Financial Officer

Signed by Compliance Officer

Date: **28/08/2014**

Place: **Mumbai**