



## Jet Knitwears Limited

Our Company was incorporated in Kanpur as “Jet Knitwears Private Limited” on April 02, 1996 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Kanpur. On April 01, 2015 it was converted to a Public Limited Company under the name of Jet Knitwears Limited and fresh Certificate of Incorporation consequent upon change of name was issued by ROC, Kanpur. For further details in relation to change in management and change in name, please refer to section titled “Our History & Corporate Structure” on Page no. 94 of this Draft Prospectus.

**Corporate Identification Number is U19101UP1996PLC019722**

**Registered Office & Corporate Office: 119/410-B-1 Darshanpurva, Kanpur- 208012**

**Tel: 0512-2217553; Fax: 0512-2296128**

**E-Mail: info@jetknit.com; Website: www.jetknit.com**

**Company Secretary & Compliance Officer: Ms. Parul Gupta**

|  |
|--|
| <b>PROMOTERS OF THE COMPANY: Mr. Balram Kumar Narula; Mr. Anil Kumar Narula, Mr. Rakesh Kumar Narula, Mrs. Usha Narula, Mrs. Jyoti Narula, Mrs. Kanchan Narula and Mrs. Sandhya Narula.</b>  |
| <b>PUBLIC ISSUE OF 28,02,000 EQUITY SHARES OF RS. 10/- EACH (“EQUITY SHARES”) OF JET KNITWEARS LIMITED (“JKL” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. 25/- PER SHARE INCLUDING A SHARE PREMIUM OF RS. 15/- PER EQUITY SHARE (THE “ISSUE PRICE”), AGGREGATING TO RS. 700.50 LACS (“THE ISSUE”), OF WHICH 1,44,000 EQUITY SHARES OF RS. 10/- EACH FOR A CASH PRICE OF RS. 25/- PER EQUITY SHARE AGGREGATING TO RS. 36.00 LACS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (AS DEFINED IN THE SECTION “DEFINITIONS AND ABBREVIATIONS”) (THE “MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. ISSUE OF 26,58,000 EQUITY SHARES OF RS. 10/- EACH FOR A CASH PRICE OF RS. 25/- PER EQUITY SHARE AGGREGATING TO RS. 664.50 LACS IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 48.29% AND 45.81%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.</b> |
| <b>THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER X-B OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME. For further details see “Issue Related Information” beginning on page no. 179 of this Draft Prospectus</b>  |
| All potential investors may participate in the Issue through an Application Supported by Blocked Amount (“ASBA”) process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks (“SCSBs”) for the same. For details in this regard, specific attention is invited to “Issue Procedure” on page no 185 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.  |
| <b>THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH AND THE ISSUE PRICE IS 2.5 TIMES OF THE FACE VALUE.</b>  |
| <b>RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC</b>   |
| This being the first issue of our Company, there has been no formal market for the securities of the company. The face value of the Equity Shares is Rs. 10/- and the issue price is at 2.5 times of face value. The issue price as determined by our Company in consultation with the Lead Manager and as stated in the chapter titled on “Basis For Issue Price” beginning on page no 65 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 or sustained trading in the shares of the company or regarding the price at which the equity shares will be traded after listing.  |
| <b>GENERAL RISKS</b>   |
| 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 our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the NSE-Emerge Platform nor does NSE-Emerge 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 no. 11 of this Draft Prospectus.   |
| <b>ISSUER’S ABSOLUTE RESPONSIBILITY</b>  |
| The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company 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.  |
| <b>LISTING</b>   |
| The Equity Shares offered through the Draft Prospectus are proposed to be listed on the SME platform of the NSE i.e., “EMERGE” in terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time; in-principle approval from NSE for listing the Equity Shares has been received pursuant to its letter no. [●] dated [●]. For the purpose of this Issue, the NSE shall be the Designated Stock Exchange.  |
| <b>IPO GRADING</b>   |
| This Issue has been graded by CRISIL Limited and has been assigned “[●]” (pronounced [●] out of [●]), indicating that the fundamentals of our Company are superior compared to other SMEs in India through its report dated [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an “SME 5/5” indicating excellent fundamentals and an “SME 1/5” indicating poor fundamentals. Please refer to the section titled General Information on page 36 of this Draft Prospectus for more information.   |

| MANAGER TO THE OFFER   | REGISTRAR TO THE ISSUE   |
|--|--|
|  <p><b>MEFCOM</b> (financial services &amp; solutions)<br/> <b>Mefcom Capital Markets Limited</b><br/> Regd Office.: 5th Floor, Sanchi Building,<br/> 77, Nehru Place, New Delhi- 110019<br/> Phone: +91-11- 46500500<br/> Fax No: +91-11- 46500550<br/> SEBI Regn. No.- MB/INM000000016<br/> Website: www.mefcom.in<br/> Contact Person: Mr. Anand Srivastava<br/> Email: <a href="mailto:anand@mefcom.in">anand@mefcom.in</a></p> |  <p><b>Sharepro Services (I) Pvt. Limited</b><br/> Samhita Warehousing Complex, 13 AB, Sakinaka Telephone Exchange,<br/> Lane, Off. Kurla Andheri Road, Sakinaka,<br/> Mumbai 400 072.<br/> Tel: 91-22-6772 0300/400<br/> Fax: 91-22-2859 1568<br/> SEBI Registration No.: INR000001476<br/> Website: <a href="http://www.shareproservices.com">www.shareproservices.com</a><br/> Contact Person: Mr. Sunil Kamble<br/> Email: <a href="mailto:sunilk@shareproservices.com">sunilk@shareproservices.com</a></p> |

**TABLE OF CONTENTS**

| <b>SECTION</b> | <b>TITLE</b>  | <b>PAGE NO</b> |
|----------------|---|----------------|
| <b>I</b>       | GENERAL   | <b>2</b>       |
|                | DEFINITIONS AND ABBREVIATIONS   | 2              |
|                | PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA                               | 9              |
|                | FORWARD LOOKING STATEMENTS  | 10             |
| <b>II</b>      | RISK FACTORS  | 11             |
| <b>III</b>     | INTRODUCTION  | <b>22</b>      |
|                | SUMMARY   | 22             |
|                | SUMMARY OF FINANCIAL DATA   | 32             |
|                | ISSUE DETAILS IN BRIEF  | 35             |
|                | GENERAL INFORMATION   | 36             |
|                | CAPITAL STRUCTURE   | 44             |
|                | OBJECTS OF THE ISSUE  | 59             |
|                | BASIS FOR ISSUE PRICE   | 65             |
|                | STATEMENT OF TAX BENEFITS   | 67             |
| <b>IV</b>      | ABOUT OUR COMPANY   | <b>76</b>      |
|                | INDUSTRY OVERVIEW   | 76             |
|                | OUR BUSINESS  | 83             |
|                | KEY INDUSTRY REGULATIONS AND POLICIES   | 90             |
|                | OUR HISTORY AND CORPORATE STRUCTURE   | 94             |
|                | OUR MANAGEMENT  | 97             |
|                | OUR PROMOTERS   | 111            |
|                | OUR PROMOTER GROUP / GROUP COMPANIES / ENTITIES                                   | 115            |
|                | RELATED PARTY TRANSACTIONS  | 123            |
|                | DIVIDEND POLICY   | 123            |
| <b>V</b>       | FINANCIAL INFORMATION   | <b>124</b>     |
|                | AUDITOR'S REPORT  | 124            |
|                | MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS | 152            |
| <b>VI</b>      | LEGAL AND OTHER INFORMATION   | <b>158</b>     |
|                | OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS                                  | 158            |
|                | GOVERNMENT & OTHER APPROVALS  | 164            |
|                | OTHER REGULATORY AND STATUTORY DISCLOSURES  | 168            |
| <b>VII</b>     | ISSUE RELATED INFORMATION   | <b>179</b>     |
|                | TERMS OF THE ISSUE  | 179            |
|                | ISSUE STRUCTURE   | 183            |
|                | ISSUE PROCEDURE   | 185            |
| <b>VIII</b>    | MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION                                    | <b>205</b>     |
| <b>IX</b>      | OTHER INFORMATION   | <b>220</b>     |
|                | LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION                           | 220            |
|                | DECLARATION   | 221            |



## SECTION I: GENERAL DEFINITIONS AND ABBREVIATIONS

### CONVENTIONAL/ GENERAL TERMS

| TERM                                 | DESCRIPTION  |
|--------------------------------------|--|
| <b>Act/Companies Act</b>             | 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.  |
| <b>Equity Shares</b>                 | The Equity Shares of face value of Rs.10 each of Jet Knitwears Limited.  |
| <b>Indian GAAP</b>                   | Generally Accepted Accounting Principles in India  |
| <b>Non Resident</b>                  | A person who is not an NRI, FII and is not a person resident in India  |
| <b>NRI/Non-Resident Indian</b>       | A person resident outside India, as defined under FEMA and whoa Citizen of India or a Person of Indian Origin is as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.   |
| <b>Quarter</b>                       | A period of three continuous months.   |
| <b>RBI Act</b>                       | The Reserve Bank of India Act, 1934.   |
| <b>SEBI</b>                          | Securities and Exchange Board of India.  |
| <b>SEBI Act</b>                      | Securities and Exchange Board of India Act, 1992 as amended from time to time.   |
| <b>SEBI (ICDR) Regulations, 2009</b> | Means the regulations for Issue of Capital and Disclosure Requirements issued by Securities and Exchange Board of India, constituted in exercise of powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations,2009. |
| <b>Stock Exchanges</b>               | The National Stock Exchange of India Limited (NSE).  |

### Company Related Terms

| TERM   | DESCRIPTION  |
|--|--|
| <b>“Jet Knitwears Limited” (“JKL”), “our Company”, “the Company”, “the Issuer Company”, “the Issuer”“we”, “us”, and “our”.</b> | Unless the context otherwise requires, refers to Jet Knitwears Limited, a public limited company incorporated under the Companies Act, 1956. |
| <b>Articles/Articles of Association</b>  | The Articles of Association of Jet Knitwears Limited.  |
| <b>Statutory Auditors</b>  | The Statutory Auditors of our Company namely, M/s Sushil Gupta & Co., Chartered Accountants.   |
| <b>Peer Review Auditors</b>  | Auditor having a valid Peer Review Certificate, in our case: M/s Rajeev Mehrotra & Associates Chartered Accountants.                         |
| <b>Board/Board of Directors</b>  | The Board of Directors of Jet Knitwears Limited unless otherwise specified or any committee constituted thereof.                             |
| <b>CIN</b>   | Corporate Identification Number  |



|  |   |
|--|---|
| <b>DIN</b>   | Directors Identification Number   |
| <b>Memorandum/ Memorandum of Association</b>                   | The Memorandum of Association of Jet Knitwears Limited.   |
| <b>Objects of the Issue/Project</b>                            | The present issue is being made to raise the funds for the following purposes: <ul style="list-style-type: none"> <li>• Setting up of manufacturing facilities for Value added hosiery items.</li> <li>• To meet Issue Expenses</li> <li>• Margin for working capital</li> </ul>  |
| <b>Promoter(s)</b>   | Unless the context otherwise requires, refers to <ul style="list-style-type: none"> <li>• Mr. Balram Kumar Narula</li> <li>• Mr. Anil Kumar Narula</li> <li>• Mr. Rakesh Kumar Narula</li> <li>• Mrs. Usha Narula</li> <li>• Mrs. Jyoti Narula</li> <li>• Mrs. Kanchan Narula</li> <li>• Mrs. Sandhya Narula</li> </ul> |
| <b>Promoter–Director(s)</b>                                    | Unless the context otherwise requires, refers to Mr. Balram Kumar Narula, Mr. Anil Kumar Narula and Mr. Rakesh Kumar Narula   |
| <b>Registered Office &amp; Corporate office of our Company</b> | 119/410-B-1 Darshanpurwa, Kanpur- 208012.   |
| <b>RoC</b>   | 10/499 B, Allenganj, Khalasi Line, Kanpur-208002.   |

#### ISSUE RELATED TERMS

| <b>TERM</b>   | <b>DESCRIPTION</b>   |
|---|--|
| <b>Allotment/Allot</b>                                | Issue of Equity Shares pursuant to the Issue to the successful applicants as the context requires.   |
| <b>Allottee</b>                                       | The successful applicant to whom the Equity Shares are being / have been issued.   |
| <b>Applicant</b>                                      | Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus.   |
| <b>Application Form</b>                               | The Form in terms of which the applicant shall apply for the Equity Shares of the Company.   |
| <b>Application Supported by Blocked Amount (ASBA)</b> | Means an application for subscribing to an issue containing an authorization to block the application money in a bank account  |
| <b>ASBA Account</b>                                   | Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the appropriate application Amount of the ASBA applicant, as specified in the ASBA Application Form.  |
| <b>ASBA Applicant(s)</b>                              | 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. |
| <b>ASBA Location(s)/Specified Cities</b>              | Location(s) at which ASBA Application can be uploaded by the Brokers, namely Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat.   |



|   |   |
|---|---|
| <b>ASBA Public Issue Account</b>  | An Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors   |
| <b>Basis of Allotment</b>   | The basis on which Equity Shares will be allotted to the Investors under the Issue and which is described in “Issue Procedure–Basis of Allotment” on Page 185 of the Draft Prospectus.  |
| <b>Designated Market Maker</b>  | [●]   |
| <b>Eligible NRI</b>   | NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein.   |
| <b>Issue/Issue size/ initial public issue/ Initial Public Offer/Initial Public Offering</b> | Public issue of 28,02,000 Equity Shares of Rs. 10/- each (“Equity Shares”) of Jet Knitwears Limited (“JKL” or the “Company” or the “Issuer”) for cash at a price of Rs. 25/- per share (the “Issue Price”), aggregating to Rs. 700.50 Lacs (“the Issue”).   |
| <b>Issue Opening date</b>   | The date on which the Issue opens for subscription  |
| <b>Issue Closing date</b>   | The date on which the Issue closes for subscription   |
| <b>Issue Period</b>   | The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application  |
| <b>Lead Manager/LM</b>  | Lead Manager to the Issue being Mefcom Capital Markets Limited.   |
| <b>Listing Agreement</b>  | The model Listing Agreement for SME Exchange- Emerge to be entered into with NSE by our Company.  |
| <b>Market Maker</b>   | A market maker is a company, or an individual, that quotes both a buy and a sell price in a financial instrument or commodity held in inventory, hoping to make a profit on the bid-offer spread, or turn. Market makers are net sellers of an option to be adversely selected at a premium proportional to the trading range at which they are willing to provide liquidity. |
| <b>Market Maker Reservation Portion</b>   | The Reserved portion of 1, 44,000 Equity shares of Rs. 10/- each at Rs. 25/- per Equity Share aggregating to Rs. 36.00 Lacs for Designated Market Maker in the Initial Public Issue of Jet Knitwears Limited.   |
| <b>Net Issue</b>  | The Issue (excluding the Market Maker Reservation Portion) of 26,58,000 Equity Shares of Rs.10/- each at Rs. 25/- per Equity Share aggregating to Rs. 664.50 Lacs by Jet Knitwears Limited.   |
| <b>Business Day</b>   | Any day on which commercial banks in Mumbai are open for the business   |
| <b>MCML</b>   | Mefcom Capital Markets Limited  |
| <b>Depository Act</b>   | The Depositories Act, 1996as amended from time to time.   |
| <b>Depository</b>   | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996   |
| <b>Depository Participant</b>   | A depository participant as defined under the Depositories Act, 1956.   |
| <b>Escrow Account</b>   | Account opened/to be opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheques or drafts in respect of the Application Amount when submitting an Application  |
| <b>Escrow Agreement</b>   | Agreement entered / to be entered into amongst the Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof.  |
| <b>Escrow Bankers to the Issue /</b>  | [●]   |



|  |   |
|--|---|
| <b>Escrow Collection Bank(s)</b>                 | The banks, which are clearing members and registered with SEBI as Bankers to the Issue at which bank the Escrow Account of our Company, will be opened.   |
| <b>Issue Price</b>                               | The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being Rs. 25/-.  |
| <b>Mutual Funds</b>                              | A mutual Fund registered with SEBI under SEBI (Mutual Funds) Regulations, 1996  |
| <b>Memorandum of Understanding</b>               | The arrangement entered into on September 18, 2015 between our Company, and Lead Manager pursuant to which certain arrangements are agreed in relation to the Issue   |
| <b>Non – resident</b>                            | A person resident outside India, as defined under FEMA including eligible NRIs and FIIs   |
| <b>Non-Institutional Investor(s)</b>             | Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares exceeding Rs. 2,00,000  |
| <b>Prospectus</b>                                | The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information.   |
| <b>Issue Account / Public Issue Account</b>      | Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date.  |
| <b>Qualified Institutional Buyers or QIBs</b>    | The term "Qualified Institutional Buyers" or "QIBs" shall have the meaning ascribed to such term under the SEBI ICDR Regulations and shall mean and include (i) a Mutual Fund, VCF and FVCI registered with SEBI; (ii) an FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI; (iii) a public financial institution as defined in Section 4A of the Companies Act; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of Rs. 250 million; (ix) a pension fund with minimum corpus of Rs. 250 million; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; and (xii) insurance funds set up and managed by the Department of Posts, India eligible for applying in this Issue. |
| <b>Registrar/Registrar to the Issue</b>          | Registrar to the Issue being Sharepro Services (India) Private Limited, 13 AB Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Andheri (E), Mumbai - 400 072.  |
| <b>Retail Individual Investor(s)</b>             | Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than Rs. 2,00,000.   |
| <b>Refund Account</b>                            | The account opened / to be opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of application Amount (excluding to the ASBA Applicants) shall be made.  |
| <b>Refund Bank</b>                               | [●]   |
| <b>Refunds through electronic transfer funds</b> | Refunds through ECS, Direct Credit, RTGS or the ASBA process, as applicable.  |





|   |   |
|---|---|
| <b>Self-Certified Syndicate Banks or SCSBs</b>  | The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">www.sebi.gov.in/pmd/scsb.pdf</a> or at such other website as may be prescribed by SEBI from time to time. |
| <b>SEBI</b>                                     | The Securities and Exchange Board of India constituted under the SEBI Act.  |
| <b>SEBI Act</b>                                 | Securities and Exchange Board of India Act, 1992.   |
| <b>SEBI Regulation/ SEBI (ICDR) Regulations</b> | The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as Amended.   |
| <b>Underwriters</b>                             | A company or other entity that administers the public issuance and distribution of securities from a corporation or other issuing body. An underwriter works closely with the issuing body to determine the offering price of the securities buys them from the issuer and sells them to investors via the underwriter's distribution network.  |
| <b>Underwriting Agreement</b>                   | The Agreement among the Underwriters and our Company  |
| <b>Working Days</b>                             | All days on which banks in Mumbai are open for business except Sunday and public holiday, provided however during the Application period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a public holiday.  |

## INDUSTRY RELATED TERMS & ABBREVIATIONS

| <b>Abbreviation</b> | <b>Full Form</b>   |
|---------------------|--|
| <b>AS</b>           | Accounting Standards as issued by the Institute of Chartered Accountants of India  |
| <b>A/c</b>          | Account  |
| <b>AGM</b>          | Annual General Meeting   |
| <b>AOA</b>          | Articles of Association  |
| <b>ASBA</b>         | Applications Supported by Blocked Amount   |
| <b>AIF</b>          | Alternative Investment funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended. |
| <b>AY</b>           | Assessment Year  |
| <b>B.A.</b>         | Bachelor of Arts   |
| <b>B.Com</b>        | Bachelor of Commerce   |
| <b>B.E.</b>         | Bachelor of Engineering  |
| <b>B. Sc</b>        | Bachelor of Science  |
| <b>B. Tech</b>      | Bachelor of Technology   |
| <b>BG/LC</b>        | Bank Guarantee / Letter of Credit  |
| <b>BSE</b>          | BSE Limited  |
| <b>CAGR</b>         | Compounded Annual Growth Rate  |
| <b>CDSL</b>         | Central Depository Services (India) Limited  |
| <b>CIN</b>          | Corporate Identification Number  |
| <b>CIT</b>          | Commissioner of Income Tax   |
| <b>CS. &amp; CO</b> | Company Secretary & Compliance Officer   |



|                                   |   |
|-----------------------------------|---|
| <b>DIN</b>                        | Director Identification Number  |
| <b>DIPP</b>                       | Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India  |
| <b>DP</b>                         | Draft Prospectus  |
| <b>ECS</b>                        | Electronic Clearing System  |
| <b>EPS</b>                        | Earnings Per Share  |
| <b>EGM /EOGM</b>                  | Extraordinary General Meeting   |
| <b>ESOP</b>                       | Employee Stock Option Plan  |
| <b>EXIM/ EXIM Policy</b>          | Export – Import Policy  |
| <b>FCNR Account</b>               | Foreign Currency Non Resident Account   |
| <b>FIPB</b>                       | Foreign Investment Promotion Board  |
| <b>FY / Fiscal/Financial Year</b> | Period of twelve months ended March 31 of that particular year, unless otherwise stated   |
| <b>FEMA</b>                       | Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under   |
| <b>FIs</b>                        | Financial Institutions  |
| <b>FIIs</b>                       | Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India |
| <b>FV</b>                         | Face Value  |
| <b>FVCI</b>                       | Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000  |
| <b>GoI/Government</b>             | Government of India   |
| <b>GDP</b>                        | Gross Domestic Product  |
| <b>HUF</b>                        | Hindu Undivided Family  |
| <b>INR / Rs./ Rupees/ ₹</b>       | Indian Rupees, the legal currency of the Republic of India  |
| <b>IRDA</b>                       | Insurance Regulatory and Development Authority  |
| <b>I.T. Act</b>                   | Income Tax Act, 1961, as amended from time to time  |
| <b>KMP</b>                        | Key Managerial Personal   |
| <b>MCA</b>                        | Master of Computer Application  |
| <b>MOA</b>                        | Memorandum of Association   |
| <b>MoF</b>                        | Ministry of Finance, Government of India  |
| <b>MOU</b>                        | Memorandum of Understanding   |
| <b>M. A</b>                       | Master of Arts  |
| <b>M. B. A</b>                    | Master of Business Administration   |
| <b>M. Com</b>                     | Master of Commerce  |
| <b>M. E</b>                       | Master of Engineering   |
| <b>M. Tech</b>                    | Masters of Technology   |
| <b>Merchant Banker</b>            | Merchant Banker as defined under the Securities and Exchange Board of India(Merchant Bankers) Regulations, 1992   |
| <b>NA</b>                         | Not Applicable  |
| <b>NAV</b>                        | Net Asset Value   |
| <b>NPV</b>                        | Net Present Value   |
| <b>NRI</b>                        | Non Resident Indians  |





|                                   |   |
|-----------------------------------|---|
| <b>NRE Account</b>                | Non Resident External Account   |
| <b>NRO</b>                        | Account Non Resident Ordinary Account   |
| <b>NSDL</b>                       | National Securities Depository Limited  |
| <b>NSE</b>                        | National Stock Exchange of India Limited  |
| <b>OCB</b>                        | Overseas Corporate Bodies   |
| <b>P.A.</b>                       | Per Annum   |
| <b>PAC</b>                        | Persons Acting in Concert   |
| <b>P/E</b>                        | Ratio Price/Earnings Ratio  |
| <b>PAN</b>                        | Permanent Account Number  |
| <b>PAT</b>                        | Profit After Tax  |
| <b>PBT</b>                        | Profit Before Tax   |
| <b>Pvt.</b>                       | Private   |
| <b>RBI</b>                        | The Reserve Bank of India   |
| <b>ROE</b>                        | Return on Equity  |
| <b>RONW</b>                       | Return on Net Worth   |
| <b>RTGS</b>                       | Real Time Gross Settlement  |
| <b>SCRR</b>                       | Securities Contracts (Regulation) Rules, 1957, as amended from time to time   |
| <b>STT</b>                        | Securities Transaction Tax  |
| <b>TAN</b>                        | Tax Deduction Account Number  |
| <b>TIN</b>                        | Tax Payer Identification Number   |
| <b>US</b>                         | United States United States of America  |
| <b>USD/ US\$/ \$</b>              | United States Dollar, the official currency of the Unites States of America   |
| <b>VCF / Venture Capital Fund</b> | Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India |

The words and expression used but not defined in the Draft Prospectus will have the same meaning as assigned to such terms under the Companies Act, SEBI Act, SCRA, the Depositories Act and the rules and regulations made there under.

Notwithstanding the foregoing, terms in “Main Provisions of Articles of Association of our Company”, “Statement of Tax Benefits”, “Key Industrial Regulations and Policies” and “Financial Information” on pages 205, 67, and 90 respectively, shall have the meanings given to such terms in these respective sections.



## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Financial Data**

Unless stated otherwise, the financial data in this Draft Prospectus is extracted from the financial statements of our Company for the fiscal years 2015, 2014, 2013, 2012 and 2011 prepared in accordance with the applicable provisions of the Companies Act and Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, 2009, as stated in the report of our Auditors and the SEBI Regulations and set out in the section titled 'Financial Information' on page no 118. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI Regulations. Our fiscal years commence on April 1st and end on March 31st. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

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

### **Currency of Presentation**

All references to "Rupees" or "Rs." or "INR" or "₹" are to Indian Rupees, the official currency of the Republic of India. All references to "\$", "US\$", "USD", "U.S. \$" or "U.S. Dollar(s)" are to United States Dollars, if any, the official currency of the United States of America. This Draft Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars and other currency amounts). These have been presented solely to comply with the requirements of the SEBI Regulations. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, at any particular rate, or at all.

In this Draft Prospectus, throughout all figures have been expressed in Lacs, except as otherwise stated. The word "Lacs", "Lac", "Lakh" or "Lakh" means "One hundred thousand". Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated based on our restated financial statement prepared in accordance with Indian GAAP.

### **Market and Industry Data**

Unless otherwise stated, Industry & Market data used throughout this Draft Prospectus has been obtained from internal Company reports and Industry publications and the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. For additional definitions, please refer the section titled "Definitions and Abbreviations" on page no. 2 of this Draft Prospectus.



## **FORWARD LOOKING STATEMENTS**

We have included statements in this Draft Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward- looking statements”. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Company objectives, plans or goals, expected financial condition and results of operations, business, plans and prospects 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 forward looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industry in which we operate;
- Increased competition in formulation industry;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans including those for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in other countries that may adversely affect us (directly or indirectly), 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;
- Any adverse outcome in the legal proceedings in which we are involved. (if any)

For a further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page no 11, page no. 83, page no 152 respectively of this Draft Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Forward looking statements speak only as of the date of the Draft Prospectus. None of our Company, our Directors, our officers, any Underwriter, or any of their respective affiliates or associates has any obligation to update or otherwise revise any statement reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company and the Lead Manager will ensure that investors in India are informed of material developments until the commencement of listing and trading.



## **SECTION II**

### **RISK FACTORS**

An Investment in equity involves higher degree of risks. Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Draft Prospectus before making any investment decision relating to the Equity Shares. The occurrence of any of the following events could have a material adverse effect on the business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to decline and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Draft Prospectus, including the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Financial Information" included in this Draft Prospectus beginning on page no 75, page no 132 and page no. 118 respectively.

#### **Materiality**

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

Some events may not be material individually but may be found material collectively.

Some events may have material impact qualitatively instead of quantitatively.

Some events may not be material at present but may be having immaterial impact in future.

Note: Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under:

#### **INTERNAL RISK FACTORS**

- 1. There are certain legal proceedings and claims involving our Company and Group Companies/Entities and the same are pending at different stages before the Judicial/Statutory authorities. Any rulings by such authorities against our Company and/or Group Companies/Entities may have an adverse material impact on their operations.**

Our Company and our Group Companies/Entities and are involved in certain legal proceedings and claims, which are pending before the Judicial / Statutory authorities. A summary of the pending proceedings is set forth below. The amounts claimed in these litigations have been disclosed to the extent ascertainable. Any developments in the proceedings or any rulings by such authorities against our Company and/or Group Companies/Entities and/or Promoters or Directors may have an adverse material impact on our goodwill, results of operations and financial conditions:

##### **a. Litigations/ Proceedings filed against our Promoters/Company**

| <b>Sr. No</b> | <b>Particulars</b>     | <b>Nature of Matter</b> | <b>Case No.</b> | <b>Details</b>  |
|---------------|------------------------|-------------------------|-----------------|---|
| 1.            | State vs Balram Narula | 336, 337 IPC            | 12735/2011      | All India agitation was organized by Readymade & Hosiery Association for removal of "EXCISE" from the Industry in the Budget of year 2011. One of our promoter Mr. BALRAM NARULA took part in the agitation organized at Kanpur. Police arrested him and registered a case under IPC Sec. 336 & 337 |

**b. Litigations/ Proceedings filed by our Company**

| Sr. No | Particulars                        | Nature of Matter                          | Case No.          | Details  |
|--------|------------------------------------|---|-------------------|--|
| 1.     | Jet Knitwears Ltd vs Vinay Hosiery | Trademark & Copyright Act.                | 1/13, Court ADJ-4 | M/s. Vinay Hosiery was manufacturing duplicate products under our brand name "JET". Our Company filed a suit against the firm in Kanpur court. Stay order was passed by the court in favour of our company. The appeal filed in Allahabad High Court by the opposite party was dismissed by the court. Now the case is in process in Kanpur Court. The next date is 18.09.2015, which is reserved for further order in the case. |
| 2.     | Jet Knitwears Ltd vs Sanjeev Kumar | Section 138 of Negotiable Instruments Act | 2667/2015 ACMM-8  | The Cheque issued by one of our buyer Sanjeev Kumar was returned due to "insufficient funds". The payment could not be received even after several reminders and notices. The company then filed a case against the buyer under Section 138 of the Negotiable Instrument Act. Next date for appearing is scheduled for 29.09.2015  |

**c. Income Tax Cases/Appeal against our Companies**

| Sr. No | Particulars                 | Nature of Matter | Details                          |
|--------|-----------------------------|------------------|----------------------------------|
| 1.     | For Assessment Year 2004-05 | ITAT, Lucknow    | Hearing in case is yet to start. |
| 2.     | For Assessment Year 2011-12 | CIT (APPEAL)     | Hearing in case is yet to start  |

**d. Service Tax Cases/Appeal against our Companies**

| Sr. No | Particulars                            | Nature of Matter | Details                          |
|--------|--|------------------|----------------------------------|
| 1.     | For Assessment Year 2007-08 to 2011-12 | Audit Objection  | Hearing in case is yet to start. |

**2. Our Factory building, registered office and corporate office, from which we operate, is not owned by the Company.**

Our Company is operating from a rented premise owned by the promoters. We may have to shift from this rented premise, causing disruption in our operations or pay increased rentals which will materially affect our business and further results of operation. However our company is certain of continuous rent agreement from the promoters, as has been in the past.

**3. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.**

We employ significant number of employees. We are unable to assure you that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may lead to strikes, lock - outs or increased wage demands. Such issues could have an adverse effect on our business, and results of operations.



**4. Our success depends on our ability to retain and attract key qualified personnel and, if we are not able to retain them or recruit additional qualified personnel, we may be unable to successfully develop and grow our business.**

We have, over time, built a strong team of experienced professionals on whom we depend to oversee the operations and growth of our business. We believe that our success in the future is substantially dependent on the experience and expertise of, and the longstanding relationships with key talent and other industry participants built by our senior management and key personnel. Any loss of any of our senior management or key personnel or any conflict of interest that may arise for such management or key personnel or the inability to recruit further senior managers or other key personnel could impede our growth by impairing our day-to-day operations and hindering our development of our business and our ability to develop, maintain and expand client relationships, which would have a material adverse effect on our business, results of operations, financial condition and prospects.

**5. We are dependent on our management team for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.**

Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the Promoters and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Further, the loss of any of the senior management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to implement new projects and expand our business.

**6. Delay in raising funds from the IPO could adversely impact the implementation schedule.**

The proposed expansion, as detailed in the section titled "Objects of the Issue" is to be largely funded from the proceeds of this IPO. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute the expansion process within the given timeframe, or within the costs as originally estimated by us. Any time over run or cost overrun may adversely affect our growth plans and profitability.

**7. There is no monitoring agency appointed by Our Company and the deployments of funds are at the discretion of our Management and our Board of Directors, though it shall be monitored by the Audit Committee.**

As per SEBI (ICDR) Regulations, 2009 appointment of monitoring agency is required only for Issue size above Rs. 50,000 Lacs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the NSE Limited and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

**8. The Company has not appointed any independent agency for the appraisal of the proposed Project.**

The Project, for which we intend to use our Issue proceeds as mentioned in the objects of the Issue, has not been appraised by any bank or financial institution. The total cost of Project is our own estimates based on current conditions and are subject to changes in external circumstances or costs. Our estimates for total cost of Project has been based on various quotations received by us from different suppliers and our internal estimates and which may exceed which may require us to reschedule our Project expenditure and may have an adverse impact on our business, financial condition and results of operations.





**9. We have reported negative cash flows in two out of five preceding years. Any negative cash flows in the future would adversely affect our cash flow requirements.**

Presently we have, and may in the future, experience negative cash flows. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further details, refer to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page no 152 of this Draft Prospectus. The detailed break up of cash flows is summarized in below mentioned table and our Company has reported negative cash flow in certain financial years and which could affect our business and growth.

(Amount in Rs.)

| Particulars                             | 31.03.2015 | 31.03.2014 | 31.03.2013 | 31.03.2012 | 31.03.2011 |
|---|------------|------------|------------|------------|------------|
| Net Cash flow from Operating Activities | 588530     | 21604954   | 14302366   | 15855869   | 11490906   |
| Net Cash flow from Investing Activities | (5314751)  | (8027661)  | (4020394)  | (10455907) | (10393923) |
| Net Cash flow from Financing Activities | (324405)   | (6582321)  | (9085979)  | (5914735)  | (692814)   |
| Net Cash flow from the Year             | (5050626)  | 6994972    | 1195993    | (514773)   | 404169     |

**10. We have entered into certain related party transactions and may continue to do so.**

We have entered into related party transactions with our Promoters, Group Company, Directors and their relatives. While we believe that all such transactions have been conducted on the arm's length basis, however it is difficult to ascertain whether more favorable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. For details of these transactions, please refer to section titled "Related Party Transactions" at page 123 of this Draft Prospectus.

**11. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. We have not entered into any definitive agreements to utilise the proceeds of the Issue. Any variation between the estimation and actual expenditure on these projects could result in execution delays or influence our profitability adversely.**

The deployment of funds as stated in the "Objects of the Issue" beginning on page 59 of this Draft Prospectus is entirely at the discretion of our management and is not subject to monitoring by any independent agency. All the figures included under the "Objects of the Issue" are based on our own estimates. There has been no independent appraisal of the objects. We have not entered into any definitive agreements to utilize the proceeds of the Issue towards the purposes mentioned in the section titled "Objects of the Issue" on page 59 of this Draft Prospectus.

**12. Our Company does not have any marketing tie-up contracts with our dealers/consignment agents and suppliers which may adversely affect our results of operations.**

Our Company neither has any long-term contract with any of dealers and suppliers nor any marketing tie up for our products with any of retail chain operators etc. Our inability to sell our existing products, may adversely affect our business and profitability in future.



**13. We are subject to risks arising from exchange and/or interest rate fluctuations.**

We have incurred and expect to incur expenditure and earn revenue denominated in foreign currencies in the course of our operations when acquiring or monetizing our content and in respect of overseas market. Any fluctuation of the Indian Rupee against the currency in which we have an exposure may increase the Indian Rupee costs to us of our expenditure or may reduce the revenue to us.

We do not currently use any instruments such as interest rate swaps, options and other derivative instruments for the purposes of mitigating our exposure to interest rate risk. However, this is kept under review, and we may enter into such instruments in the future.

**14. We may not regularly be in a position to distribute dividends, and our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.**

If we experience any losses it could adversely affect our results of operations and financial condition. The amount of our future dividend payments, if any, will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends in the event we incur any losses in the future.

**15. We may not be successful in implementing our business strategies.**

The success of our business depends substantially on our ability to implement our business strategies effectively or at all. Even though we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget going forward, or that we will be able to meet the expectations of our targeted customers. Changes in regulations applicable to us may also make it difficult to implement our business strategies. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

**EXTERNAL RISK FACTORS**

**1. Natural calamities could have a negative impact on the Indian economy and cause the business of the Company to suffer.**

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect the business and the market price of the Equity Shares.

**2. A significant change in the central and state governments' economic liberalization and deregulation policies could disrupt our business. A change in taxation laws could also adversely impact our financial condition and results of operations.**

Our performance and growth are dependent on the health of the Indian economy and more generally the global economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any change in the Government's policies in the future could adversely affect business and economic conditions in India and could also adversely affect our business prospects, financial condition and results of operations. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and specifically have an adverse effect on our operations.



**3. Significant differences exist between Indian GAAP used throughout our financial information and other accounting principles, such as U.S. GAAP and IFRS, with which investors may be more familiar.**

Our financial statements are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and standards. If we were to prepare our financial statements in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. The significant accounting policies applied in the preparation of our Indian GAAP financial statements are set forth in the notes to our financial statements included in this Draft Prospectus. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisors for an understanding of the differences between these accounting principles and those with which they may be more familiar.

**4. Our business and activities may be regulated by the Competition Act, 2002.**

The Parliament has enacted the Competition Act, 2002 (the “Competition Act”) for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India under the auspices of the Competition Commission of India (the “CCI”). Under the Competition Act, any arrangement, understanding or action whether formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement, which, inter alia, directly or indirectly determines purchase or sale prices, limits or controls production, supply or distribution of goods and services, shares the market or source of production by way of geographical area or number of customers in the market or where parties indulge in bid rigging is presumed to have an appreciable adverse effect on competition. The Competition Act also regulates combinations (i.e., acquisitions, acquiring of control, mergers or amalgamations). On March 1, 2011, the CCI issued new draft combination regulations and on March 4, 2011 the Government of India notified the combination regulation (merger control) provisions under the Competition Act relating to combinations which has been effective since June 1, 2011. Further, regulations governing the procedural and reporting aspects of combination transactions have been notified on June 1, 2011. Any combination which meets the thresholds specified in the Competition Act is required to be notified to the CCI for prior approval.

It is unclear at present as to how the Competition Act and the Competition Commission of India will affect industries in India. If we are affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the Competition Commission of India and any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission, it may have a material adverse effect on our business prospects, results of operations and financial condition.

**5. 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 adversely affect our business prospects, results of operations and financial condition and the price of our Equity Shares.

**6. Current economic conditions may adversely affect our industry, financial position and results of operations.**

The global economy is currently undergoing a period of unprecedented volatility, and the future economic environment may continue to be less favorable than that of recent years.



Significant changes and volatility in the consumer environment and in the competitive landscape may make it increasingly difficult for us to predict our future revenues and earnings.

**7. The recurrence of systemic events such as the recent global economic meltdown, instability of economic policies and the political situation in India or globally may adversely affect our performance.**

Economic conditions outside India, may adversely impact the growth of the Indian economy, and Government policy may change in response to such conditions. Unstable internal and international political environment may impact the economic performance of the aluminum industry, including our Company, in the short and long term. Our business, and the market price and liquidity of our Equity Shares, may be affected by reactionary changes in interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India on account of any changes in the global economic changes. The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries. Financial turmoil in Asia, the United States, Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investor's reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. The Indian financial markets experienced the contagion effect of the volatility and turmoil in the global financial markets, which was evident from the sharp decline in the benchmark indices of SENSEX and NIFTY from their peak levels in early 2008 to the first quarter of 2009. As a consequence of the severe tightening of credit associated with that financial turmoil, many economies experienced periods of severe recession accompanied by a significant deterioration of consumer confidence and demand. Additionally, due to the conditions in the global and domestic financial markets, we cannot be certain that we would be able to raise capital, if needed or to the extent required, or that we will be able to undertake our business without any disruptions and we may be unable to implement our growth strategy. Any recurrence of such events may have an adverse effect on our business, financial condition and results of operations as well as the price of our Equity Shares.

**RISKS RELATING TO THE EQUITY SHARES**

**1. Any future issue of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.**

Any future equity issues by us, including in a primary offering, may lead to the dilution of investors' shareholdings in us. Any future equity issuances by us or sales of its Equity Shares by the Promoters 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.

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

The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

**3. The price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.**

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 operating results, market conditions specific to the fire fighting industry, crushing industry, developments relating to India and volatility in the Exchange and securities markets elsewhere in the world. However, the LM will arrange for compulsory market making



for a period of 3 years from the date of listing as per the regulations applicable to the SME Platform under SEBI (ICDR) Regulations, 2009.

**4. There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed on the NSE-Emerge in a timely manner, or at all.**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in-principle approval for listing of shares issued. We have only applied to NSE Limited to use its name as the Stock Exchange in this offer document for listing our shares on the NSE-Emerge. 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 NSE-Emerge. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares

**5. The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.**

Prior to this Issue, there has been no public market for our Equity Shares. However a Designated Market Maker will be appointed for the Equity Shares of our Company. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Makers please refer to the section titled "General Information – Details of the Market Making Arrangement for this Issue" on page 37 of this Draft Prospectus.

**6. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.**

Following the Issue, we will be subject to a daily "circuit breaker" imposed by NSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The NSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

**PROMINENT NOTES:****1) SIZE OF THE ISSUE**

Public Issue of 28,02,000 Equity Shares of Rs. 10/- each ("Equity Shares") for cash at a price of Rs. 25/- including a share premium of Rs. 15/- per Equity Share aggregating to Rs. 700.50 Lacs ("the Issue") by JET KNITWEARS LIMITED ("JKL" or the "Company" or the "Issuer"). Out of the Issue 1,44,000 Equity Shares of Rs. 10/- each at a price of Rs. 25/- including a share premium of Rs. 15/- each per Equity Share aggregating to Rs. 36.00 Lacs, which will be reserved for subscription by Market Makers to the issue (the "market maker reservation portion") and Net Issue to the Public of 26,58,000 Equity Shares of Rs. 10/- each at a price of Rs. 25/- including a share premium of Rs. 15/- each per Equity Share aggregating to Rs. 664.50 Lacs (hereinafter referred to as the "Net Issue"). The Issue and the Net Issue will constitute 48.29% and 45.81%, respectively, of the post issue paid up Equity Share capital of the Company.

**2) The average cost of acquisition of Equity Shares by the Promoters:**

| <b>Name of the Promoter</b> | <b>No. of Shares held</b> | <b>Average cost of Acquisition (in Rs.)</b> |
|-----------------------------|---------------------------|---|
| Mr. Balram Kumar Narula     | 153820                    | 20.25                                       |
| Mr. Anil Kumar Narula       | 304760                    | 20.89                                       |
| Mr. Rakesh Kumar Narula     | 234860                    | 19.65                                       |
| Mrs. Usha Narula            | 227480                    | 15.44                                       |
| Mrs. Jyoti Narula           | 182000                    | 13.38                                       |
| Mrs. Kanchan Narula         | 285160                    | 16.79                                       |
| Mrs. Sandhya Narula         | 253960                    | 11.65                                       |

\*The average cost of acquisition of our Equity Shares by our Promoters has been calculated by taking into account the amount paid by them to acquire, by way of fresh issuance or transfer, the Equity Shares, including the issue of bonus shares to them. The average cost of acquisition of our Equity Shares by our Promoters has been reduced due to the issuance of bonus shares to them, if any. For more information, please refer to the section titled "Capital Structure" on page no 44.

- 3) Our Net worth as on 31 March, 2015 6,46,44,302.00 as per Restated Financial Statements.
- 4) The Book Value per share as on March 31, 2015 is Rs. 21.55 as per Restated Financial Statements.
- 5) On April 05, 2015 it was converted to a Public Limited Company under the name of JET KNITWEARS LIMITED.
- 6) Investors may please note that in the event of over subscription, allotment shall be made on proportionate basis in consultation with the NSE Limited, the Designated Stock Exchange. For more information, please refer to "Basis of Allotment" on page no 192 of the Draft Prospectus. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- 7) Investors are advised to refer to the paragraph on "Basis for Issue Price" on page 65 of this Draft Prospectus before making an investment in this Issue.
- 8) No part of the Issue proceeds will be paid as consideration to Promoters, Promoter Group, Directors, key management employee, associate companies, or Group Companies.





- 9) Investors may contact the Lead Manager or the Compliance Officer for any complaint / clarifications /information pertaining to the Issue. For contact details of the Lead Manager and the Compliance Officer, refer the front cover page.
- 10) Other than as stated in the section titled “Capital Structure” beginning on page no. 44 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
- 11) We have not issued any Equity Shares in the last twelve months, except the following:

| Sr. No. | Date of allotment | No. of shares | Face Value | Issue Price | Nature of Allotment    |
|---------|-------------------|---------------|------------|-------------|------------------------|
| 1.      | 26.03.2015        | 13,31,200     | 10         | 25          | Preferential Allotment |

- 12) Except as disclosed in the sections titled “Our Promoters” or “Our Management” beginning on page no 111 and page no 97 respectively of this Draft Prospectus, none of our Promoters, our Directors and our Key Managerial Employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.
- 13) 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. Investors may contact the LM for any complaints pertaining to the Issue. Investors are free to contact the LM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- 14) For transactions in Equity Shares of our Company by the Promoter Group and Directors of our Company in the last six (6) months, please refer to paragraph under the section titled "Capital Structure" on page no 44of this Draft Prospectus.
- 15) For details of any hypothecation, mortgage or other encumbrances on the movable and immovable properties of our Company please refer to the section titled "Financial Information" on page no 124 of this Draft Prospectus.
- 16) Except as disclosed in the section titled "Our Promoter Group / Group Companies / Entities" on page no 115, none of our Group Companies have business interest in our Company.
- 17) For interest of Promoters/Directors, please refer to the section titled “Our Promoters” beginning on page no 111 of this Draft Prospectus.
- 18) The details of transactions with the Group Companies/Group Enterprises and other related party transactions are disclosed as Annexure 13 on page no. 133 of restated financial statement under the section titled “Financial Information” on page no 124 of the Draft Prospectus.

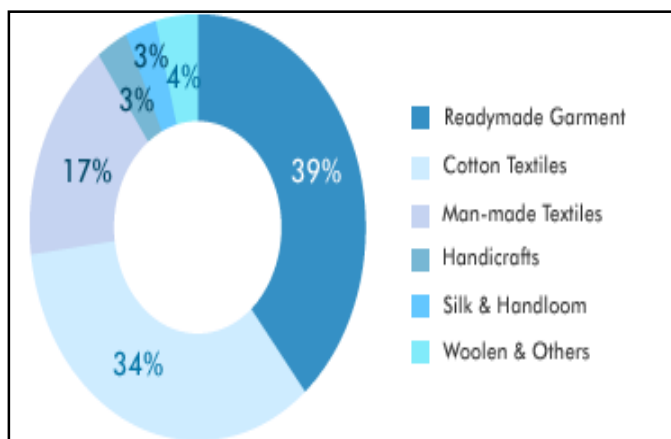
## SECTION III

### INTRODUCTION

#### SUMMARY

#### OVERVIEW OF THE INDIAN INNERWEAR INDUSTRY

##### Introduction:



India's textiles sector is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports contributing 11 per cent to the country's total exports basket. The textiles industry is labour intensive and is one of the largest employers. The industry realized export earnings worth US\$ 41.57 billion in 2013-14. (Source: <http://www.ibef.org/>)

The textile industry has two broad segments, namely handloom, handicrafts, sericulture, power looms in the unorganized sector and spinning, apparel, garmenting, made ups in the organized sector.

The Indian textiles industry is extremely varied, with a hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive sophisticated mill sector at the other. The decentralized power looms/ hosiery and knitting sector form the largest and knitting sector form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, the traditions of the country make the Indian textiles sector unique in comparison to 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.

India's textile exports comprise of cotton textiles, readymade garments, hosiery, manmade textiles, technical textiles etc. Out of these the hosiery segment contributes significantly to India's exports. An assessment of this industry's performance over a period of 10 years (2005-2014) that followed the dismantling of quotas would throw light on the emerging pattern of trade and the areas to be revamped to enhance the industry's competitiveness.

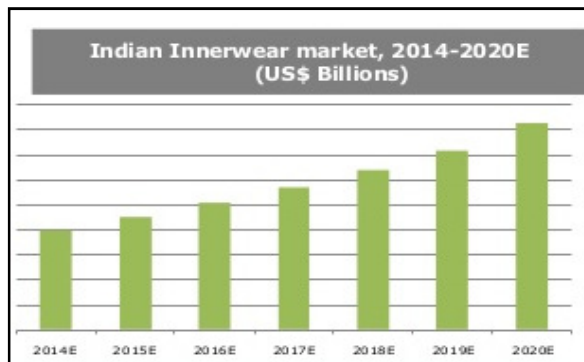
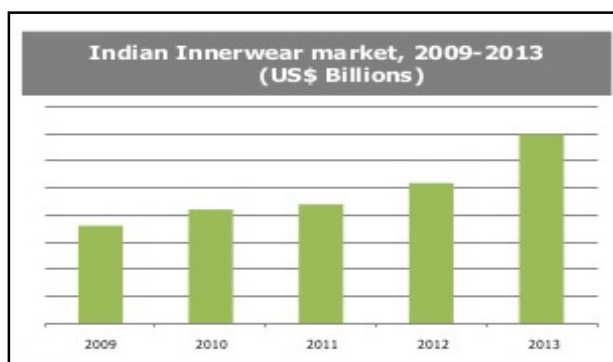
Hosiery industry is an ancient industry in the field of textile industry having very good potential in domestic market and also in the export market. There is increasing market demand for hosiery undergarments for its various advantages. Cotton undergarments are widely used by all classes of people because of its good absorbency, cheaper prices and ready availability. These foundation garments are used by the people throughout the year under different climatic conditions. It is presumed that there will be no problem in marketing of knitted undergarments of good quality.

India is one of the most attractive retail targets globally and represents a huge untapped market for lingerie. The term lingerie is mainly used for fashionable and alluring undergarments. Novelty, an evolving fashion industry, and growing need for comfort have resulted in increased demand for lingerie across geographies. The concept of online lingerie stores has enhanced the growth prospects of the lingerie market as it offers a wide range of international and private labels on a single platform.

Technavio's analysts forecast the online lingerie market in India to grow at a CAGR of 42.32% over the period 2014-2019.

### **Indian Innerwear Market: An overview**

India is one of the most attractive retail targets globally and represents a huge untapped market for lingerie. The term lingerie is mainly used for fashionable and alluring undergarments. Novelty, an evolving fashion industry, and growing need for comfort have resulted in increased demand for lingerie across geographies. The concept of online lingerie stores has enhanced the growth prospects of the lingerie market as it offers a wide range of international and private labels on a single platform.



### **Characteristics of Indian Consumer**

The Indian consumers are noted for the high degree of value orientation. Such orientation to value has labeled Indians as one of the most discerning consumers in the world. Even, luxury brands have to design a unique pricing strategy in order to get a foothold in the Indian market.

Indian consumers have a high degree of family orientation. This orientation in fact, extends to the extended family and friends as well. Brands with identities that support family values tend to be popular and are accepted easily in the Indian market.

Indian consumers are also associated with values of nurturing, care and affection. These values are far more dominant than values of ambition and achievement. Products, which communicate feelings and emotions, gel with the Indian consumers.

### **Different Segments of Indian Consumers**

**Socialites:** Socialites belong to the upper class. They prefer to shop in specialty stores, go to clubs on weekends, and spend a good amount on luxury goods. They are always looking for something different. They are the darlings of exclusive establishments. They go for high value, exclusive products. Socialites are also very branding conscious and would go only for the best known in the market.

**The Conservatives:** The Conservatives belong to the middle class. The conservative segment is the reflection of the true Indian culture. They are traditional in their outlook, cautious in their approach towards purchases; spend more time with family than in partying and focus more on savings than spending. Slow in decision making, they seek a lot of information before making any purchase. They look for durability and functionality but at the same time is also image conscious.



They prefer high value consumer products, but often have to settle for the more affordable one. These habits in turn affect their purchasing habits where they are trying to go for the middle and upper middle level priced products.

**The Working Women:** The working women's segment is the one, which has seen a tremendous growth in the late nineties. This segment has opened the floodgates for the Indian retailers. The Indian women have grown out of their long-standing image of being homemakers. Working women have their own mind in decision to purchase the products that appeal to them.

**The Rich:** India has over 1 million rich households (income greater than Euro 8,000 per annum). These people are upwardly mobile. Some of them in this category are Double Income No Kids (DINK) households. They spend more on leisure and entertainment-activities than on future looking investments.

Indian consumers are also associated with values of nurturing, care and affection. These values are far more dominant than values of ambition and achievement. Product which communicate feelings and emotions gel with the Indian consumers.

#### Leading Undergarment Brands:

| Manufacturer                                       | Brands & Segment  |
|--|---|
| Triumph (India ) International                     | <ul style="list-style-type: none"> <li>• Triumph Classics (Premium &amp; Super-premium)</li> <li>• Sloggie (Premium &amp; Super-premium)</li> </ul>               |
| Gokaldas Innerwear Pvt Ltd. (Barbar Paris- French) | <ul style="list-style-type: none"> <li>• At Ease</li> <li>• Dress up</li> <li>• La mode</li> <li>• Enamor</li> <li>• Full Figure</li> <li>• Corset</li> </ul>     |
| Page Industries Ltd                                | <ul style="list-style-type: none"> <li>• Jockey (Mid &amp; Premium )</li> </ul>   |
| Crocodile India Products Pvt Ltd.                  | <ul style="list-style-type: none"> <li>• Medium</li> </ul>  |
| Maxwell-VIP Industries Ltd                         | <ul style="list-style-type: none"> <li>• Daisee Dee ( Premium)</li> <li>• Lovable (Premium)</li> <li>• VIP Leader (Mid )</li> <li>• VIP Frenchie (Mid)</li> </ul> |
| Benetton   | <ul style="list-style-type: none"> <li>• Benetton ( Premium &amp; Super-premium)</li> </ul>   |
| Lux Hosiery Ltd                                    | <ul style="list-style-type: none"> <li>• Lux Cozi (Medium)</li> </ul>   |
| Rupa &CO Ltd                                       | <ul style="list-style-type: none"> <li>• Softline (Mid)</li> <li>• Macroman (Mid)</li> </ul>  |
| Juliet Products Ltd                                | <ul style="list-style-type: none"> <li>• Juliet (Mid)</li> </ul>  |
| Pawan Hosiery Ltd                                  | <ul style="list-style-type: none"> <li>• Body Care (Mid)</li> </ul>   |
| TT Limited   | <ul style="list-style-type: none"> <li>• TT brand</li> </ul>  |

#### Industry Structure:

- *Indigenous small scale manufacturers:*

Bulk of the Indian undergarment industry is labour intensive, comprising of small scale industrial (SSI) units operating across various regions and catering to local market requirements. These units are typically proprietary



## **JET KNITWEARS LIMITED**

firms, is with average size of unit not exceeding 15 to 20 machines, making simple local unbranded but cheaper products.

Infrastructure in such units is small and manufacturing is limited to single location. Production capacity is understandably low.

- *Indigenous large scale manufacturers without any foreign tie-up*

A significant number of manufacturers without any foreign tie-ups / collaboration have been quite successful in the Indian market. The manufacturers in this category are spread all over India. Several such companies have huge production infrastructure. The production plants are more than one and in some cases are operating from different locations in the same state and also from other states. Large percentage of this category of manufacturers is using various types of raw materials, automated and also semi-automatic machinery, quality accessories and adheres to BIS specifications. These branded products are sold both in the domestic market and are exported to various destinations the world over. These products are positioned in the low / economy priced segment.

- The medium segment comprises of large number of players. Maxwell Industries Ltd, Rupa & Co Ltd, Pawan Hosiery Ltd, Biswanath Hosiery Mills Ltd, HP Cotton Mills Ltd are some of these manufacturers in this category.
- Several large Indian undergarment companies-limited or private limited are privileged to have better access to technical and marketing expertise as well as the benefits of brand licensing of the foreign company through foreign collaborations. The collaborations have helped them to position their branded products either in the premium or super premium product segments.
- International giant Triumph has taken the route of franchising rather than investing in their own outlets. The rationale of using this strategy is cost effective and faster way of retail net-works and increase the spread of product distribution.

### **Product Range:**

| <b>Name of the Manufacturer</b>    | <b>Brand</b> | <b>Label and Product Range</b>  |
|------------------------------------|--------------|---|
| <b>Maxwell Industries Ltd.</b>     | <b>VIP</b>   | <b>MENS INNER WEAR</b><br>VIP<br>VIP Frenchie<br>VIP Bonus<br>VIP Designer<br>Vip Leader<br>Vip Rosso<br>Vip Punch<br><b>WOMENS INNER WEAR</b><br>VIP Feelings<br><b>YOUNGSTERS</b><br>VIP Bonus Junior<br><b>KIDS INNER WEAR</b><br>VIP Bonus Junior<br><b>WINTER WEAR</b><br>VIP Thermals |
| <b>Lux Hosiery Industries Ltd.</b> | <b>LUX</b>   | <b>BRIEF</b>  |



|                            |                 |   |
|----------------------------|-----------------|---|
|                            |                 | Lux Venus R.C.D.<br>Lux Venus F.C.D.<br><b>VEST</b><br>Lux Super Fine Grey RN<br>Lux Super Fine Grey RNS<br>Lux Super Fine White RN<br>Lux Super Fine White RNS<br><b>PANTIES</b><br>LUX Touch Print<br>LUX Touch Plain   |
| <b>Rupa &amp; Co. Ltd.</b> | <b>RUPA</b>     | <b>MENS INNER WEAR</b><br>Frontline Vests & Briefs<br>Bruno Vests & Briefs<br>Ribline Vests<br>Macromen Briefs<br>Kaiser Designer Briefs<br>Euro Briefs<br>Drawers & Briefs<br>Ion Vests & Drawers<br><b>WOMENS INNER WEAR</b><br>Bruno for her (Panties)<br>Softline Bra & Panties<br>Ion Panties  |
| <b>Pawan Hosiery</b>       | <b>BODYCARE</b> | <b>Women Lingerie</b><br><b>BRAS</b> – Classic Bras, Chiken Bra<br>Sports Bras, Padded Bras, Nursin<br>Bras<br><b>PANTIES</b> – Basic Panties, Biki<br>Panties, Delux Panties, Vitals Panties<br><b>CAMISOLES</b> – Feminine Pleasures<br>Seamless Bras & Panties<br>Hifashion Sets<br><b>BRIEFS</b> – Premium, Designer, Basi<br>Super Basic<br><b>BOXERS</b><br><b>VEST</b><br><b>Kids Underwear:</b><br><b>Basic</b> – Bloomers, Vests, Underwe<br>sets, Mickey Mouse Underwear<br><b>Premium</b> – Brief, Vests, Disne<br>Range, Camisoles<br>New Born Baby Underwear/ Infa<br>Underwear<br><b>Body Warmers</b><br>Men's Body Warmer<br>Women's Body Warmer<br>Kids Body Warmer |





|  |                     |   |
|--|---------------------|---|
| <b>Eve's Apparel</b>                           | <b>LIBERTINA</b>    | Libertina Bra<br>Libertina Panties  |
| <b>Grover Son's Apparel</b>                    | <b>PARIS BEAUTY</b> | Paris Beauty Bra  |
| <b>Cream Creation</b>                          | <b>LITTLE LACY</b>  | Little Lacy Bra<br>Little Lacy Panties  |
| <b>Bodyline Lingerie (I) Pvt. Ltd.</b>         |                     | Bodyline Bra  |
| <b>Gokaldas Intimate Wear Pvt. Ltd.</b>        | <b>ENAMOR</b>       | Women Panties & Bra   |
| <b>Crocodile India Pvt. Ltd.</b>               | <b>CROCODILE</b>    | Men's Briefs and Vests  |
| <b>Triumph International (India) Pvt. Ltd.</b> | <b>TRIUMPH</b>      | <b>Women's Innerwear:</b><br>MISS Triumph, Triumph, Classics  |
| <b>Page Industries Ltd.</b>                    | <b>JOCKEY</b>       | <b>Men's Innerwear:</b><br>3D-innovations<br>International Collection<br>Gold Edition<br>Elance<br>Zone<br>Modern Classic<br><b>Women's Innerwear:</b><br>Active Bras<br>Essence Bras<br>Soft Wonder Lace<br>Soft Wonder<br>Lace Co-ordinates<br>Comfort Stretch<br>Comfies<br>Simple Comfort<br><b>Sport &amp; Leisure:</b><br>Sport<br>24x7<br>Socks<br><b>Thermals</b><br>Men's<br>Women's |

**BUSINESS OVERVIEW****OVERVIEW**

Our Company was incorporated in Kanpur as “Jet Knitwears Private Limited” on April 02, 1996 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Kanpur. On April 05, 2015 it was converted to a Public Limited Company under the name of Jet Knitwears Limited and fresh Certificate of Incorporation consequent upon change of name was issued by ROC, Kanpur. For further details in relation to change in management and change in name, please refer to section titled “Our History & Corporate Structure” on Page no. 94 of this Draft Prospectus.

Our company is engaged in the business of manufacturing of branded intimate garments such as vests, briefs, brassiere, panties, socks, T-shirts and casual wears. The raw material for undergarments i.e. hosiery yarn is easily available from various spinning mills at Coimbatore (T.N) and Kanpur (U.P). Presently company is using 55% capacity of its production capacity.





Mr. Balram Narula, Co. founder & Managing Director of Jet Knitwears Limited is having vast experience of 46 year in manufacturing of hosiery yarn. He is well versed with Trading and marketing activities of the Hosiery innerwears.

**We operate from the following plants/ premises:-**

| Type of Facility                  | Location   | Major Products   | Description   |
|-----------------------------------|--|--|---|
| <b>Registered Office</b>          | 119/410-B-1<br>Darshanpurwa,<br>Kanpur- 208012     | --   | --  |
| <b>Manufacturing Unit Plant 1</b> | 119/410-B-1<br>Darshanpurwa,<br>Kanpur- 208012     | Knitting, Processing, Cutting & Stitching of undergarments and thermal innerwear's.  | <b>Knitting:</b> <ul style="list-style-type: none"> <li>• 26 Machines of 24 gauge; production capacity is 5kg/hr</li> <li>• 15 Machines of 26 gauge; production capacity is 5kg/hr.</li> </ul> <b>Processing:</b><br>The company is having 6 machines with the production capacity of 500 kgs/day<br><b>Cutting:</b><br>Cutting is done on job work basis.<br><b>Stitching, pressing and packing:</b><br>On job work basis. |
| <b>Plant 2</b>                    | 26 A, Appachi Nagar,<br>Kangumain Road,<br>Tirupur | Processing and Cutting of T-shirts, Bermudas, Lowers, Designer Vests, and Designer Underwear's. Knitting, Stitching and packing on job work basis. | <b>Knitting:</b><br>On job work basis.<br><b>Processing:</b> <ul style="list-style-type: none"> <li>• 3 Machines; production capacity is 360 kgs/day</li> <li>• 1 Machine; production capacity is 120 kg/day.</li> </ul> <b>Cutting, Stitching, pressing and packing:</b><br>On job work basis.   |



**Our Registered Trade Marks:**

| S. No. | Particulars               | Detailed Information   | Product Details  |
|--------|---------------------------|--|--|
| 1.     | Valid upto<br>28.12.2018  | <br>833993-25           | Vest, Underwear Bra & Panties,<br>Socks  |
| 2.     | Valid upto<br>17.09.2024  | <br>1309424-25          | Hosiery undergarments like<br>Vests, Briefs, Brassiere, panties,<br>socks, T-shirts. |
| 3.     | Valid upto<br>28.05.2017  | <br>Reg No. 349697-25   | Vest & Briefs  |
| 4.     | Valid up to<br>10.08.2018 | <br>Reg No. 637004-25   | Vest & Briefs Included In Class-<br>25   |
| 5.     | Valid up to<br>03.08.2018 | <br>Reg No. 813303-25  | Vest Undergarments, Bra &<br>Panties, Socks  |
| 6.     | Valid upto<br>14.12.2018  | <br>Reg No. 667858-25 | Underwears, Banian, Bra &<br>Readymade Garments                                      |

**OUR COMPETITIVE STRENGTHS:**

✓ **Quality**

Our Company has always believed in the best quality in our processes and products. Our Company is dedicated towards quality of our products, processes and inputs. We adhere to quality standards as prescribed by our customers.

✓ **Experienced management team**

Our Company is managed by a team of competent personnel having knowledge of core aspects of innerwear industry, and marketing. Our promoter have the required experience in this field and, along with our Key Managerial Persons have helped us to have long term relations with our customers and has also facilitated us to entrench with new customers. We believe that our experience, knowledge and human resources will enable us to drive the business in a successful and profitable manner.

**Our Business Strategy**



**I. Expanding Manufacturing Capacity**

The current manufacturing capacity of the company needs to be ramped up to meet the growing requirements of the company. On account of outsourcing to external sources for cutting, stitching, pressing and packing of the manufactured goods creates lots of bottle necks for the company i.e. timely delivery, quality issue among different job workers etc. Taking into the account the accelerated pace of growth of the company and in order to meet the increased demand, the management has decided to undertake capacity enhancement plan.

**II. Maintain and Expand Long-term Relationships with Clients**

Our Company believes that business is a by-product of relationship. Our Company believes that a long-term client relationship with large clients fetches better dividends. Long-term relations are built on trust and continuous maintaining of the requirements of the customers. It helps understanding the basic requirement of Our Company and its market. It also forms basis of further expansion for our Company, as we are able to monitor a potential product/ market closely. Our existing clientele is an example of our long-term client relationships.

**III. Enhancing our existing customer base**

Our Company intends to grow in the business continuously by adding new customers. We are also exploring the international markets for exports of our existing products line which is intended to be of superior quality from the proposed project.

**IV. Competitive Pricing**

To remain aggressive and capitalize a good market share, we believe in offering competitive prices to our customers. This helps us to sustain the competition and claim a position of strength in the marketplace.

## SWOT Analysis





**SUMMARY OF FINANCIAL DATA  
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

Figures in Rs

| Particulars                               | Annexure | As at 31st March |                  |                  |                  |                  |
|---|----------|------------------|------------------|------------------|------------------|------------------|
|   |          | 2015<br>Amount   | 2014<br>Amount   | 2013<br>Amount   | 2012<br>Amount   | 2011<br>Amount   |
| <b>EQUITY AND LIABILITIES</b>             |          |                  |                  |                  |                  |                  |
| Share Capital                             | 7        | 30002000         | 16690000         | 16690000         | 16690000         | 16690000         |
| Reserves & Surplus                        | 8        | 34642302         | 11005963         | 9036475          | 7367173          | 5816074          |
| Share Application Money Pending Allotment |          |                  |                  |                  |                  |                  |
| <b>Sub Total</b>                          |          | <b>64644302</b>  | <b>27695963</b>  | <b>25726475</b>  | <b>24057173</b>  | <b>22506074</b>  |
| <b>Non Current Liabilities</b>            |          |                  |                  |                  |                  |                  |
| Long Term Borrowings                      | 9        | 20550161         | 40899046         | 34598439         | 30814648         | 24713660         |
| Deferred Tax Liabilities                  | 10       | 274499           | 558271           | 622339           | 689515           | 513365           |
| Other Long Term Liabilities               |          |                  |                  |                  |                  |                  |
| <b>Sub Total</b>                          |          | <b>20824660</b>  | <b>41457317</b>  | <b>35220778</b>  | <b>31504163</b>  | <b>25227025</b>  |
| <b>Current Liabilities</b>                |          |                  |                  |                  |                  |                  |
| Short Term Borrowings                     | 11       | 77386833         | 81103638         | 77243053         | 71187741         | 66603094         |
| Trade Payables                            | 12       | 36387998         | 27067381         | 32437360         | 29054962         | 19017681         |
| Other Current Liabilities                 | 13       | 1745041          | 2017010          | 1836084          | 1420970          | 1060462          |
| Short Term Provisions                     | 14       | 1545000          | 1008704          | 951420           | 490130           | 430000           |
| <b>Sub Total</b>                          |          | <b>117064872</b> | <b>111196733</b> | <b>112467917</b> | <b>102153803</b> | <b>87111237</b>  |
| <b>Total</b>                              |          | <b>202533834</b> | <b>180350013</b> | <b>173415170</b> | <b>157715139</b> | <b>134844336</b> |
| <b>ASSETS</b>                             |          |                  |                  |                  |                  |                  |
| <b>Non Current Assets</b>                 |          |                  |                  |                  |                  |                  |
| <b>Fixed Assets</b>                       |          |                  |                  |                  |                  |                  |
| Tangible Assets                           | 15       | 25569014         | 25937286         | 23170962         | 23747960         | 17375867         |
| Intangible Assets                         |          | -                | -                | -                | -                | -                |
| Non Current Investments                   | 16       | 45000            | 45000            | -                | -                | -                |
| Long Term Loans & Advances                |          | -                | -                | -                | -                | -                |
| Other Non Current Assets                  |          | -                | -                | -                | -                | -                |
| <b>Sub Total</b>                          |          | <b>25614014</b>  | <b>25982286</b>  | <b>23170962</b>  | <b>23747960</b>  | <b>17375867</b>  |
| <b>Current Assets</b>                     |          |                  |                  |                  |                  |                  |
| Current Investments                       | 17       | 703969           | 648612           | -                | -                | -                |
| Inventories                               | 18       | 75423227         | 59789892         | 80748453         | 78948660         | 49940460         |
| Trade Receivables                         | 19       | 83811016         | 72341501         | 54031836         | 42654124         | 57092627         |
| Cash & Bank Balances                      | 20       | 6129437          | 11180063         | 4185091          | 2989098          | 3503871          |
| Short Term Loans & Advances               | 21       | 10852171         | 10407659         | 11278828         | 9375297          | 6931511          |
| Other Current Assets                      |          | -                | -                | -                | -                | -                |
| <b>Sub Total</b>                          |          | <b>176919820</b> | <b>154367727</b> | <b>150244208</b> | <b>133967179</b> | <b>117468469</b> |
| <b>Total</b>                              |          | <b>202533834</b> | <b>180350013</b> | <b>173415170</b> | <b>157715139</b> | <b>134844336</b> |

*Notes: The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Statement of Assets & Liabilities.*





STATEMENT OF PROFIT AND LOSS, AS RESTATED

Figures in Rs

| Particulars  | Annexure | For The Year Ended as on 31st March |                  |                  |                  |                  |
|--|----------|-------------------------------------|------------------|------------------|------------------|------------------|
|  |          | 2015                                | 2014             | 2013             | 2012             | 2011             |
|  |          | Amount                              | Amount           | Amount           | Amount           | Amount           |
| <b>Revenue</b>   |          |                                     |                  |                  |                  |                  |
| Revenue From Operation Of Product Manufactured (Gross)   | 22       | 373182547                           | 384894707        | 374694208        | 312381783        | 299609180        |
| Less: Excise Duty  |          | -                                   | -                | (19566798)       | (22342114)       | -                |
| Revenue From Operations (Net)                            |          | 373182547                           | 384894707        | 355127410        | 290039669        | 299609180        |
| Other Income   | 23       | 77418                               | 230292           | 1068336          | 307715           | 302482           |
| <b>Total</b>   |          | <b>373259965</b>                    | <b>385124999</b> | <b>356195746</b> | <b>290347384</b> | <b>299911662</b> |
| <b>Expenses</b>  |          |                                     |                  |                  |                  |                  |
| Cost Of Raw Material Consumed                            | 24       | 258415492                           | 241604324        | 242794208        | 209168693        | 230209019        |
| Change In Inventory Of Finished Goods And WIP            | 25       | (15066670)                          | 20644292         | (2647075)        | (28615064)       | (22451328)       |
| Employee Benefit Expenses                                | 26       | 3051048                             | 2592910          | 2243737          | 1752993          | 1708448          |
| Finance Cost   | 27       | 13317029                            | 12929054         | 12869770         | 12015723         | 9216986          |
| Depreciation and Amortisation                            | 28       | 5627666                             | 4567725          | 4597392          | 4057275          | 3241562          |
| Other Expenses   | 29       | 102985833                           | 99846643         | 93784168         | 89750385         | 75816992         |
| <b>Total</b>   |          | <b>368330398</b>                    | <b>382184948</b> | <b>353642200</b> | <b>288130005</b> | <b>297741679</b> |
| Profit Before Exceptional & Extra Ordinary Items and Tax |          | 4929567                             | 2940051          | 2553546          | 2217379          | 2169983          |
| Exceptional and Extra Ordinary Items                     |          |                                     |                  | -                | -                | -                |
| Profit on Sale Of Investments                            |          | -                                   | -                | -                | -                | -                |
| Profit Before Tax  |          | 4929567                             | 2940051          | 2553546          | 2217379          | 2169983          |
| <b>Tax</b>   |          |                                     |                  |                  |                  |                  |
| Current Income Tax                                       | 30       | 1545000                             | 1008704          | 951420           | 490130           | 430000           |
| Dividend Tax   |          | -                                   | -                | -                | -                | -                |
| Deferred Tax   |          | (283772)                            | (64068)          | (67176)          | 176150           | 319961           |
| Wealth Tax   |          | -                                   | 25927            | -                | -                | -                |
| MAT Tax Entitlement                                      |          | -                                   | -                | -                | -                | -                |
| <b>Net Profit As Restated</b>                            |          | <b>3668339</b>                      | <b>1969488</b>   | <b>1669302</b>   | <b>1551099</b>   | <b>1420022</b>   |



STATEMENT OF CASH FLOW, AS RESTATED

Figures in Rs

| S.No.    | Particulars   | As at 31st March |                  |                  |                   |                   |
|----------|---|------------------|------------------|------------------|-------------------|-------------------|
|          |   | 2015             | 2014             | 2013             | 2012              | 2011              |
|          |   | Amount           | Amount           | Amount           | Amount            | Amount            |
| <b>A</b> | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                  |                  |                  |                   |                   |
|          | Net Profit After Tax , As Restated  | 3668339          | 1969488          | 1669302          | 1551099           | 1420022           |
|          | Adjustments For:  |                  |                  |                  |                   |                   |
|          | Extraordinary Items   | 0                | 0                | -                | -                 | -                 |
|          | Deferred Tax  | (283772)         | (64068)          | (67176)          | 176150            | 319961            |
|          | Depreciation and Amortization   | 5627666          | 4567725          | 4597392          | 4057275           | 3241562           |
|          | (Profit) /Loss On Sale Of Fixed Assets  | -                | -                | -                | 26539             | -                 |
|          | Interest Costs  | 13317029         | 12929054         | 12869770         | 12015723          | 9216986           |
|          | Non Operating Income  | (61509)          | (46126)          | -                | -                 | -                 |
|          | Bad Debts Written Off   | -                | -                | -                | -                 | -                 |
|          | Profit On Sale Of Investments   | -                | -                | -                | -                 | -                 |
|          | Operating Profit Before Working Capital Changes                                     | 22267753         | 19356073         | 19069288         | 17826786          | 14198531          |
|          | Adjustments For:  |                  |                  |                  |                   |                   |
|          | Current Assets  | (27547362)       | 3520065          | (15081037)       | (17013483)        | (15723454)        |
|          | Current Liabilities   | 5331843          | (1328468)        | 9852825          | 14982436          | 13015829          |
|          | Short Term Provisions   | 536296           | 57284            | 461290           | 60130             |                   |
|          | Non Current Assets  | -                | -                | -                | -                 | -                 |
|          | Non Current Liabilities   | -                | -                | -                | -                 | -                 |
|          | Appropriation/Adjustments in Reserves   | -                | -                | -                | -                 | -                 |
|          | CASH GENERATED FROM OPERATING ACTIVITIES BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS | 588530           | 21604954         | 14302366         | 15855869          | 11490906          |
|          | <b>CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>                                 | <b>588530</b>    | <b>21604954</b>  | <b>14302366</b>  | <b>15855869</b>   | <b>11490906</b>   |
| <b>B</b> | <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |                  |                  |                  |                   |                   |
|          | Purchase Of Fixed Assets  | (5259394)        | (7941149)        | (4020394)        | (10510907)        | (10393923)        |
|          | Sale of Fixed Assets  | -                | 607100           | -                | 55000             | -                 |
|          | Increase In Investments   | (55357)          | (693612)         | -                | -                 | -                 |
|          | <b>CASH GENERATED FROM INVESTING ACTIVITIES (B)</b>                                 | <b>(5314751)</b> | <b>(8027661)</b> | <b>(4020394)</b> | <b>(10455907)</b> | <b>(10393923)</b> |
| <b>C</b> | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                  |                  |                  |                   |                   |
|          | Increase In Share Capital (Including Share Premium)                                 | 33280000         | -                | -                | -                 | 3300000           |
|          | Dividend  | -                | -                | -                | -                 | -                 |
|          | Bank Loans  | (20348885)       | 6300607          | 3783791          | 6100988           | 5224172           |
|          | Interest Paid During The Year   | (13317029)       | (12929054)       | (12869770)       | (12015723)        | (9216986)         |
|          | Non Operating Revenue   | 61509            | 46126            | -                | -                 | -                 |
|          | <b>CASH GENERATED FROM FINANCING ACTIVITIES ( C )</b>                               | <b>(324405)</b>  | <b>(6582321)</b> | <b>(9085979)</b> | <b>(5914735)</b>  | <b>(692814)</b>   |
|          | <b>NET CASH FLOW DURING THE YEAR(A+B+C)</b>   | <b>(5050626)</b> | <b>6994972</b>   | <b>1195993</b>   | <b>(514773)</b>   | <b>404169</b>     |
|          | <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                    | <b>(5050626)</b> | <b>6994972</b>   | <b>1195993</b>   | <b>(514773)</b>   | <b>404169</b>     |



## ISSUE DETAILS IN BRIEF

## PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS

|   |   |
|---|---|
| <b>Equity Shares Offered:</b><br><b>Fresh Issue of Equity Shares by our Company</b> | Issue of 28,02,000 Equity Shares of Rs. 10 each at a price of Rs. 25 per Equity Share aggregating Rs. 700.50 Lacs.                                |
| <b>Of which:</b>  |   |
| <b>Issue Reserved for the Market Makers</b>   | 1,44,000 Equity Shares of Rs. 10/- each at a price of Rs. 25 per Equity Share aggregating Rs. 36.00 Lacs.   |
| <b>Net Issue to the Public</b>  | 26,58,000 Equity Shares of Rs. 10 each at a price of Rs. 25 per Equity Share aggregating Rs. 664.50 Lacs.   |
| <b>Non Retail Portion#</b>  | Not more than 13,29,000 Equity Shares of Rs. 10 each aggregating Rs. 332.25 Lacs constituting upto 50% of the Net Issue to the Public*            |
| <b>Retail Portion#</b>  | Not less than 13,29,000 Equity Shares of Rs.10 each aggregating Rs. 332.25 Lacs, constituting not less than 50% of the Net Issue to the Public ** |
| <b>Equity Shares outstanding prior to the Issue</b>                                 | 30,00,200 Equity Shares of face value of Rs. 10 Each.   |
| <b>Equity Shares outstanding after the Issue</b>                                    | 58,02,200 Equity Shares of face value of Rs. 10 Each.   |
| <b>Objects of the Issue</b>   | Please refer section titled “Objects of the Issue” on page no 59 of this Draft Prospectus.  |

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 please refer to “Issue Structure” on page no 183 of this Draft Prospectus.

**Note:**

This Issue has been authorized by a resolution of our Board dated September 18, 2015 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 September 21, 2015;

\* In the event of over-subscription, Allotment shall be made on a proportionate basis, subject to valid applications received at the Issue Price;

\*\* In the event the Retail Individual Applicants are entitled to more than fifty percent on proportionate basis the Retail Individual Applicants shall be allocated that higher percentage.

# Under-subscription, if any, in any category, shall be allowed to be met with spillover from the other category, at the sole discretion of our Company and in consultation with the Lead Manager and the Designated Stock Exchange.



## **GENERAL INFORMATION**

### **JET KNITWEARS LIMITED**

Our Company was incorporated in Haridwar as “Jet Knitwears Limited” on April 02, 1996 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Kanpur. On April 05, 2015 it was converted to a Public Limited Company under the name of Jet Knitwears Limited and fresh Certificate of Incorporation consequent upon change of name was issued by ROC, Kanpur.

|                                      |                       |
|--------------------------------------|-----------------------|
| <b>Company Registration Number</b>   | <b>019722</b>         |
| <b>Company Identification Number</b> | U19101UP1996PLC019722 |

#### **REGISTERED OFFICE & CORPORATE OFFICE:**

119/410-B-1 Darshanpurwa,  
Kanpur- 208012  
Tel: 0512-2217553  
Fax:0512-2296128  
Website: [www.jetknit.com](http://www.jetknit.com)  
E-Mail: [info@jetknit.com](mailto:info@jetknit.com)

#### **PLANT/ UNIT:**

##### **Unit 1:**

119/410-B-1 Darshanpurwa,  
Kanpur- 208012  
Tel: 0512-2217553  
Fax:0512-2296128  
Website: [www.jetknit.com](http://www.jetknit.com)  
E-Mail: [info@jetknit.com](mailto:info@jetknit.com)

##### **Unit 2:**

26, Appachi Nagar, 3rd Street,  
Kongu Main Road,  
Tirupur – 640 607 (TN.) INDIA.  
Telefax No. :- +91-421-2224014

#### **ADDRESS OF REGISTRAR OF COMPANIES, KANPUR**

10/499 B, Allenganj,  
Khalasi line, Kanpur-208002  
Phone: 0512-2550688  
Fax: 0512-2540423  
Email: [roc.kanpur@mca.gov.in](mailto:roc.kanpur@mca.gov.in)

#### **DESIGNATED STOCK EXCHANGE:** NSE Limited

#### **LISTING OF SHARES OFFERED IN THIS ISSUE:** Emerge of NSE Limited.

For details in relation to the changes to the name of our Company, please refer to the section titled “Our History and Corporate Structure” beginning on 94 of this Draft Prospectus.

**BOARD OF DIRECTORS**

Our Board of Directors comprise of the following members:

| <b>Sr. No.</b> | <b>Name of Directors</b> | <b>Designation</b> | <b>Nature of Directorship</b>  | <b>Director's Identification Number (DIN)</b> |
|----------------|--------------------------|--------------------|--------------------------------|---|
| 1              | Mr. Balram Kumar Narula  | Director           | Executive and Non- Independent | 00274462                                      |
| 2              | Mr. Anil Kumar Narula    | Director           | Executive and Non- Independent | 00274483                                      |
| 3              | Mr. Rakesh Kumar Narula  | Director           | Executive and Non-Independent  | 00274566                                      |
| 4              | Mr. Ashok Chandra Bajpai | Director           | Non-Executive and Independent  | 05358863                                      |
| 5              | Mr. Ramesh Chandra       | Director           | Non-Executive and Independent  | 00111716                                      |
| 6              | Mrs. Dinesh Parashar     | Director           | Non-Executive and Independent  | 07270662                                      |

For further details of Management of our Company, please refer to section titled "Our Management" on page no 97 of this Draft Prospectus.

**COMPANY SECRETARY & COMPLIANCE OFFICER**

**Ms. Parul Gupta**

Tel: 0512-2217553

Fax: 0512-2296128

Website: [www.jetknit.com](http://www.jetknit.com)

E-Mail: [info@jetknit.com](mailto:info@jetknit.com)

**Investors may contact the Compliance Officer and / or the Registrar to the Issue and / or the LM to the Issue in case of any Pre-Issue or Post- Issue related matter such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary account, refund orders, etc.**

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

**For all Issue related queries and for redressal of complaints, Applicants may also write to the Lead Manager. All complaints, queries or comments received by Stock Exchange/SEBI shall be forwarded to the Lead Manager, who shall respond to the same.**

**CHIEF FINANCIAL OFFICER**

**Mr. Ankur Narula**

Tel: 0512-2217553

Fax: 0512-2296128

Website: [www.jetknit.com](http://www.jetknit.com)

E-Mail: [info@jetknit.com](mailto:info@jetknit.com)

**STATUTORY AUDITORS**

**M/s Sushil Gupta & Co.,**

Chartered Accountants.

Address: 26/56, Kasera Bhawan, Birhana Road



## **JET KNITWEARS LIMITED**

---

Kanpur – 208001, Uttar Pradesh  
Telephone: +91 512 2372231  
Contact Person: Mr. Pankaj Khanna (Membership No. 70213)  
Firm Registration No.: 001233 C

### **PEER REVIEW AUDITORS**

#### **M/s. Rajiv Mehrotra & Associate**

Address: 3/3A, Vishnupuri,  
Kanpur- 208002, Uttar Pradesh  
Telephone: (+91) 9839039707  
Contact Person: Rajeev Mehrotra (Membership No. 71428)  
Firm Regn No.: 002253 C  
Peer Review No. : RE04060903

### **LEAD MANAGER**

#### **Mefcom Capital Markets Limited**

5th Floor, Sanchi Building,  
77, Nehru Place,  
New Delhi-110019  
Tel: 011-46500500  
Fax: 011-46500550  
Email: anand@mefcom.in  
Website: [www.mefcom.in](http://www.mefcom.in)  
**Contact Person: Mr. Anand Srivastava**  
SEBI Regn. No: INM 000000016

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

All grievances relating to the Issue may be addressed to the Registrar, giving full details such as name, address of the applicant, number of Equity Shares applied for, Application Amount paid on submission of the Application Form and the bank branch or collection centre where the Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount blocked on application and Designated Branch or the collection centre of the SCSBs.

### **LEGAL ADVISORS TO THE ISSUE**

#### **Mr. Naresh Taneja**

Address: 120/132, Lajpat Nagar,  
Kanpur – 208 001, Uttar Pradesh  
Phone: +91 8795616001  
Email: mail@nareshtaneja.com

### **REGISTRAR TO THE ISSUE**

#### **Sharepro Services (India) Private Limited**

13 AB Samhita Warehousing Complex,  
2nd Floor, Sakinaka Telephone Exchange Lane,  
Andheri (E), Mumbai - 400 072.



## **JET KNITWEARS LIMITED**

Tel: 91-22-6772 0300/400  
Fax: 91-22-2859 1568  
SEBI Registration No.: INR000001476  
Website: [www.shareproservices.com](http://www.shareproservices.com)  
Contact Person: Mr. Sunil Kamble  
Email: [sunilk@shareproservices.com](mailto:sunilk@shareproservices.com)

### **BANKERS TO THE COMPANY:**

**State Bank of India,**  
SME Branch, B-13, Sarvodaya Nagar,  
Kanpur-208 001  
Contact Person: Mr. Deepak Singh Chandel  
Tel: +91 9453042574

### **BANKER TO THE ISSUE AND ESCROW COLLECTION BANKS**

[●] (To be appointed prior to filling of Prospectus with ROC)

### **SELF CERTIFIED SYNDICATE BANKS**

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSBs collecting the ASBA Application Form, please refer to the SEBI Website- [www.sebi.gov.in](http://www.sebi.gov.in).

**Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are Non Retail Investors who comply with the conditions for being an ASBA Investor shall mandatorily make use of ASBA facility. The Equity Shareholders are required to fill the Application Form and submit the same to their SCSB which in turn will block the amount as per the authority contained in the Application Form and undertake other tasks as per the specified procedure.**

**Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013; it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB/s. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**

### **REFUND BANKER**

[●] (To be appointed prior to filling of Prospectus with ROC)

### **STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES:**

Since Mefcom Capital Markets Limited is the sole Lead Manager to this Issue, statement of inter-se allocation responsibilities among Lead Manager's is not applicable: However the responsibilities of Lead Manager include:

| Sl. No. | Activities  |
|---------|---|
| 1       | Capital structuring with the relative components and formalities such as type of instruments, etc.  |
| 2       | Due diligence of the Company's operations/management/ business plans/legal, etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock exchange(s), RoC and SEBI including finalization of the Prospectus and filing with the RoC. |
| 3       | Drafting and approval of all publicity material other than statutory advertisement as mentioned   |





|    |   |
|----|---|
|    | above including corporate advertisement, brochure, etc.   |
| 4  | Appointment of registrar and grading agencies to the Issue.   |
| 5  | Appointment of all other intermediaries including bankers to the Issue, printers, advertising agency etc.   |
| 6  | Preparation of road show presentation.  |
| 7  | Institutional Marketing of the Offer <ul style="list-style-type: none"><li>• Finalise the list and division of investors for one to one meetings; and</li><li>• Finalising the international and domestic institutional road show schedule and investor meeting schedules.</li></ul>  |
| 8  | Retail / Non-Institutional marketing strategy which will cover, inter alia, <ul style="list-style-type: none"><li>• Formulating marketing strategies, preparation of publicity budget;</li><li>• Finalising media, marketing and public relations strategy;</li><li>• Finalising centers for holding conferences for brokers, etc.;</li><li>• Finalising collection centers; and</li><li>• Follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the issue material.</li></ul>  |
| 9  | Coordination with Stock Exchange.   |
| 10 | Management of Escrow Account(s), Finalizing Allocation.   |
| 11 | Post application activities including coordination for non- institutional allocation, coordination with Registrar and Banks, intimation of allocation and dispatch of refund to Applicants, etc. The post issue activities of the issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Banker to the Issue and the bank handling refund business. The Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge the responsibility through suitable agreements with the Issuer Company. |

## **CREDIT RATING**

As the Issue is of Equity shares, credit rating is not mandatory.

## **TRUSTEES**

As the Issue is of Equity Shares, the appointment of Trustees is not mandatory.

## **IPO GRADING**

This Issue has been graded by CRISIL Limited and has been assigned “[●]”, indicating that the fundamentals of our Company is superior compared to other SMEs in India through its report dated [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an “SME 5/ 5” indicating excellent fundamentals and an “SME 1/5” indicating poor fundamentals. The Grading Report has been annexed to this Draft Prospectus.

## **BROKERS TO THE ISSUE**

All members of the recognized stock exchanges would be eligible to act as Brokers to the Issue.

In terms of SEBI circular No. CIR/CFD/14/2012 dated October 4, 2012, Applicants can submit Application Forms in electronic form using the stock broker network of the Stock Exchange, i.e., through Registered Brokers at the Broker Centers. The list of the Registered Brokers, including details such as postal address, telephone number and email address, is provided on the websites of the NSE.

## **APPRAISAL AND MONITORING AGENCY**



As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 500.00 Crores. Since the Issue size is only of Rs. 700.50 Lacs, our Company has not appointed any monitoring agency for this Issue. However, as per the Clause 52 of the SME Listing Agreement to be entered into with NSE 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.

#### **INTER-SE ALLOCATION OF RESPONSIBILITIES**

Since Mefcom Capital Markets Limited is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Manager's is not required.

#### **EXPERT OPINION**

Except the report of the Statutory Auditor of our Company on the financial statements and statement of tax benefits included in the Draft Prospectus and the report of dated [●] provided by CRISIL Limited in respect of the IPO grading of this Issue, our Company has not obtained any other expert opinion.

#### **ISSUE PROGRAMME**

|                        |     |
|------------------------|-----|
| <b>ISSUE OPENS ON</b>  | [●] |
| <b>ISSUE CLOSES ON</b> | [●] |

#### **UNDERWRITING AGREEMENT**

This Issue is 100% Underwritten. The Underwriting agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

| <b>Name and Address of the Underwriter</b> | <b>Number of Equity Shares Underwritten</b> | <b>Amount Underwritten (Rupees Lacs)</b> |
|--|---|--|
| [●]  | [●]   | [●]                                      |
| [●]  | [●]   | [●]                                      |
| <b>Total</b>                               | [●]   | [●]                                      |

As per Regulation 106 P (2) of SEBI (ICDR) Regulations, 2009, the Lead Manager has 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 are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange.

#### **DETAILS OF THE MARKET MAKING ARRANGEMENT FOR THIS ISSUE**

[●] will act as the market maker and 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 a period as may be notified by amendment to SEBI Regulations.



|                                      |     |
|--------------------------------------|-----|
| <b>Name</b>                          | [•] |
| <b>Address</b>                       | [•] |
| <b>Telephone No.</b>                 | [•] |
| <b>Fax No.</b>                       | [•] |
| <b>E-mail</b>                        | [•] |
| <b>Contact Person</b>                | [•] |
| <b>SEBI Registration No.</b>         | [•] |
| <b>Market Maker Registration No.</b> | [•] |

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI Regulations and its amendments from time to time and the circulars issued by the NSE 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(s) (individually or jointly) 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(s) shall inform the Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be Rs. 1,00,000/-. However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) 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 three (3) 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 (Including the 2,00,000 Equity Shares out to be allotted under this Issue.) Any Equity Shares allotted to Market Maker under this Issue over and above 2,00,000 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. There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), 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. At this stage, Choice Equity Broking Private Limited is acting as the sole Market Maker.
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, 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(s) shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).

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(s) 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 Maker(s) 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 5 (five) or as specified by the relevant laws and regulations applicable at that particular 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. NSE's SME Exchange will have all margins which are applicable on the NSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.
12. NSE's 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(s) 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. SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to Rs. 25,000 Lakhs, the applicable price bands for the first day shall be:
  - i. 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.
  - ii. 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.



## CAPITAL STRUCTURE

The share capital of the Company as on the date of this Draft Prospectus, before and after the Issue, is set forth below:

(Rs. in Lacs, except share data)

| S. No.   | Particulars  | Aggregate value face value | Aggregate value Issue Price |
|----------|--|----------------------------|-----------------------------|
| <b>A</b> | <b>Authorized Share Capital</b>  |                            |                             |
|          | 65,00,000 Equity Shares of face value of Rs.10 each  | 650.00                     |                             |
|          |  |                            |                             |
| <b>B</b> | <b>Issued, subscribed and paid-up Equity Share Capital before the Issue</b>  |                            |                             |
|          | 30,00,200 Equity Shares of face value of Rs. 10 each   | 300.02                     | ---                         |
| <b>C</b> | <b>Present Issue in terms of the Draft Prospectus</b>  |                            |                             |
|          | Issue of 28,02,000 Equity Shares of Rs. 10 each at a price of Rs.25 per Equity Share.  | 280.20                     | 700.50                      |
|          | <b>Which comprises</b>   |                            |                             |
| <b>D</b> | 1,44,000 Equity Shares of Rs. 10/- each at a price of Rs. 25 per Equity Share reserved as Market Maker Portion                                       | 14.40                      | 36.00                       |
|          | Net Issue to Public of 26,58,000 Equity Shares of Rs. 10/- each at a price of Rs. 25 per Equity Share to the Public                                  | 265.80                     | 664.50                      |
|          | <b>of which</b>  |                            |                             |
|          | 13,29,000 Equity Shares of Rs.10/- each at a price of Rs. 25 per Equity Share will be available for allocation for Investors of up to Rs. 2.00 Lacs  | 132.90                     | 332.25                      |
|          | 13,29,000 Equity Shares of Rs. 10/- each at a price of Rs. 25 per Equity Share will be available for allocation for Investors of above Rs. 2.00 Lacs | 132.90                     | 332.25                      |
| <b>E</b> | <b>Equity capital after the Issue</b>  |                            |                             |
|          | 58,02,200 Equity Shares of Rs. 10 each   | 580.22                     | ---                         |
| <b>F</b> | <b>Securities Premium Account Before the Issue</b>   |                            | 199.68                      |
|          | <b>After the Issue</b>   |                            | 619.98                      |

\*This Issue has been authorized by the Board of Directors pursuant to a board resolution September 18, 2015 and by the shareholders of our Company pursuant to a special resolution September 21, 2015 passed at the EGM of shareholders under section 62 (1) (c) of the Companies Act 2013.

Our Company has no outstanding convertible instruments as on the date of the Draft Prospectus.

### DETAILS OF THE INCREASE IN AUTHORISED CAPITAL SINCE INCEPTION ARE AS FOLLOWS:

| Sr. N | Particulars Of Change                                   |  | Date of Shareholder's Meeting | Meeting AGM/EGM |
|-------|---|--|-------------------------------|-----------------|
|       | From  | To                                     |                               |                 |
| 1     | On incorporation 2,50,000 Equity Shares of Rs. 10 each. | -                                      | -                             | Incorporation   |
| 2     | 2,50,000 Equity shares of Rs. 10 each.                  | 5,00,000 Equity Shares of Rs. 10 each. | 30th March, 1998              | EGM             |



|    |   |  |                  |     |
|----|---|--|------------------|-----|
| 3  | 5,00,000 Equity Shares of Rs. 10 each.  | 6,00,000 Equity Shares of Rs. 10 each.     | 05th March, 1999 | EGM |
| 4  | 6,00,000 Equity Shares of Rs. 10 each.  | 7,50,000 Equity Shares of Rs. 10 each.     | 05th March, 2002 | EGM |
| 5  | 7,50,000 Equity Shares of Rs. 10 each   | 12,50,000 Equity Shares of Rs. 10 each.    | 17th March, 2003 | EGM |
| 6  | 12,50,000 Equity Shares of Rs. 10 each. | 17,50,000 Equity Shares of Rs. 10 each.    | 28th March, 2009 | EGM |
| 7. | 17,50,000 Equity Shares of Rs. 10 each. | 20,00,000 Equity Shares of Rs. 10 each.    | 16th July, 2012  | EGM |
| 8. | 20,00,000 Equity Shares of Rs. 10 each. | 65,00,00,000 Equity Shares of Rs. 10 each. | 09th March, 2015 | EGM |

## NOTES FORMING PART OF CAPITAL STRUCTURE

### 1. Equity Share capital history of our Company

| Date of/issue allotment of Shares | No. of Equity Shares Issued | Face value (Rs) | Issue price (Rs.) | Consideration (cash, bonus, consideration other than cash) | Nature of Allotment (Bonus, swap etc.) | Cumulative no. of Equity Shares | Cumulative paid-up share capital (Rs.) | Cumulative share premium (Rs.) |
|-----------------------------------|-----------------------------|-----------------|-------------------|--|--|---------------------------------|--|--------------------------------|
| 05.04.1996                        | 50000                       | 10              | 10                | Cash   | Subscription to MOA(1)                 | 50000                           | 500000                                 | -                              |
| 30.03.1998                        | 200000                      | 10              | 10                | Cash   | Preferential Allotment(2)              | 250000                          | 2500000                                | -                              |
| 10.12.2001                        | 315000                      | 10              | 10                | Cash   | Preferential Allotment (3)             | 565000                          | 5650000                                | -                              |
| 28.03.2003                        | 169000                      | 10              | 10                | Cash   | Preferential Allotment(4)              | 734000                          | 7340000                                | -                              |
| 09.12.2006                        | 385000                      | 10              | 10                | Cash   | Preferential Allotment(5)              | 1119000                         | 11190000                               | -                              |
| 31.03.2010                        | 220000                      | 10              | 10                | Cash   | Preferential Allotment(6)              | 1339000                         | 13390000                               | -                              |
| 17.03.2011                        | 330000                      | 10              | 10                | Cash   | Preferential Allotment(7)              | 1669000                         | 16690000                               | -                              |
| 26.03.2015                        | 1331200                     | 10              | 25                | Cash   | Preferential Allotment(8)              | 3000200                         | 30002000                               | 19968000                       |

1. Initial Subscribers to Memorandum of Association hold 50,000 Equity Shares each of face value of Rs. 10/- fully paid up (subscribed on 05.04.1996) as per the details given below:

| Sr. No | Name of Person       | No. of Shares Allotted |
|--------|----------------------|------------------------|
| 1      | Bhushan Kumar Narula | 9000                   |
| 2      | Balram Kumar Narula  | 9000                   |
| 3      | Satish Kumar Narula  | 9000                   |
| 4      | Ankit Kumar Narula   | 9000                   |
| 5      | Rakesh Kumar Narula  | 9000                   |
| 6      | Kanchan Narula       | 2500                   |
| 7      | Usha Narula          | 2500                   |
|        | Total                | 50,000                 |

**JET KNITWEARS LIMITED**

2. On 30.03.1998, our Company allotted 2,00,000 Equity Shares of face value of Rs. 10/-each at par as per details given below:

| Sr. No | Name of Person      | No. of Shares Allotted |
|--------|---------------------|------------------------|
| 1.     | Anil Kumar Narula   | 15,000                 |
| 2.     | Rakesh Kumar Narula | 20,000                 |
| 3.     | Satish Kumar Narula | 10,000                 |
| 4.     | Kanchan Narula      | 38,500                 |
| 5.     | Usha Narula         | 38,500                 |
| 6.     | Jyoti Narula        | 21,000                 |
| 7.     | Sandhya Narula      | 31,000                 |
| 8.     | Geeta Narula        | 26,000                 |
|        | Total               | 2,00,000               |

3. On 10.12.2001, the Company further allotted 3,15,000 Equity Shares of face value of Rs. 10/-each at par as per details given below:

| Sr. No | Name of Person                      | No. of Shares Allotted |
|--------|-------------------------------------|------------------------|
| 1.     | RN Business and Investments Pvt Ltd | 30,000                 |
| 2.     | Usha Narula                         | 70,000                 |
| 3.     | Kanchan Narula                      | 40,000                 |
| 4.     | Balram Kumar Narula                 | 40,000                 |
| 5.     | Satish Kumar Narula                 | 10,000                 |
| 6.     | Anil Kumar Narula                   | 10,000                 |
| 7.     | Rakesh Kumar Narula                 | 5,000                  |
| 8.     | Geeta Narula                        | 15,000                 |
| 9.     | Sandhya Narula                      | 25,000                 |
| 10.    | Jyoti Narula                        | 20,000                 |
| 11.    | Winsome Portfolio                   | 20,000                 |
| 12.    | Voltar Chemicals                    | 15,000                 |
| 13.    | Active Agencies Pvt Ltd             | 15,000                 |
|        | Total                               | 3,15,000               |

4. On 28.03.2003 Company further allotted 1,69,000 Equity Shares of face value of Rs. 10/-each at par as per the details given below:

| Sr. No | Name of Person                     | No. of Shares Allotted |
|--------|------------------------------------|------------------------|
| 1.     | Sart Chand Das                     | 10,000                 |
| 2.     | Yogendra Choudhary                 | 10,000                 |
| 3.     | Lakhmuna Devi Dubey                | 20,000                 |
| 4.     | Usha Narula                        | 34,000                 |
| 5.     | Kanchan Narula                     | 25,000                 |
| 6.     | Comet Overseas Pvt Ltd             | 30,000                 |
| 7.     | Shree Gupteshwar Marketing Pvt Ltd | 40,000                 |
|        | Total                              | 1,69,000               |



**JET KNITWEARS LIMITED**

5. On 09.12.2006, the Company further allotted 3,85,000 Equity Shares of face value of Rs. 10/-each at par as per the details given below:

| Sr. No | Name of Person                            | No. of Shares Allotted |
|--------|---|------------------------|
| 1.     | Kuber Co. Sales Pvt Ltd                   | 50,000                 |
| 2.     | Garg Finvest Pvt Ltd                      | 50,000                 |
| 3.     | Sejhawati Finance Pvt Ltd                 | 40,000                 |
| 4.     | K.R Fincap Pvt Ltd                        | 50,000                 |
| 5.     | Nikhil Builders & Promoters Pvt Ltd       | 50,000                 |
| 6.     | Shri Dinanath Luhariwala Spinning Pvt Ltd | 50,000                 |
| 7.     | Madan Electronics Pvt Ltd                 | 50,000                 |
| 8.     | Division Trading Pvt Ltd                  | 45,000                 |
|        | Total                                     | 3,85,000               |

6. On 31.03.2010 our Company allotted 2,20,000 Equity Shares of face value of Rs. 10/-each at par as per details given below:

| Sr. No | Name of Person | No. of Shares Allotted |
|--------|----------------|------------------------|
| 1.     | Gaurav Narula  | 50,000                 |
| 2.     | Jyoti Narula   | 1,00,000               |
| 3.     | Sandhya Narula | 70,000                 |
|        | Total          | 2,20,000               |

7. On 17.03.2011 the Company further allotted 3,30,000 Equity Shares of face value of Rs. 10/-each at par as per the details given below:

| Sr. No | Name of Person       | No. of Shares Allotted |
|--------|----------------------|------------------------|
| 1.     | Vaibhav Narula       | 30,000                 |
| 2.     | Bhushan Kumar Narula | 50,000                 |
| 3.     | Anil Kumar Narula    | 50,000                 |
| 4.     | RakeshKumar Narula   | 50,000                 |
| 5.     | Kanchan Narula       | 50,000                 |
| 6.     | Sandhya Narula       | 1,00,000               |
|        | Total                | 3,30,000               |

8. On 26.03.2015 the Company allotted 13,31,200 Equity Shares of face value of Rs. 10/-each at par as per the details given below:

| Sr. No | Name of Person           | No. of Shares Allotted |
|--------|--------------------------|------------------------|
| 1.     | Balram Narula            | 1,05,120               |
| 2.     | Balram Kumar Narula HUF  | 38,240                 |
| 3.     | Ankur Narula             | 24,000                 |
| 4.     | Ankur Narula HUF         | 41,120                 |
| 5.     | Usha arula               | 82,480                 |
| 6.     | Bhushan Kumar Narula HUF | 26,600                 |
| 7.     | Rohit Narula             | 72,200                 |
| 8.     | Rohit Narula HUF         | 42,000                 |
| 9.     | Kanchan Narula           | 1,29,160               |



| Sr. No | Name of Person          | No. of Shares Allotted |
|--------|-------------------------|------------------------|
| 10.    | Anil Kumar Narula       | 2,21,160               |
| 11.    | Anil Kumar Narula HUF   | 74,000                 |
| 12.    | Prashant Narula         | 46,000                 |
| 13.    | Geeta Narula            | 12,000                 |
| 14.    | Sneha Narula            | 7,000                  |
| 15.    | Rakesh Kumar Narula HUF | 68,000                 |
| 16.    | Rakesh Kumar Narula     | 1,51,160               |
| 17.    | Jyoti Narula            | 41,000                 |
| 18.    | Sandhya Narula          | 27,960                 |
| 19.    | Saurav Narula           | 36,000                 |
| 20.    | Gaurav Narula           | 18,560                 |
| 21.    | Vaibhav Narula          | 26,400                 |
| 22.    | Gaurav Narula HUF       | 33,040                 |
| 23.    | Satish Kumar Narula HUF | 8,000                  |
|        | Total                   | 13,31,200              |

2. We have not issued any Equity Shares for consideration other than cash.
3. We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 391- 394 of the Companies Act, 1956.

#### **4. Issue of Equity Shares in the last one (1) year:**

We have issued 13,31,200 Equity Shares of Rs 10 each at a premium of Rs.15 each in the preceding one year.

#### **5. Shareholding of our Promoters:**

Set forth below are the details of the build-up of shareholding of our Promoters:

| <b>1. Mr. Balram Narula</b> |               |                      |                            |   |                       |                           |                            |
|-----------------------------|---------------|----------------------|----------------------------|---|-----------------------|---------------------------|----------------------------|
| Date of Allotment/ Transfer | Consideration | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition /Transfer price (Rs.) | Nature of Transaction | Pre-issue share holding % | Post-issue share holding % |
| 05.04.1996                  | Cash          | 9000                 | 10                         | 10  | Allotment             |                           |                            |
| 08.12.2001                  | Cash          | -300                 | 10                         | 10  | Transfer              |                           |                            |
| 10.12.2001                  | Cash          | 40000                | 10                         | 10  | Allotment             |                           |                            |
| 26.03.2015                  | Cash          | 105120               | 10                         | 25  | Allotment             |                           |                            |
| <b>Total</b>                |               | <b>153820</b>        |                            |   |                       | <b>5.13</b>               | <b>2.65</b>                |

| <b>2. Mr. Anil Narula</b>   |               |                      |                            |   |                       |                           |                            |
|-----------------------------|---------------|----------------------|----------------------------|---|-----------------------|---------------------------|----------------------------|
| Date of Allotment/ Transfer | Consideration | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition /Transfer price (Rs.) | Nature of Transaction | Pre-issue share holding % | Post-issue share holding % |
| 05.04.1996                  | Cash          | 9000                 | 10                         | 10  | Allotment             |                           |                            |
| 30.03.1998                  | Cash          | 15000                | 10                         | 10  | Allotment             |                           |                            |
| 08.12.2001                  | Cash          | -400                 | 10                         | 10  | Transfer              |                           |                            |



## JET KNITWEARS LIMITED

|              |      |               |    |    |           |              |             |
|--------------|------|---------------|----|----|-----------|--------------|-------------|
| 10.12.2001   | Cash | 10000         | 10 | 10 | Allotment |              |             |
| 17.03.2011   | Cash | 50000         | 10 | 10 | Allotment |              |             |
| 26.03.2015   | Cash | 221160        | 10 | 25 | Allotment |              |             |
| <b>Total</b> |      | <b>304760</b> |    |    |           | <b>10.16</b> | <b>5.25</b> |

| <b>3. Mr. Rakesh Narula</b> |               |                      |                            |  |                       |                           |                            |
|-----------------------------|---------------|----------------------|----------------------------|--|-----------------------|---------------------------|----------------------------|
| Date of Allotment/ Transfer | Consideration | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price (Rs.) | Nature of Transaction | Pre-issue share holding % | Post-issue share holding % |
| 05.04.1996                  | Cash          | 9000                 | 10                         | 10   | Allotment             |                           |                            |
| 30.03.1998                  | Cash          | 20000                | 10                         | 10   | Allotment             |                           |                            |
| 08.12.2001                  | Cash          | -300                 | 10                         | 10   | Transfer              |                           |                            |
| 10.12.2001                  | Cash          | 5000                 | 10                         | 10   | Allotment             |                           |                            |
| 17.03.2011                  | Cash          | 50000                | 10                         | 10   | Allotment             |                           |                            |
| 26.03.2015                  | Cash          | 151160               | 10                         | 25   | Allotment             |                           |                            |
| <b>Total</b>                |               | <b>234860</b>        |                            |  |                       | <b>7.83</b>               | <b>4.05</b>                |

| <b>4. Mrs. Usha Narula</b>  |               |                      |                            |  |                       |                           |                            |
|-----------------------------|---------------|----------------------|----------------------------|--|-----------------------|---------------------------|----------------------------|
| Date of Allotment/ Transfer | Consideration | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price (Rs.) | Nature of Transaction | Pre-issue share holding % | Post-issue share holding % |
| 05.04.1996                  | Cash          | 2500                 | 10                         | 10   | Allotment             |                           |                            |
| 30.03.1998                  | Cash          | 38500                | 10                         | 10   | Allotment             |                           |                            |
| 10.12.2001                  | Cash          | 70000                | 10                         | 10   | Allotment             |                           |                            |
| 28.03.2003                  | Cash          | 34000                | 10                         | 10   | Allotment             |                           |                            |
| 26.03.2015                  | Cash          | 82480                | 10                         | 25   | Allotment             |                           |                            |
| <b>Total</b>                |               | <b>227480</b>        |                            |  |                       | <b>7.58</b>               | <b>3.92</b>                |

| <b>5. Mrs. Jyoti Narula</b> |               |                      |                            |  |                       |                           |                            |
|-----------------------------|---------------|----------------------|----------------------------|--|-----------------------|---------------------------|----------------------------|
| Date of Allotment/ Transfer | Consideration | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price (Rs.) | Nature of Transaction | Pre-issue share holding % | Post-issue share holding % |
| 30.03.1998                  | Cash          | 21000                | 10                         | 10   | Allotment             |                           |                            |
| 10.12.2001                  | Cash          | 20000                | 10                         | 10   | Allotment             |                           |                            |
| 31.03.2010                  | Cash          | 100000               | 10                         | 10   | Allotment             |                           |                            |
| 26.03.2015                  | Cash          | 41000                | 10                         | 25   | Allotment             |                           |                            |
| <b>Total</b>                |               | <b>182000</b>        |                            |  |                       | <b>6.07</b>               | <b>3.14</b>                |



| <b>6. Mrs. Kanchan Narula</b>      |                      |                             |                                   |  |                              |                                  |                                   |
|------------------------------------|----------------------|-----------------------------|-----------------------------------|--|------------------------------|----------------------------------|-----------------------------------|
| <b>Date of Allotment/ Transfer</b> | <b>Consideration</b> | <b>No. of Equity Shares</b> | <b>Face value per Share (Rs.)</b> | <b>Issue / Acquisition /Transfer price (Rs.)</b> | <b>Nature of Transaction</b> | <b>Pre-issue share holding %</b> | <b>Post-issue share holding %</b> |
| 05.04.1996                         | Cash                 | 2500                        | 10                                | 10   | Allotment                    |                                  |                                   |
| 30.03.1998                         | Cash                 | 38500                       | 10                                | 10   | Allotment                    |                                  |                                   |
| 10.12.2001                         | Cash                 | 40000                       | 10                                | 10   | Allotment                    |                                  |                                   |
| 28.03.2003                         | Cash                 | 25000                       | 10                                | 10   | Allotment                    |                                  |                                   |
| 17.03.2011                         | Cash                 | 50000                       | 10                                | 10   | Allotment                    |                                  |                                   |
| 26.03.2015                         | Cash                 | 129160                      | 10                                | 25   | Allotment                    |                                  |                                   |
| <b>Total</b>                       |                      | <b>285160</b>               |                                   |  |                              | <b>9.50</b>                      | <b>4.91</b>                       |

| <b>7. Mrs. Sandhya Narula</b>      |                      |                             |                                   |  |                              |                                  |                                   |
|------------------------------------|----------------------|-----------------------------|-----------------------------------|--|------------------------------|----------------------------------|-----------------------------------|
| <b>Date of Allotment/ Transfer</b> | <b>Consideration</b> | <b>No. of Equity Shares</b> | <b>Face value per Share (Rs.)</b> | <b>Issue / Acquisition /Transfer price (Rs.)</b> | <b>Nature of Transaction</b> | <b>Pre-issue share holding %</b> | <b>Post-issue share holding %</b> |
| 30.03.1998                         | Cash                 | 31000                       | 10                                | 10   | Allotment                    |                                  |                                   |
| 10.12.2001                         | Cash                 | 25000                       | 10                                | 10   | Allotment                    |                                  |                                   |
| 31.03.2010                         | Cash                 | 70000                       | 10                                | 10   | Allotment                    |                                  |                                   |
| 17.03.2011                         | Cash                 | 100000                      | 10                                | 10   | Allotment                    |                                  |                                   |
| 26.03.2015                         | Cash                 | 27960                       | 10                                | 25   | Allotment                    |                                  |                                   |
| <b>Total</b>                       |                      | <b>253960</b>               |                                   |  |                              | <b>8.46</b>                      | <b>4.38</b>                       |

#### 6. Details of Promoters' contribution locked in for three years:

Pursuant to Regulation 32 and 36 of SEBI (ICDR) Regulations aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as promoters' contribution ("Promoters Contribution") and locked-in for a period of three years from the date of allotment. The lock-in of the Promoters Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters have granted consent to include such number of Equity Shares held by them as may constitute 20% of the post-Issue Equity Share capital of our Company as Promoters Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution from the date of filing of this Draft Prospectus until the commencement of the lock-in period specified above.

| <b>Sr. No.</b> | <b>Name of Promoter</b> | <b>No. of Shares Locked in for 3 years</b> | <b>% of Pre Issue Paid up Capital</b> | <b>% of Post issue paid up capital</b> |
|----------------|-------------------------|--|---------------------------------------|--|
| 1              | Mr. Balram Narula       | 100000                                     | 3.33                                  | 1.72                                   |
| 2              | Mr. Anil Narula         | 133000                                     | 4.43                                  | 2.29                                   |
| 3              | Mr. Rakesh Narula       | 233000                                     | 7.77                                  | 4.02                                   |
| 4              | Mrs. Usha Narula        | 123000                                     | 4.10                                  | 2.12                                   |
| 5              | Mrs. Jyoti Narula       | 110000                                     | 3.67                                  | 1.90                                   |
| 6              | Mrs. Kanchan Narula     | 233000                                     | 7.77                                  | 4.02                                   |
| 7              | Mrs. Sandhya Narula     | 233000                                     | 7.77                                  | 4.02                                   |
|                | <b>Total</b>            | <b>1165000</b>                             | <b>38.83</b>                          | <b>20.08</b>                           |



The promoter's contribution has been brought into the extent of not less than the specified minimum amount has been contributed by the persons defined as promoter under the SEBI ICDR Regulations. Our company has obtained written consent from our promoters for the lock-in of 11,65,000 Equity Shares for a period of 3 Years from the date of allotment in the issue.

We further confirm that the minimum Promoter Contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' Contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoters' Contribution subject to lock-in.
- Equity shares issued to our Promoters on conversion of partnership firms into limited companies.

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up Equity Share Capital from the date of allotment in the proposed public Issue. Promoters' Contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary. The minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations, 2009. The Promoters' Contribution constituting 20% of the post-Issue capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Issue.

All Equity Shares, which are to be locked-in, are eligible for computation of Promoters' Contribution, in accordance with the SEBI (ICDR) Regulations, 2009. Accordingly we confirm that the Equity Shares proposed to be included as part of the Promoters' Contribution:

- have not been subject to pledge or any other form of encumbrance; or
- have not been acquired, during preceding three years, for consideration other than cash and revaluation of assets or capitalization of intangible assets is not involved in such transaction;
- is not resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the Issuer or from bonus issue against Equity Shares which are ineligible for minimum Promoters' Contribution;
- have not been acquired by the Promoters during the period of one year immediately preceding the date of filing of this Draft Prospectus at a price lower than the Issue Price.

The Promoters' Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the pledge of the Equity Shares is one of the terms of the sanction of the loan. The Promoters' Contribution may be pledged



only if in addition to the above stated, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue.

The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our 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.

#### **7. Details of share capital locked in for one year:**

In addition to 20% of the Post-Issue shareholding of our Company locked for 3 Years as the minimum promoter's contribution, the balance pre issue paid up equity share capital i.e. 18,35,000 Equity Shares would be locked in for a period of 1 year from the date of allotment in the Proposed Initial Public Offering. Further, such lock in for the Equity Shares would be created as per the Bye- Laws of the Depositories.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment, in accordance with regulation 37 of SEBI (ICDR) Regulations, 2009, in the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.

#### **8. Other requirements in respect of lock-in**

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoters' Contribution for 3 (three) years under Regulation 36(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

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

Further, pursuant to Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, along with the Equity Shares proposed to be transferred, provided that lock-in on such Equity Shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has ended, subject to compliance with the Takeover Code, as applicable



## 9. Shareholding pattern of our Company:

A: The following table presents the shareholding pattern of Our Company as on 31st March 2015:

| Category of Shareholder   | No. of Shareholder | Pre-Issue            |                         | Post issue           |                  | Shares Pledged or otherwise encumbered |                  |
|---|--------------------|----------------------|-------------------------|----------------------|------------------|--|------------------|
|   |                    | No. of Equity Shares | As a % of Issued Equity | No. of Equity Shares | As a % of Issued | No. of Equity Shares                   | As a % of Issued |
| Shareholding of Promoters & Promoter Group                              |                    |                      |                         |                      |                  |  |                  |
| INDIAN  |                    |                      |                         |                      |                  |  |                  |
| Individuals/ HUFs/ Directors/Relatives                                  | 31                 | 3000200              | 100%                    | 3000200              | 51.71%           |  |                  |
| Central Govt. /State Govts.   | ---                | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Bodies Corporate  | ---                | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Financial Institutions/Banks  | -                  | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Sub Total A (1)   | 31                 | 3000200              | 100%                    | 3000200              | 51.71%           | ---                                    | ---              |
| FOREIGN   |                    |                      |                         |                      |                  |  |                  |
| Bodies Corporate  | -                  | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Individual  | -                  | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Institutions  | -                  | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Any others (specify)  | -                  | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Sub Total A (2)   | -                  | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Total Shareholding of Promoter group A (1) + A                          | 31                 | 3000200              | 100%                    | 3000200              | 51.71%           | ---                                    | ---              |
| PUBLIC SHAREHOLDING   |                    |                      |                         |                      |                  |  |                  |
| Institutions  |                    |                      |                         |                      |                  |  |                  |
| Central Govt./State Govts.  | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Financial Institutions/Banks  | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Mutual Funds/UTI  | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Venture Capital Funds   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Insurance Companies   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Foreign Institutions  | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Foreign Venture Capital   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Any Others (Specify)  | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Sub Total B (1)   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Non Institutions  | -                  | ---                  | ---                     |                      |                  |  |                  |
| Bodies Corporate  | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Individuals-shareholders holding normal share capital up to Rs. 1 Lac   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Individuals-shareholders holding normal Share capital in excess of Rs.1 | -                  | ---                  |                         | [●]                  | [●]              | ---                                    | ---              |
| Trust   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Any Other (i) Clearing Member   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Directors/Relatives   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Employees   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| Foreign Nationals   | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |
| NRIs  | -                  | ---                  | ---                     | [●]                  | [●]              | ---                                    | ---              |





|   |    |         |     |         |        |     |     |
|---|----|---------|-----|---------|--------|-----|-----|
| OCB'S   | -  | ---     | --- | [•]     | [•]    | --- | --- |
| Person Acting in Concert  | -  | ---     | --- | [•]     | [•]    | --- | --- |
| Sub Total B(2)  |    |         |     | [•]     | [•]    | --- | --- |
| Total Public Shareholding B(1) +  | -  | ---     | --- | 2658000 | 45.81% | --- | --- |
| Total A+B   | 31 | 3000200 | 100 | 5658200 | 97.52% | --- | --- |
| Shares held by Custodians and against which Depository receipts have been | -  | ---     | --- | ---     | ---    | --- | --- |
| Shares held by Market Makers (D)  | -  | ---     | --- | 144000  | 2.48%  | --- | --- |
| Grand Total A+B+C+D   | 31 | 3000200 | 100 | 5802200 | 100    |     |     |

\*In terms of SEBI circular bearing no. Cir/ISD/3/2011 dated June 17, 2011 and SEBI circular bearing no. SEBI/Cir/ISD/ 05 /2011, dated September 30, 2011, our Company shall ensure that the Equity Shares held by the Promoter / members of the Promoter Group and public shall be dematerialized prior to filing the Prospectus with the RoC.

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 NSE before commencement of trading of such Equity Shares.

#### **[B] Shareholding of our Promoters and Promoter Group**

The table below presents the current shareholding pattern of our Promoters and Promoter Group (individuals and companies) as per clause 37 of the SME Listing Agreement.

| Sr. No.  | Name of the shareholder                               | Pre-Issue            |                                | Post-Issue           |                                | Shares pledged or otherwise Encumbered |                 |  |
|----------|---|----------------------|--------------------------------|----------------------|--------------------------------|--|-----------------|--|
|          |   | No. of Equity Shares | As a % of Issued Share Capital | No. of Equity Shares | As a % of Issued Share Capital | Number                                 | As a percentage | As a % of grand Total (a)+(b)+(c) of Sub-clause (i)(a) |
| <b>A</b> | <b>Promoters</b>                                      |                      |                                |                      |                                |  |                 |  |
| 1.       | Mr. Balram Narula                                     | 153820               | 5.13                           | 153820               | 2.65                           | -                                      | -               | -  |
| 2        | Mr. Anil Narula                                       | 304760               | 10.16                          | 304760               | 5.25                           | -                                      | -               | -  |
| 3        | Mr. Rakesh Narula                                     | 234860               | 7.83                           | 234860               | 4.05                           |  |                 |  |
| 4        | Mrs. Usha Narula                                      | 227480               | 7.58                           | 227480               | 3.92                           |  |                 |  |
| 5        | Mrs. Jyoti Narula                                     | 182000               | 6.07                           | 182000               | 3.14                           |  |                 |  |
| 6        | Mrs. Kanchan Narula                                   | 285160               | 9.50                           | 285160               | 4.91                           |  |                 |  |
| 7        | Mrs. Sandhya Narula                                   | 253960               | 8.46                           | 253960               | 4.38                           |  |                 |  |
|          | <b>TOTAL (A)</b>                                      | <b>1642040</b>       | <b>54.73</b>                   | <b>1642040</b>       | <b>28.30</b>                   |  |                 |  |
| <b>B</b> | <b>Promoter Group, Relatives and other Associates</b> |                      |                                |                      |                                |  |                 |  |
| 8        | Rohit Narula  | 137300               | 4.58                           | 137300               | 2.37                           | -                                      | -               | -  |
| 9        | Rohit Narula HUF                                      | 70700                | 2.36                           | 70700                | 1.22                           | -                                      | -               | -  |
| 10       | Bhushan Kumar Narula HUF                              | 106700               | 3.56                           | 106700               | 1.84                           | -                                      | -               | -  |
| 11       | Ruchi Narula  | 100                  | 0.00                           | 100                  | 0.00                           | -                                      | -               | -  |
| 12       | Balram Kumar HUF                                      | 118340               | 3.94                           | 118340               | 2.04                           | -                                      | -               | -  |



|    |                         |                |               |                |               |   |   |   |
|----|-------------------------|----------------|---------------|----------------|---------------|---|---|---|
| 13 | Ankur Narula            | 59100          | 1.97          | 59100          | 1.02          |   |   |   |
| 14 | Ankur Narula HUF        | 41120          | 1.37          | 41120          | 0.71          |   |   |   |
| 15 | Radhika Narula          | 100            | 0.00          | 100            | 0.00          |   |   |   |
| 16 | Gaurav Narula           | 68660          | 2.29          | 68660          | 1.18          |   |   |   |
| 17 | Gaurav Narula HUF       | 33040          | 1.10          | 33040          | 0.57          |   |   |   |
| 18 | Saurabh Narula          | 91100          | 3.04          | 91100          | 1.57          |   |   |   |
| 19 | Vaibhav Narula          | 65100          | 2.17          | 65100          | 1.12          |   |   |   |
| 20 | Satish Kumar Narula HUF | 88100          | 2.94          | 88100          | 1.52          |   |   |   |
| 21 | Anil Kumar Narula HUF   | 134100         | 4.47          | 134100         | 2.31          |   |   |   |
| 22 | Geeta Narula            | 93000          | 3.10          | 93000          | 1.60          |   |   |   |
| 23 | Prashant Narula         | 61000          | 2.03          | 61000          | 1.05          |   |   |   |
| 24 | Bulbul Narula           | 100            | 0.00          | 100            | 0.00          |   |   |   |
| 25 | Sneha Narula            | 7000           | 0.23          | 7000           | 0.12          |   |   |   |
| 26 | Rakesh Kumar Narula HUF | 148100         | 4.94          | 148100         | 2.55          |   |   |   |
| 27 | Aditya Narula           | 35000          | 1.17          | 35000          | 0.60          |   |   |   |
| 28 | Meena Narula            | 100            | 0.00          | 100            | 0.00          | - | - | - |
| 29 | Priyanka Narula         | 100            | 0.00          | 100            | 0.00          |   |   |   |
| 30 | Shashi Kumar Sabbharwal | 100            | 0.00          | 100            | 0.00          |   |   |   |
| 31 | Madhu Sabbharwal        | 100            | 0.00          | 100            | 0.00          |   |   |   |
|    | <b>TOTAL (B)</b>        | <b>1358160</b> | <b>45.27%</b> | <b>1358160</b> | <b>23.41%</b> | - | - | - |
|    | <b>TOTAL (A+B)</b>      | <b>3000200</b> | <b>100%</b>   | <b>3000200</b> | <b>51.71%</b> | - | - | - |

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

| Sr. No. | Name of the Promoter    | No. of Shares held | Average cost of Acquisition (in Rs.) |
|---------|-------------------------|--------------------|--------------------------------------|
| 1       | Mr. Balram Kumar Narula | 153820             | 20.25                                |
| 2       | Mr. Anil Kumar Narula   | 304760             | 20.89                                |
| 3       | Mr. Rakesh Kumar Narula | 234860             | 19.65                                |
| 4       | Mrs. Usha Narula        | 227480             | 15.44                                |
| 5       | Mrs. Jyoti Narula       | 182000             | 13.38                                |
| 6       | Mrs. Kanchan Narula     | 285160             | 16.79                                |
| 7       | Mrs. Sandhya Narula     | 253960             | 11.65                                |

11. Following Directors holds Equity Shares in our Company.

| Sr. No. | Name of shareholder | No. of Shares | % age of pre-Issue capital | % age of post-Issue capital |
|---------|---------------------|---------------|----------------------------|-----------------------------|
| 1       | Mr. Balram Narula   | 153820        | 5.13                       | 2.65                        |
| 2       | Mr. Anil Narula     | 304760        | 10.16                      | 5.25                        |
| 3       | Mr. Rakesh Narula   | 234860        | 7.83                       | 4.05                        |

**12. Equity Shares held by top ten shareholders****A. Our top ten shareholders and the number of Equity Shares held by them as on date of the Draft Prospectus are as under**

| Sr. No. | Name of shareholder          | No. of Shares | % age of pre-Issue capital | % age of post-Issue capital |
|---------|------------------------------|---------------|----------------------------|-----------------------------|
| 1       | Shri Anil Kumar Narula       | 304760.00     | 10.16                      | 5.25                        |
| 2       | Smt. Kanchan Narula          | 285160.00     | 9.50                       | 4.91                        |
| 3       | Smt. Sandhya Narula          | 253960.00     | 8.46                       | 4.38                        |
| 4       | Shri Rakesh Kumar Narula     | 234860.00     | 7.83                       | 4.05                        |
| 5       | Smt. Usha Narula             | 227480.00     | 7.58                       | 3.92                        |
| 6       | Smt. Jyoti Narula            | 182000.00     | 6.07                       | 3.14                        |
| 7       | Shri Balram Kumar Narula     | 153820.00     | 5.13                       | 2.65                        |
| 8       | Shri Rakesh Kumar Narula HUF | 148100.00     | 4.94                       | 2.55                        |
| 9       | Shri Rohit Narula            | 137300.00     | 4.58                       | 2.37                        |
| 10      | Shri Anil Kumar Narula HUF   | 134100.00     | 4.47                       | 2.31                        |

**B. Our top ten shareholders and the number of Equity Shares held by them ten days prior to the date of the Draft Prospectus are as under:**

| Sr. No. | Name of shareholder          | No. of Shares | % age of pre-Issue capital | % age of post-Issue capital |
|---------|------------------------------|---------------|----------------------------|-----------------------------|
| 1       | Shri Anil Kumar Narula       | 304760.00     | 10.16                      | 5.25                        |
| 2       | Smt. Kanchan Narula          | 285160.00     | 9.50                       | 4.91                        |
| 3       | Smt. Sandhya Narula          | 253960.00     | 8.46                       | 4.38                        |
| 4       | Shri Rakesh Kumar Narula     | 234860.00     | 7.83                       | 4.05                        |
| 5       | Smt. Usha Narula             | 227480.00     | 7.58                       | 3.92                        |
| 6       | Smt. Jyoti Narula            | 182000.00     | 6.07                       | 3.14                        |
| 7       | Shri Balram Kumar Narula     | 153820.00     | 5.13                       | 2.65                        |
| 8       | Shri Rakesh Kumar Narula HUF | 148100.00     | 4.94                       | 2.55                        |
| 9       | Shri Rohit Narula            | 137300.00     | 4.58                       | 2.37                        |
| 10      | Shri Anil Kumar Narula HUF   | 134100.00     | 4.47                       | 2.31                        |

**C. Our top ten shareholders and the number of Equity Shares held by them two years prior to date of the Draft Prospectus are as under**

| Sr. No. | Name of shareholder           | No. of Shares | % age of pre-Issue capital | % age of post-Issue capital |
|---------|-------------------------------|---------------|----------------------------|-----------------------------|
| 1       | Smt. Sandhya Narula           | 226000        | 7.53                       | 3.90                        |
| 2       | Smt. Kanchan Narula           | 156000        | 5.20                       | 2.69                        |
| 3       | Smt. Usha Narula              | 145000        | 4.83                       | 2.50                        |
| 4       | Smt. Jyoti Narula             | 141000        | 4.70                       | 2.43                        |
| 5       | Shri Rakesh Kumar Narula      | 83700         | 2.79                       | 1.44                        |
| 6       | Shri Anil Kumar Narula        | 83600         | 2.79                       | 1.44                        |
| 7       | Smt. Geeta Narula             | 81000         | 2.70                       | 1.40                        |
| 8       | Shri Balram Kumar Narula HUF  | 80100         | 2.67                       | 1.38                        |
| 8       | Shri Bhushan Kumar Narula HUF | 80100         | 2.67                       | 1.38                        |
| 8       | Shri Rakesh Kumar Narula HUF  | 80100         | 2.67                       | 1.38                        |



13. There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoters/Directors/Lead Manager for purchase of Equity Shares offered through the Draft Prospectus.
14. There have been no purchase or sell of Equity Shares by the Promoters, Promoter Group and the Directors during a period of six months preceding the date on which the Draft Prospectus is filed with NSE.
15. Our Company has not raised any bridge loans against the proceeds of this Issue.
16. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in paragraph on "Basis of Allotment" on page no 192 of this Draft Prospectus.
17. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot.  
  
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 to ensure that 20% of the post issue paid-up capital is locked-in.
18. As on date of filing of this Draft Prospectus with SEBI, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
19. On the date of filing the Draft Prospectus with SEBI, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
20. Our Company has not issued any Equity Shares out of revaluation reserves and not issued any bonus shares out of capitalization of revaluation reserves.
21. Lead Manager to the Issue viz. Mefcom Capital Markets Limited does not hold any Equity Shares of our Company.
22. Our Company has not revalued its assets since incorporation.
23. Our Company has not made any public issue since incorporation.
24. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law, our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.
25. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
26. Except as disclosed in the Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other



scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

27. At any given point of time, there shall be only one denomination for a class of Equity Shares of our Company.
28. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
29. An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
30. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.
31. Our Company has 31 (Thirty One) members as on the date of filing of this Draft Prospectus.

**SECTION V-OBJECTS OF THE ISSUE****OBJECTS OF THE ISSUE**

The objects of the Issue are to finance our business expansion plans and achieve the benefits of listing on the NSE-EMERGE platform. We believe that listing will enhance our corporate image and brand name of our Company.

The objects of the Issue are as stated below:

The main objects of our Memorandum of Association permits us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

Our funding requirements are dependent on a number of factors which may not be in the control of our management, changes in our financial condition and current commercial conditions. Such factors may entail rescheduling and / or revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure.

The Company proposes to meet the entire requirement of funds for the Objects from the Net Proceeds of the Issue. Accordingly, the requirement under Regulation 4(2) (g) of the SEBI ICDR Regulations of firm arrangements of finance through verifiable means for the 75% of the stated means of finance is not applicable.

**Cost of Project and Means of Finance**

The cost of project and means of finance as estimated by our management are given below:

**COST OF THE PROJECT**

| <b>SR. NO.</b> | <b>OBJECTs</b>   |        | <b>TOTAL COST ESTIMATED (RS. IN LAKH)</b> |
|----------------|--|--------|---|
| 1.             | Setting up of Manufacturing facilities for Value added hosiery items |        |   |
|                | a. Building  | 214.68 |   |
|                | b. Plant & Machinery   | 203.02 |   |
|                | c. Contingencies   | 15.91  | 433.61                                    |
| 2.             | To meet Issue Expenses   |        | 43.00                                     |
| 3.             | Margin for working capital   |        | 223.89                                    |
|                | <b>Total Cost of the Project</b>                                     |        | <b>700.50</b>                             |

**MEANS OF FINANCE**

| <b>SR. NO.</b> | <b>DESCRIPTION</b>   | <b>AMOUNT (IN LAKH)</b> |
|----------------|----------------------|-------------------------|
| 1.             | Initial Public Offer | 700.50                  |
|                | <b>Total</b>         | <b>700.50</b>           |

*\*Note: In case the IPO does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/ or utilizing internal accruals. In case of excess funds remaining after deployment as per the Objects of the Issue, the same will be utilized for General Corporate Purposes. For further details please*



refer to the heading titled “General Corporate Purposes” beginning on page 59 under Chapter titled “Objects of the Issue” beginning on page 59 of this Prospectus.

No part of the Issue Proceeds will be paid by us as consideration to our Promoters, Directors, Key Managerial Personnel, Associates or Companies Promoted by our Promoters except in the course of normal business.

No part of the Issue Proceeds will be used for procuring second hand machinery for the proposed project.

In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by surplus funds, if any available in any other project and/ or our Company’s internal accrual, and/ or the term loans/ working capital loans that may be availed from the Banks/ Financial Institutions.

## DETAILS OF THE OBJECTS OF THE ISSUE

### 1. To Set up Manufacturing facilities for Value added hosiery items

Our Company proposes to setup manufacturing facilities at Kanpur to manufacture value added hosiery items such as T- shirts, Bermuda, slips and lowers. We have decided to buy good quality machinery for making these items to have better competitive quality. Total cost of setting up the plant at Kanpur is estimated at Rs. 433.61 Lacs. This will help us making more and more value added items to have a competitive edge over other companies in this industry. This is needed also to keep in mind of the changes in consumers taste and preferences. The total cost is divided into two major components:

#### **A. Plant and Machinery:**

Details of plant and machineries and their respective quotations mentioned as below:-

| S. No. | Name of Machines          | No. of M/cs. | Rs. In Lacs | Name of Suppliers            | Total Rs. In Lacs (inclusive of Tax) |
|--------|---------------------------|--------------|-------------|------------------------------|--------------------------------------|
| 1.     | Soft Flow Machine 250 Kg. | 1            | 14.50       | Krsna Engimech (P) Limited   | 15.73                                |
| 2.     | Soft Flow Machine 500 Kg. | 1            | 22.50       | Krsna Engimech (P) Limited   | 24.41                                |
| 3.     | S.S. Storage Tank         | 1            | 4.95        | Krsna Engimech (P) Limited   | 5.37                                 |
| 4.     | Callendering Machine      | 3            | 27.00       | Krsna Engimech (P) Limited   | 29.29                                |
| 5.     | Four Tube Drier           | 1            | 11.70       | Krsna Engimech (P) Limited   | 12.70                                |
| 6.     | Generator Set 30 KVA      | 1            | 3.60        | A.J Brothers & Co.           | 3.67                                 |
| 7.     | Generator Set 50 KVA      | 1            | 4.50        | A.J Brothers & Co            | 4.59                                 |
| 8.     | Fuel Storage Tank         | 1            | 2.40        | Thermodynamic Services       | 2.74                                 |
| 9.     | ETP                       | 1            | 10.88       | Thermodynamic Services       | 12.40                                |
| 10.    | Themopack-6000.00 K-Cal.  | 1            | 13.30       | Thermodynamic Services       | 15.16                                |
| 11.    | Schematic boiler          | 1            | 3.60        | Thermodynamic Services       | 4.10                                 |
| 12.    | Water Softener            | 1            | 2.81        | Thermodynamic Services       | 3.20                                 |
| 13.    | Hand Pallets              | 20           | 3.50        | Thermodynamic Services       | 3.99                                 |
| 14.    | Sewing Machines           | 41           |             | Harichand Anand & Co, Kanpur | 25.67                                |
|        | <b>SUB TOTAL</b>          |              |             |                              | <b>163.02</b>                        |
| 15.    | Electrification           |              |             |                              | 20.00                                |
| 16.    | Erection of Machines      |              |             |                              | 10.00                                |
| 17.    | Steam Pipe Line           |              |             |                              | 10.00                                |
|        | <b>GRAND TOTAL</b>        |              |             |                              | <b>203.02</b>                        |





**B. Land and Building:**

The company has already acquired land at Mini Industrial Estate, Chaubepur, Kanpur Dehat. Company plans to construct the building in two blocks named as Block B and Block D. Block B is to be constructed at Plot Nos. 11 to 19 and Block D is to be constructed on Plot Nos. 40 to 49. The cost of construction of the proposed industrial building, as estimated by Mr. Ashok Goel, Architect & Valuer, 117/449, Pandu Nagar, Kanpur, is given as below:-

| S. No. | PARTICULARS OF ITEMS   | QTY.          | RATE         | AMOUNT<br>(Rs. In Lacs) |
|--------|--|---------------|--------------|-------------------------|
| 1.     | Estimates of Block 'B' on plot No. 11 to 19                          |               |              | 83.57                   |
| 2.     | Estimates of Block 'D' (Part) on Plot No. 40 to 49                   |               |              | 84.21                   |
| 3.     | Bricks on edge road on compacted earth                               | 22,000 sq. ft | 70.00 sq. ft | 15.40                   |
| 4.     | 6" boring with pump  |               | Lump sum     | 2.25                    |
| 5.     | Construction of RCC over head water tank with main water supply line |               | Lump sum     | 15.25                   |
| 6.     | General electrification for lighting                                 |               | Lump sum     | 6.50                    |
| 7.     | Boundary gates with RCC column & fixing                              | 2 sets        | Lump sum     | 2.00                    |
| 8.     | Construction of open drains for rain water                           |               | Lump sum     | 5.50                    |
|        | <b>TOTAL</b>   |               |              | <b>214.68</b>           |

**Details of construction cost of Block B at Plot Nos. 11 to 19, is estimated as below:**

| S. No. | PARTICULARS OF ITEMS   | QTY.      | RATE<br>(in Rs. per unit) | AMOUNT<br>(in Rs.) |
|--------|--|-----------|---------------------------|--------------------|
| 1.     | Excavation of foundation in ordinary soil.   | 7050 cft  | 8.50                      | 59925              |
| 2.     | Lean concrete in 1:4:8 ratio in foundation   | 730 cft   | 104.00                    | 75920              |
| 3.     | Brick work in 1:6 cement mortar in foundation  | 1630 fct  | 172.00                    | 280360             |
| 4.     | R.C.C. work in 1:2:4 in foundation including cantering, shuttering but excluding M.S. reinforcement.                     | 1915 cft  | 265.00                    | 507475             |
| 5.     | 2" thick DPC in 2:3:6 concrete with water proofing compound  | 445 sft   | 16.00                     | 7120               |
| 6.     | Brick work in 1:6 cement mortar in superstructure  | 6115 sft  | 195.00                    | 1192425            |
| 7.     | R.C.C. work in 1:2:4 in column, lintel, beam slab etc. including cantering, shuttering but excluding M.S. reinforcement. | 1835 cft  | 310.00                    | 568850             |
| 8.     | M.S. reinforcement with bending, binding, placing and binding wire   | 11750 kg  | 60.00                     | 705000             |
| 9.     | AC sheet over steel trusses with fabrication, painting of trusses, laying of sheets etc. with all fitting complete       | 10220 sft | 240.00                    | 2452800            |
| 10.    | Cement plaster in 1:6 mortar   | 10765 sft | 12.00                     | 129180             |
| 11.    | Earth filling with compaction in plinth  | 5000 cft  | 5.50                      | 27500              |
| 12.    | 4.5" & 3" thick Lean concrete in 1:3:6 in sub floor  | 9380 sft  | 45.00                     | 422100             |
| 13.    | Steel windows with grill, glass, all fittings and fixing complete  | 1140 sft  | 210.00                    | 239400             |
| 14.    | Steel rolling shutter with all fittings & fixing complete  | 880 sft   | 225.00                    | 198000             |
| 15.    | 3" thick PCC flooring in 1:2:4 mix in panels & fixing etc. complete  | 9380 sft  | 52.00                     | 487760             |
| 16.    | Enamel painting over doors, windows, shutters etc.   | 2880 sft  | 11.00                     | 31680              |
| 17.    | Distemper painting inside & out side building  | 10765 sft | 7.00                      | 75355              |
| 18.    | Total  |           |                           | 7460850            |



|     |   |  |  |                |
|-----|---|--|--|----------------|
| 19. | Add: 12% for electrification, sanitation and water supply |  |  | 895302         |
| 20. | Total Estimated Cost                                      |  |  | 8356152        |
|     | <b>TOTAL Rounded off</b>                                  |  |  | <b>8357000</b> |

**Details of construction cost of Block D at Plot Nos. 40 to 49, is estimated as below:**

| S. No. | PARTICULARS OF ITEMS   | QTY.      | RATE   | AMOUNT<br>(in Rs.) |
|--------|--|-----------|--------|--------------------|
| 1.     | Excavation of foundation in ordinary soil.   | 6850 cft  | 8.50   | 58225              |
| 2.     | Lean concrete in 1:4:8 ratio in foundation   | 690 cft   | 104.00 | 71760              |
| 3.     | Brick work in 1:6 cement mortar in foundation  | 1510 fct  | 172.00 | 259720             |
| 4.     | R.C.C. work in 1:2:4 in foundation including cantering, shuttering but excluding M.S. reinforcement.                     | 2050 cft  | 265.00 | 543250             |
| 5.     | 2" thick DPC in 2:3:6 concrete with water proofing compound  | 375 sft   | 16.00  | 6000               |
| 6.     | Brick work in 1:6 cement mortar in superstructure  | 5435 sft  | 195.00 | 1059825            |
| 7.     | R.C.C. work in 1:2:4 in column, lintel, beam slab etc. including cantering, shuttering but excluding M.S. reinforcement. | 7810 cft  | 310.00 | 2421100            |
| 8.     | M.S. reinforcement with bending, binding, placing and binding wire   | 22500 kg  | 60.00  | 1350000            |
| 9.     | Cement plaster in 1:6 mortar   | 12760 sft | 12.00  | 153120             |
| 10.    | Earth filling with compaction in plinth  | 4500 cft  | 5.50   | 24750              |
| 11.    | 4.5" & 3" thick Lean concrete in 1:3:6 in sub floor  | 7125 sft  | 45.00  | 320625             |
| 12.    | Steel windows with grill, glass, all fittings and fixing complete  | 740 sft   | 210.00 | 155400             |
| 13.    | Steel rollin shutter with all fittings & fixing complete   | 660 sft   | 225.00 | 148500             |
| 14.    | 3" thick PCC flooring in 1:2:4 mix in panels & fixing etc. complete  | 7125 sft  | 52.00  | 370500             |
| 15.    | Terracing with water proofing compound   | 8250 sft  | 48.00  | 396000             |
| 16.    | Enamel painting over doors, windows, shutters etc.   | 2480 sft  | 11.00  | 27280              |
| 17.    | Distemper painting inside & out side building  | 21760 sft | 7.00   | 152320             |
| 18.    | Total  |           |        | 7518375            |
| 19.    | Add: 12% for electrification, sanitation and water supply  |           |        | 902205             |
| 20.    | Total Estimated Cost   |           |        | 8420580            |
|        | <b>TOTAL Rounded off</b>   |           |        | <b>8421000</b>     |

## **2. To meet margin requirements for Long Term working Capital.**

Considering the existing growth rate of our Company, our working capital needs are expected approximately 223.89 Lacs for FY 2016-17 as assessed based on the working of our Company. We propose to meet this working capital requirement from the IPO proceeds to the tune of 223.89 Lacs. Any further working capital need would either be funded through internal sources or bank finances. We have worked out the requirement of working capital as per the given table below:



**BREAK UP OF THE REQUIREMENT OF WORKING CAPITAL AND MARGIN MONEY (Rs. Lacs)**

| <b>WORKING CAPITAL REQUIREMENT FOR F.Y. 2016-2017</b> |             |                |
|---|-------------|----------------|
| <b>Particulars</b>                                    | <b>Days</b> | <b>Amount</b>  |
| RAW MATERIAL  | 5           | 68.67          |
| WORK-IN-PROCESS                                       | 21          | 370.02         |
| FINISHED GOODS  | 25          | 443.48         |
| SUNDRY DEBITORS                                       | 40          | 886.93         |
| <b>SUB TOTAL</b>                                      |             | <b>1769.10</b> |
| LESS: SUNDRY CREDITORS 10 DAYS                        | 10          | 137.25         |
| <b>WORKING CAPITAL GAP</b>                            |             | <b>1631.85</b> |
| LESS: MARGINS   | 25%         | 407.96         |
| WORKING CAPITAL REQUIREMENT                           |             | 1223.89        |
| LESS: AVAILABLE LIMITS FROM BANKS                     |             | 1000.00        |
| <b>TO BE MET THROUGH IPO</b>                          |             | <b>223.89</b>  |

**3. To meet Public Issue expenses and listing of shares on stock exchanges**

The total expenses of the Issue are estimated to be approximately Rs 43.00 Lacs. The Issue related expenses consist of underwriting fees, selling commission, fees payable to the LMs, legal counsels, Escrow Collection Banks and Registrar to the Issue, IPO grading, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchange.

| <b>Particulars</b>   | <b>Amount<br/>(Rs. In Lacs)</b> | <b>% of Total<br/>Issue Expenses</b> | <b>% of Total<br/>Issue Size</b> |
|--|---------------------------------|--------------------------------------|----------------------------------|
| Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses. |                                 |                                      |                                  |
| Printing & Stationery, Distribution, Postage, etc  | [●]                             | [●]                                  | [●]                              |
| Advertisement & Marketing Expenses   | [●]                             | [●]                                  | [●]                              |
| Regulatory & other expenses  | [●]                             | [●]                                  | [●]                              |
| <b>Total</b>   | <b>43.00</b>                    |                                      | <b>6.14</b>                      |

**Details of funds already deployed & Sources of funds deployed**

The funds deployed up to September 14, 2014 towards the object of this issue on the project as certified by the Statutory Auditors of our Company, M/s Sushil Gupta & Co., Chartered Accountants vide their certificate dated September 15, 2015 is given below:

| <b>DEPLOYMENT OF FUNDS</b> | <b>AMOUNT</b> |
|----------------------------|---------------|
| Project Related            | -             |
| Public Issue Expenses      | 8.17          |
| <b>Total</b>               | <b>8.17</b>   |



| <b>SOURCES OF FUNDS</b> | <b>AMOUNT</b> |
|-------------------------|---------------|
| Internal Accruals       | 8.17          |
| Bank Finance            | -             |
| Total                   | <b>8.17</b>   |

## **INTERIM USE OF FUNDS**

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

## **Monitoring Utilization of Funds**

Since the Issue size does not exceed Rs. 50,000 Lacs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required. As required under the listing agreements with the Stock Exchange, the Audit Committee appointed by our Board will monitor the utilisation of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly/half yearly financial disclosures and annual audited financial statements until the Issue Proceeds remain unutilized, to the extent required under the applicable law and regulation. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Financial Years subsequent to our listing of our Equity Shares on the SME Platform of NSE.

Pursuant to clause 52 of the SME Equity Listing Agreement, our Company shall on a half yearly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Draft Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement shall be certified by the statutory auditors of our Company.

Our Company shall be required to inform material deviations in the utilisation of the proceeds of the Issue to the Stock Exchange(s) and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers.

No part of the Proceeds from the Issue will be paid by us as consideration to our Promoters, Promoter Group, our Directors, Group Companies or Key Managerial Personnel, except in the normal course of our business.

## **Basic terms of the issue**

The Equity shares being offered are subject 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, our Memorandum and Articles of Association, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

**BASIS FOR ISSUE PRICE**

*Investors should read the following basis with the “Risk Factors” beginning on Page no 11 and the details about the “Business of Our Company” and its “Financial Statements” included in this Draft Prospectus on page no 83 and page no 124 respectively to get a more informed view before making any investment decisions.*

**QUALITATIVE FACTORS:**

Some of the qualitative factors which form the basis for computing the Issue Price are:

**1. Leveraging the experience of our Promoters:**

Our Promoters Mr. Balram Kumar Narula, Mr. Anil Kumar Narula and Mr. Rakesh Kumar Narula have enough experience of doing business in hosiery industry and are well versed with the nittigrittis of different aspects of the industry. They are being supported by other promoters Mrs. Usha Narula, Mrs. Jyoti Narula, Mrs. Kanchan Narula and Mrs. Sandhya Narula as they have wide experience of administration, marketing and designing of the products.

**2. Diversified Product Portfolio**

Our company is manufacturing wide range of knitted undergarments and casual wears for men, women and childrens. The product range include different shapes and styles of Vests, Underwears, T-Shirts, Bermudas, Lowers, Socks, Ladies Panties and Bra.

**3. Quality Assuranace and Standards****4. Cordial Customer Relationship****5. Experienced management team and a motivated and efficient work force**

Our Company is managed by a team of experienced and professional personals having knowledge of every aspect of textile activities, marketing and finance. The faith of the management in the staff and their performance has enabled us to build up capabilities to expand our business.

**QUANTITATIVE FACTORS:**

Information presented in this section is derived from our restated financial statements certified by the Statutory Auditors of the Company.

**1. Basic Earning per Equity Share (EPS) (on Face value of Rs. 10 per share)**

| Year                    | Earnings Per Share (Rs.) | Weights |
|-------------------------|--------------------------|---------|
| F.Y. 2012-13            | 1.00                     | 1       |
| F.Y. 2013-14            | 1.18                     | 2       |
| F.Y. 2014-15            | 2.17                     | 3       |
| <b>Weighted Average</b> | <b>1.65</b>              |         |

EPS Calculations have been done in accordance with Accounting Standard 20-“Earning per Share” issued by the Institute of Chartered Accountants of India.

- Basic earnings per share are calculated by dividing the net profit after tax by the weighted average number of Equity Shares outstanding during the period. Weighted Average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
- The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue.
- 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 period are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

**2. Price/Earnings Ratio (P/E) in relation to the Issue Price Rs. 25.00.**

- Based on fiscal year as on 31st March, 2015; at EPS of Rs. 1.32 as per Restated Financial Statements, the P/E ratio is 18.93
- Based on weighted average EPS of Rs. 1.65 as per Restated Financial Statements, the P/E ratio is 15.15
- Industry P/E: 46.11

**3. Return on Net worth (RONW)**

| Year                    | RONW (%) | Weights |
|-------------------------|----------|---------|
| F.Y. 2012-13            | 6.49%    | 1       |
| F.Y. 2013-14            | 7.11%    | 2       |
| F.Y. 2014-15            | 5.67%    | 3       |
| <b>Weighted Average</b> |          |         |

**4. Minimum return on post Issue Net Worth to maintain the Pre-issue EPS is 2.93%****5. Net Asset Value per Equity Share**

| Sr. No | Particulars                        | Rs.   |
|--------|------------------------------------|-------|
| a)     | As on 31 <sup>st</sup> March, 2015 | 21.55 |
| b)     | After Issue                        | 23.21 |
| c)     | Issue Price                        | 25.00 |

**6. Peer Group Comparison of Accounting Ratios**

The peer group comparison of various accounting ratio is as below:

| Companies              | Share Capital Money (Rs.In Crores) | Face Value | Book Value | Market Price | EPS    | Price to Book value | P.E          |
|------------------------|------------------------------------|------------|------------|--------------|--------|---------------------|--------------|
| TT Limited             | 51.90                              | 10.00      | 48.55      | 51.90        | 0.78   | 1.07                | 66.67        |
| Page Industries Ltd    | 11.15                              | 10.00      | 346.75     | 13495.00     | 175.80 | 38.92               | 76.76        |
| Maxwell Industries Ltd | 12.61                              | 2.00       | 15.76      | 47.85        | 1.11   | 3.04                | 43.16        |
| Rupa & Co.             | 7.95                               | 1.00       | 41.18      | 331.00       | 8.27   | 8.04                | 40.05        |
| Industry Average       |                                    |            |            |              |        |                     | <b>46.11</b> |

(Source: <http://www.moneycontrol.com/> dated. 30.07.2015)

- The face value of our shares is Rs.10/- per share and the Issue Price is of Rs. 25 per share is 2.5 times of the face value.
- The Company in consultation with the Lead Manager believes that the Issue Price of Rs. 25.00 per share for the Public Issue is justified in view of the above parameters. The investors may also read information given in sections titled "Our Business", "Risk Factors" and "Financial Information of the company" beginning on page no. 83, page no. 11 and page no. 124 including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have a more informed view about the investment proposition.



## **STATEMENT OF TAX BENEFITS**

To,  
The Board of Directors  
**Jet Knitwears Limited**  
119/410-B-1 Darshanpurwa,  
Kanpur- 208012.  
Dear Sirs,

**Sub: Statement of possible tax benefits available to the Company and its shareholders on proposed Public Issue of Shares under the existing tax laws.**

We hereby confirm that the enclosed Annexure, prepared by Jet Knitwears Limited ('the Company'), states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 ('IT Act') and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not fulfill.

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

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

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

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

The contents of the annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change. We shall not be liable to Jet Knitwears Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith of intentional misconduct.

Thanking you.

Yours faithfully,

**For M/s Sushil Gupta & Co.**

Chartered Accountants,

Firm Registration No: 001233C

Sd/-

Pankaj Khanna

M. No. 70213

Partner

Place: Kanpur

Date: 14.09.2015



## **ANNEXURE**

### **STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS**

#### **A) SPECIAL TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS**

##### **I. Special Benefits available to Our Company**

The Company is not entitled to any special tax benefits under the Income Tax Act, 1961(the Act).

##### **II. Special Benefits available to the Shareholders of Our Company.**

There are no special tax benefits available to the Equity Shareholders.

#### **B) OTHER GENERAL TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS**

The following tax benefits shall be available to the Company and its Shareholders under Direct tax law:

##### **Under the Income-Tax Act, 1961 (“the Act”):**

##### **I. Benefits available to the Company:**

###### **1. Depreciation**

As per the provisions of Section 32 of the Act, the Company is eligible to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant Income Tax rules there under.

###### **2. Dividend Income**

Dividend income, if any, received by the Company from its investment in shares of another domestic Company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961.

###### **3. Income from Mutual Funds / Units**

As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company:

- Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
- Income received in respect of units from the Administrator of the specified undertaking; or
- Income received in respect of units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

For this purpose (i) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) “Specified Company” means a company as referred to in section 2(h) of the said Act.

###### **4. Income from Long Term Capital Gain**

As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the Company.





For this purpose, “Equity Oriented Fund” means a fund –

- I. Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
- II. Which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act

As per section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating “book profits” under the provisions of section 115JB of the Act and will be required to pay Minimum Alternative Tax as follows:

| Book Profit   | A.Y. 2013-14 | A.Y. 2014-15 |
|---|--------------|--------------|
| If book profit is less than or equal to Rs. 1 Crore | 19.055%      | 19.055%      |
| If book profit is more than Rs. 1 Crore             | 20.01%       | 20.01%       |

5. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.
6. As per the provisions of Section 112 of the Income Tax Act, 1961, long-term capital gains as computed above that are not exempt under Section 10(38) of the Income Tax Act, 1961 would be subject to tax at a rate of 20 percent (plus applicable surcharge plus education cess plus secondary and higher education cess). However, as per the provision to Section 112(1), if the tax on long-term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge plus education cess plus secondary and higher education cess).
7. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

- I. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - II. By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
- As per section 111A of the Act, short-term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus secondary and higher education cess)



➤ **Preliminary Expenses**

Under Section 35D of the Act, the company will be entitled to the deduction equal to 1/5th of the Preliminary expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive years, subject to stipulated limits.

➤ **Credit for Minimum Alternate Taxes (“MAT”)**

Under Section 115JAA (2A) of the Income Tax Act, 1961, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the Income Tax Act, 1961 for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act, 1961. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

**II. Benefits to the Resident Shareholders of the Company under the Income-Tax Act, 1961:**

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax in the hands of the shareholders.
2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
3. Under section 10(38) of the Income Tax Act, 1961, long-term capital gains arising to a shareholder on transfer of equity shares in the company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT. However, the long-term capital gain of a shareholder being company shall be subject to income tax computation on book profit under section 115JB of the Income Tax, 1961.
4. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.
5. As per section 112 of the Act, if the shares of the company are listed on a recognized stock exchange, taxable long-term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge plus education cess plus secondary and higher education cess) after considering indexation benefits or at 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) without indexation benefits, whichever is less.
6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.



A “long-term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April, 2006:

- I. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - II. By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
7. Under section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a Hindu Undivided Family (‘HUF’) on transfer of shares of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
  8. Under section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.
  9. As per section 36(1) (xv) of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered in the course of the business will be eligible for deduction from the income chargeable under the head —Profits and Gains of Business or Profession if income arising from taxable securities transaction is included in such income.

### **III. Non-Resident Indians/Non-Resident Shareholders (Other than FIIs and Foreign Venture Capital Investors)**

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961, received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long-term capital gains arising to the shareholders from the transfer of a long term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
3. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.
4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term



specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long-term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

- I. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - II. By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
5. Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a Hindu Undivided Family (‘HUF’) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
6. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.
7. Under section 115-C (e) of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows:
- I. As per provisions of section 115D read with section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the nonresident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessorally taxed at the flat rate of 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) (without indexation benefit but with protection against foreign exchange fluctuation).
  - II. As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
  - III. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.



- IV. As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- V. As per section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XIIA shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance the other provisions of the Act.
8. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

#### IV. Foreign Institutional Investors (FIIs)

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961 received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long-term capital gains arising to the FIIs from the transfer of a long-term capital asset being an equity share in the Company or a unit of equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.
3. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

#### Nature of Income Rate of Tax (%)

| Nature of Income  | Rate of Tax (%) |
|---|-----------------|
| Long Term Capital Gain                                  | 10              |
| Short Term Capital Gain (Referred to Section 111A)      | 15              |
| Short Term Capital Gain (Other than under Section 111A) | 30              |

The above tax rates have to be increased by the applicable surcharge, education cess, and secondary and higher education cess.

4. In case of long-term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term



specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long-term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

- I. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - II. By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
6. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII
  7. However, where the equity shares form a part of its stock-in-trade, any income realized in the disposition of such equity shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realized from the disposition of equity shares is chargeable to tax in India as business income, FII's could claim, STT paid on purchase/sale of equity shares as allowable business expenditure. Business profits may be subject to applicable Tax Laws.

#### **V. Venture Capital Companies/Funds**

1. Under Section 10(23FB) of the Income Tax Act, 1961, any income of Venture Capital company / funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the Income Tax Act, 1961, any income derived by a person from his investment in venture capital companies / funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

#### **VI. Mutual Funds**

1. As per Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.





## **Under the Wealth Tax Act, 1957**

### **Benefits to shareholders of the Company**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2 (ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.

### **Tax Treaty Benefits**

An investor has an option to be governed by the provisions of the Income Tax Act, 1967 or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

### **Notes:**

- 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;
- 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 as amended from time to time. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;
- 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;
- 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
- The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.



## **SECTION IV- ABOUT OUR COMPANY**

### **INDUSTRY OVERVIEW**

*The information in this section is derived from industry sources and government publications. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on this information.*

#### **Introduction**

##### **Overall Global Scenario**

Global growth is expected to be 2.8 percent in 2015, lower than anticipated in January. Growth is expected to pick up to 3.2 percent in 2016–17, broadly in line with previous forecasts. Developing economies are facing two transitions. First, the widely expected tightening of monetary conditions in the United States, along with monetary expansion by other major central banks, has contributed to broad-based appreciation in the U.S. dollar and is exerting downward pressure on capital flows to developing countries. Many developing-country currencies have weakened against the U.S. dollar, particularly those of countries with weak growth prospects or elevated vulnerabilities. In some countries, this trend has raised concerns about balance sheet exposures in the presence of sizeable dollar-denominated liabilities. Currency depreciations have been significantly less in trade-weighted terms, partly due to a weakening euro and yen, thus offering only modest prospects for competitiveness gains to boost exports. Second, despite some pickup in the first quarter of 2015, lower oil prices are having an increasingly pronounced impact. In oil-importing countries, the benefits to activity have so far been limited, although they are helping to reduce vulnerabilities. In oil-exporting countries, lower prices are sharply reducing activity and increasing fiscal, exchange rate, or inflationary pressures. Risks remain tilted to the downside, with some pre-existing risks receding but new ones emerging.

The global economy is growing somewhat more slowly than expected, with disappointments in developing countries, especially in oil exporters and Brazil. Forecasts have been revised upwards in the Euro Area and India, but downwards in the United States, Brazil and oil-exporting countries. As a result, growth in the BRICS is increasingly diverging.

**(Source-<https://www.worldbank.org/content/dam/Worldbank/GEP/GEP2015b/Global-Economic-Prospect-June-2015-Global-economy-in-transition.pdf>)**

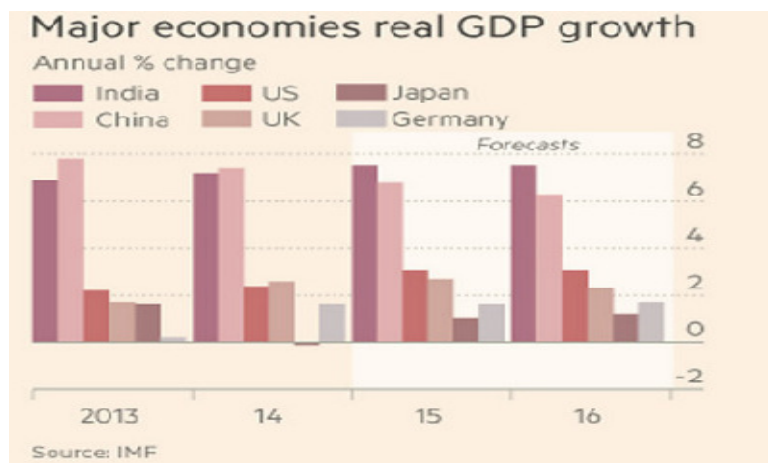
##### **Indian Economy Outlook**

The Indian economy is reviving, helped by positive policy actions that have improved confidence and by lower global oil prices. To continue on this trend, India needs to revitalize the investment cycle and accelerate structural reforms. The Indian economy is the bright spot in the global landscape, becoming one of the fastest-growing big emerging market economies in the world. Growth numbers are now much higher and the current account deficit is comfortable, in part due to the fall in gold imports and lower oil prices. New investment project announcements have started to pick up, particularly in the power and transport sectors. While the country is well placed to cope with external shocks, there are possible risks on the horizon, both external and domestic. Spillovers from weak global growth and potential global financial market volatility could be disruptive, including from any unexpected developments as the United States begins to raise its interest rates. On the domestic front, the weaknesses in corporate balance sheets—especially in light of the increase in corporate leverage of the past few years—and worsening bank asset quality bear watching, as they could weigh on growth.



Growth forecasts higher India's economic profile recently got a lift as the country improved the way it measures economic output.

The revised GDP, the IMF forecasts growth will strengthen to 7.2 percent in 2014-15 and rise to 7.5 percent in 2015-16, driven by stronger investment following improvements to the business climate. The revised growth



figures support our view that economic recovery in India is under way, albeit pointing to a somewhat faster pace than we, and others, previously believed. These GDP revisions portray a more resilient performance of the services and manufacturing sectors of the economy.

Inflation has fallen by half to around 5 percent, after hovering around 10 percent for several years. The Reserve Bank of India (RBI) steps to tighten monetary policy by raising interest rates during 2013-2014 and the government's efforts to contain food

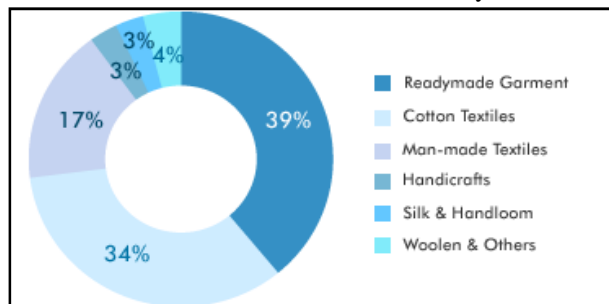
inflation, including by releasing buffer stocks of cereal and keeping agricultural procurement prices in check. Also the government's recent move to introduce a flexible inflation-targeting framework is a clear positive. It will help deliver low and stable inflation, and diminish the prospect of renewed bouts of high inflation.

The government has made strong efforts to put its public finances on solid footing, with the central government's fiscal deficit falling to 4.1 percent of GDP in 2014-15, helped by lower oil prices. By creating space for higher infrastructure spending, fiscal reforms can have a major impact on economic growth. The government has also deregulated diesel prices and raised natural gas prices. In addition, boosting spending on infrastructure, such as roads and ports, electricity transmission, and social spending (public health, education) would improve the quality of expenditure. With the steps towards introduction of the national goods and services tax would also help create a single Indian market by replacing a myriad of local levies. The Indian government's efforts to improve the business climate have gained momentum, including with a "Make in India" campaign to attract investment.

(Source: <http://www.imf.org/external/pubs/ft/survey/so/2015/car031115a.htm>)

## Indian Textiles Sector

India's textiles sector is one of the mainstays of the national economy. It is also one of the largest contributing



sectors of India's exports contributing 11 per cent to the country's total exports basket. The textiles industry is labour intensive and is one of the largest employers. The industry realized export earnings worth US\$ 41.57 billion in 2013-14. (Source: <http://www.ibef.org/>)

The textile industry has two broad segments, namely handloom, handicrafts, sericulture, power looms in the unorganized sector and spinning, apparel,

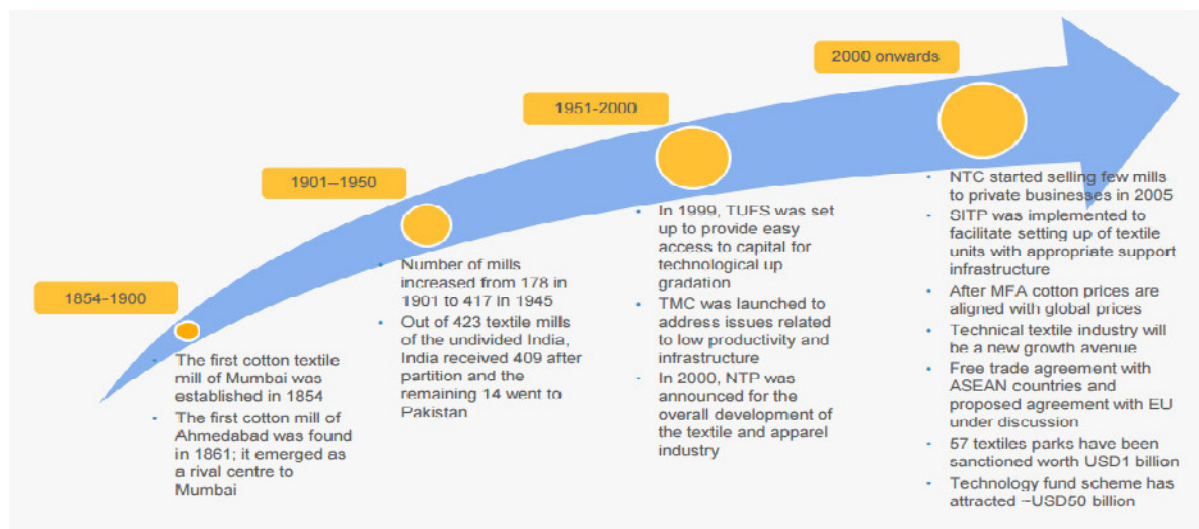
garmenting, made ups in the organized sector.

The Indian textiles industry is extremely varied, with a hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive sophisticated mill sector at the other. The decentralized power looms/ hosiery and knitting sector form the largest and knitting sector form the largest section of the Textiles Sector. The close

linkage of the Industry to agriculture and the ancient culture, the traditions of the country make the Indian textiles sector unique in comparison to 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.

India's textile exports comprise of cotton textiles, readymade garments, hosiery, manmade textiles, technical textiles etc. Out of these the hosiery segment contributes significantly to India's exports. An assessment of this industry's performance over a period of 10 years (2005-2014) that followed the dismantling of quotas would throw light on the emerging pattern of trade and the areas to be revamped to enhance the industry's competitiveness.

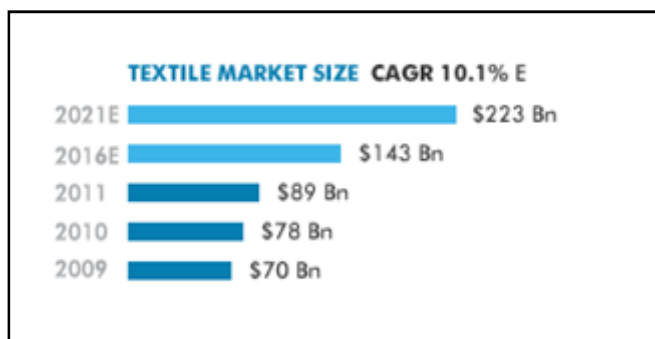
### Evolution of Indian Textiles Industry



(Source: <http://www.ibef.org/download/Textiles-and-Apparel-March-2015.pdf>)

### Market Size

The Indian textiles industry, currently estimated at around US \$108 billion, is expected to reach US \$ 141 billion by 2021. The industry is the second largest employer after agriculture, providing direct employment to over 45 million and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to GDP, and 14 per cent to overall Index of Industrial Production (IIP).



The Indian textile industry has the potential to grow five-fold over the next ten years to touch US\$ 500 billion mark on the back of growing demand for polyester fabric, according to a study. The US\$ 500 billion market figure consists of domestic sales of US\$ 315 billion and exports of US\$ 185 billion. The current industry size comprises domestic market of US\$ 68 billion and exports of US\$ 40 billion. Apparel exports from

India have registered a growth of 17.6 per cent in the period April—September 2014 over the same period in the previous financial year. (Source: <http://www.ibef.org/>)

In value terms, India's T&G industry is estimated to be worth US \$ 78.0 billion in 2010, comprising exports of US \$ 22.0 billion and domestic market of US \$ 56.0 billion. The industry had grown from US \$ 58 billion in

2006 at a CAGR of 7.69%. Segment-wise, garments constituted an estimated 64.0% of the domestic market, followed by household fabrics (nearly 17.0%), technical textiles (14.3%), and home textiles (4.7%) In terms of textile units, the Indian T &G industry is one of the largest in the world. India has the second-largest installed capacity of spindles in the world after China. With an installed capacity of 43.0 million spindles, India represents 20% of global spindle capacity. India also has one of the highest weaving capacities in the world (61.6% of global weaving capacity), with a presence of 2.2 million powerlooms, 3.5 million handlooms, and an estimated 92,000 million looms in the organised mill sector. There are round 2,300 processing units in India. Most of these are independent units, with only 22 units being integrated with spinning, weaving or knitting units. Additionally, there are roughly 27,000 manufacturers, 48,000 contractors and over 1,000 manufacturer-exports of garments in India.

(Source: <http://texmin.nic.in/>)

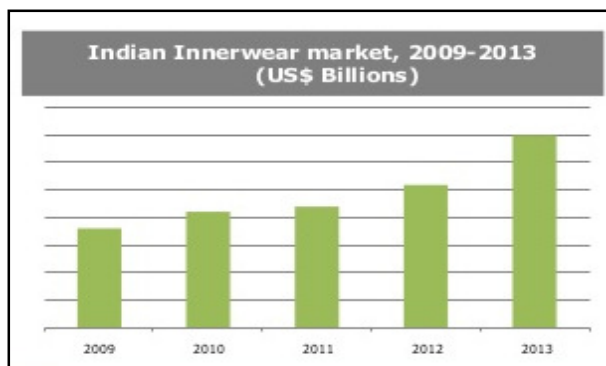
### **Composition of Cloth Production in India:**

According to Strategic Plan (2011-2016) Ministry Of Textiles, Powerlooms and hosiery segments together contribute 84% of the total cloth production.

Hosiery industry is an ancient industry in the field of textile industry having very good potential in domestic market and also in the export market. There is increasing market demand for hosiery undergarments for its various advantages. Cotton undergarments are widely used by all classes of people because of its good absorbency, cheaper prices and ready availability. These foundation garments are used by the people throughout the year under different climatic conditions. It is presumed that there will be no problem in marketing of knitted undergarments of good quality.

### **Indian Innerwear Market : An overview**

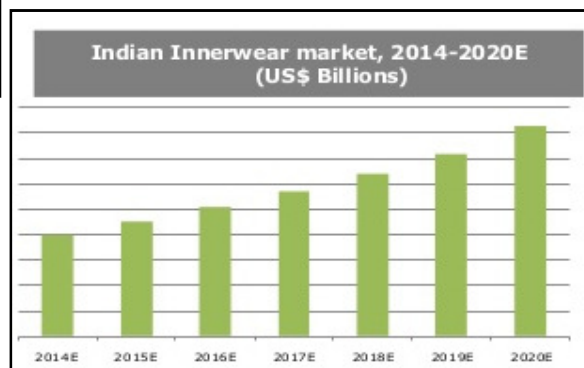
India is one of the most attractive retail targets globally and represents a huge untapped market for lingerie. The term lingerie is mainly used for fashionable and alluring undergarments. Novelty, an evolving fashion industry, and growing need for comfort have resulted in increased demand for lingerie across geographies. The concept of online lingerie stores has enhanced the growth prospects of the lingerie market as it offers a wide range of international and private labels on a single platform.



growth in the Indian innerwear market is the increasing size of the organized market and the declining share of the unorganized market resulting in growing independent brands taking charge of the market.

The Indian innerwear market continues to be underpenetrated and thereby holds immense business opportunities. The Indian innerwear market is certainly one of the most unique markets amongst the major markets of the world today. A distinctive shift from price sensitivity to brand sensitivity and preference for bold colors and innovative designs are two key trends to have emerged in this segment. Provided the positive macro

The inner wear industry in India holds immense growth potential and it is evident from the entry of large international brands in the Indian market in the last few years. A key factor characterizing the huge





and demographic fundamentals, the innerwear market has a favorable demand growth outlook over the medium-to-long term.

The Indian innerwear market is expected to witness expansion in the near future. However, lesser product portfolio and high costs of brand building are expected to be the challenges for this sector. Brand sensitivity is the major trend in the Indian innerwear industry.

### **Innerwear: A promising Segment:**

On the basis of demographics, behavior traits, lifestyle activities, and purchase patterns, the typical consumers of the women's innerwear market can be divided into three distinct categories: Urbane Enthusiasts, Exuberant seekers, and Thriving Homemakers. The Urbane Enthusiasts consists of young women employed in well paying jobs who engage themselves with brands. The consumers in the Exuberant seekers category live in the mini-metros and tend to be ambitious and keen to make a mark for themselves. They are normally keen to experience modern retail formats and try aspirational innerwear brands.

Consumer's belongings to the thriving homemaker category generally live in the smaller cities. As homemakers they do not have high disposable incomes and are primarily value seekers. As per the estimates carried out in the latest research report "Indian Women Innerwear Market Forecast to 2015", the women's inner wear market will post CAGR growth of around 14% during 2013-2015. The report divides the women innerwear market into two segments: lingerie and nightwear. Analysis have closely studied and provided market forecast till 2015 of overall women inner wear and both segment. The forecast is based on in-depth study and analysis of market trends, demographics, consumer behavior and spending patterns. The report also includes share of organized/unorganized market in women innerwear, lingerie and nightwear.

The younger consumers in the metros engage with brands primarily within the premium segment. It has been observed that consumers in the Tier I cities play across segments. i.e premium as well as mass segment; however, the premium segment largely fuels the aspiration quotient.

Products within active wear, such as sports bras, running shorts and tops, track pants, jackets, gym bottoms, socks, etc. are not widely available, although consumers' demand is increasing. A limited range is available at intimate wear stores as the focus there is on innerwear alone. Despite women increasingly indulging in active lifestyle activities, most products tend to get segmented under comfort wear. Women are aware that different types of fitness activities require different attire. For casual fitness activities such as walking and jogging, they are not very specific about the attire. But for serious activities like gym and yoga, they prefer to put on specific sportswear. This is explained by the limited offerings in the women's active wear category. Even traditional sportswear brands have very limited offerings for women and the untapped opportunity can be cashed in on by brands and retailers.

Foreign brands dominate this category, and along with private labels, are available in major cities through departmental stores, for the most part. These stores offer greater variety, but the most diverse range is still seen at sportswear stores. Traditionally, a few strong Indian brands and manufacturers provided the variety within this category, until the previous decade. Foreign sportswear brands created visibility through a strong distribution network, even into tier -II and -III cities via EBOs, organised MBOs, departmental stores, and unorganised stores. Indian brands continue to be available mainly through the unorganised route. Smaller local and regional players have greater presence through unorganised stores, in regions closer to the manufacturing units.

### **Men's' Inner wear:**

With a market size of INR 87,500 Crore (USD 16 billion) in 2012; Menswear is the largest segment in India's apparel market, accounting for 42% of the overall market. In comparison, women's wear makes up 38%, while kids wear comprises 20%, of the market.



The Men's Inner wear market is characterized by the presence of numerous Indian and international brands catering to different segments of the market. Though many fashion/ apparel players have extended their existing brand labels in menswear to men's innerwear as well, but the product recall of players with focus solely on innerwear products is comparatively higher.

The various subcategories of men's innerwear include vests, briefs/boxers, basic T-shirts, shorts/ pyjamas, sleepwear, and activewear. Consumers mostly purchase branded products for vests and brief/ boxers, which are the largest category offerings from leading innerwear brands.

On the basis of product pricing, this market is further sub divided into super premium, medium and economy segments. The economy segment contributes around 55% to the market, while the mid –price segment makes up 36%, the remaining 14% comes from premium and super premium segments. The premium and mid price segments are expected to witness a higher growth rate within this market. In these segments, the consumer seeks higher fashion orientation and higher comfort, as well as a strong brand name.

**Women's Innerwear Industry:** Indian women Inner wear industry has been growing significantly over the past few years. Growing number of working women, changing fashion trends, increased awareness about better fits, rising disposable income and level of information have given the women inner wear industry a new dimension. The women's inner wear market, worth INR 9540 Crore (USD 1.7 billion), is one of the fastest growing categories within women's apparel. This category is growing at a CAGR of 14%, and is expected to reach INR 18380 Crore (USD 3.4 billion) by 2017.

The market is considered to be more dynamic, with many design variations and the regular introduction of innovative products. Contrary to men's innerwear where a consumer comes across advertisements for several brands on a daily basis, brand promotion and advertising activities are comparatively lower in women's innerwear.

The sub-categories in women's innerwear include brassieres, panties, camisoles, basic t-shirts, shorts/pyjamas, sleepwear, activewear, and maternity wear. Consumers in this category mostly purchase branded brassieres and panties, which constitute more than 90% of the category mix. However, the penetration of brands is comparatively low for other subcategories like camisoles, sleepwear, etc.

When it comes to price-wise segmentation, the women's innerwear market is dominated by products of mid-price and economy segment. These segments together contribute 80% of the market, while the remaining 20% comes from the premium and super premium segments. Like men's innerwear, the mid price and premium segments are expected to grow more rapidly within women's innerwear categories.

The lingerie market has been further classified into 5 products class: low, economy, mid market, premium and super premium. The lingerie market has been further classified into 5 products class: low, economy, mid – market, premium and super premium. The report also divides the lingerie market into 2 types: Brasseries and Brief. The market forecast till 2015 of both type has been provided. Additionally, the report studies the lingerie market share of rural/urban, regions and its major players.

Furthermore even looked into the current trends in the Indian women innerwear industry, While studying the latest industry trends, we observed that international players are now entering the Indian Women innerwear market. The vast potential in the Indian market, especially in untapped areas, such as Tier II and Tier III cities, is attracting the foreign players. Our report also includes the business overview and product portfolio of prominent industry players such as Boodycare, Jockey, Grover sons, and many others to provide a balanced research outlook of the industry, thus, the report covers all the important aspects of the Indian women innerwear market, which will prove decisive for the clients.





Further, within the sleepwear category for women, the core sub-products are chemise, pyajamas sets, short length and long robes, tube dresses, nightgowns and nightshirts. Married women and single women staying with their families tend to wear more conservative nightwear such as top-pyjama night suits, full-length night gowns etc. Sleepwear constitutes a fairly significant part of all lingerie outlets, with lower product width and depth compared to intimate wear. In comparison, for men its shorts, t-shirts, and pyajamas that form the core product range. In this category, consumers are not very brand-driven but are design-, style-, and comfort-driven.

Indian and foreign brands, as well as private labels, are available in metros and mini metros through department stores and EBOs. Local, smaller players display a retail presence similar to that for activewear, with product availability concentrated regionally. Departmental stores enjoy a good standing with customers; however, it is the local unorganised stores which are most popular for this category. Within the men's innerwear segment, there are limited players which cater to all segments.

Within the kidswear space, innerwear is primarily unorganised and features strong regional players. Only some brands have more than a few styles to offer for boys and girls. Although some brands offer teen's innerwear (especially teen's bras) there is again only limited product range. Local MBOs and the private labels of departmental stores are the main points-of-purchase for kid's innerwear. Briefs and vests in packs of 3-4 with cartoon characters tend to be highly popular among kids.

On the supply side, most national, foreign and regional brands have a similar distribution model. Most of them have multiple distributors in each city who handle individual, retailers and regions. Thus, there is no stress about handling extremely large volumes or restricted distributor growth and distributors can offer better services as well. Brands do conduct regular distributor meets where they showcase the complete product range and whence selections can be made and orders booked. Brands also provide good distributor incentives like foreign trip packages, electronic items, etc. Distributors remain motivated by these to walk an extra mile and in return increase sales and profitability. Some brands have their own warehouse and no distributors. They cater directly to MBOs and LFS. This model is usually suitable for the premium product range with small volumes. Here the margins are higher as there are no intermediaries.

Brands in this space also tend to have higher marketing budgets. Apart from trade promotions and meetings, they usually have dedicated marketing plans and teams. Most brands use multiple formats for marketing and promotions. From celebrity endorsements to using print media and other mass media, all formats are employed in order to capture the young Indian consumers' attention. Brands need to engage and build an association with consumers through a complete, 360-degree marketing strategy.

## **Conclusion**

In the menswear and women's wear segment, innerwear has made its presence felt. The growing demand for innerwear has made consumers, and especially youth, spend on these products without giving a second thought to its price. It is no longer treated as merely an undergarment but is worn as a fashionable article of clothing that can be flaunted. Innerwear has moved out of the 'basic necessity' bracket and is now associated with a feel good factor. Indian consumers have come out of the shyness cocoon and are willing to experiment with new varieties, styles, colors and brands. This growth in demand has carved out a potential market for innerwear in India. As women's innerwear is expected to grow faster, brands should widen their share thereof. They also have to vary their product offerings and heighten the fashion quotient. Existing brands have the opportunity of expanding beyond just innerwear. Active wear, comfort wear and sleepwear are some natural extensions and promising categories. A smart pricing strategy must be employed in order to attract consumers and boost brand preference. Also, products need to be made available for kids and teens as well to introduce brand comfort and loyalty from a lower age. Further for brands and retailers, there is an opportunity to identify and increase their focus across key consumption cities as well as a mix of formats. Thus, in order to be successful, brands must take the initiative to create a differentiating factor; only then can they establish a loyal customer base in this promising but developing segment.



## **OUR BUSINESS**

*In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to Jet Knitwears Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our restated financial information. This section should be read together with "Risk Factors" on page no 11 and "Industry Overview" on page no 76*

The company was founded by Late Mr. Bhushan Narula along with his brothers and other family members, as a production unit of Cotton and Hosiery yarn in 1969 at Kanpur. After the untimely demise of Mr. Bhushan Narula in 2012, the business was further expanded by Mr. Balram Narula and his younger brothers Mr. Anil Narula and Mr. Rakesh Narula and other key managerial personnel in the industry. Mr. Balram Narula, *Co. founder & Managing Director* of Jet Knitwears Limited is having vast experience of 46 year in manufacturing of hosiery yarn. He is well versed with Trading and marketing activities of the Hosiery innerwear's.

Initially Jet Knitwears was established as a partnership concern and on 2<sup>nd</sup> day of April, 1996 the company was registered as a private limited company "**Jet Knitwears Private Limited**" under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Kanpur. On April 05, 2015 it was converted to a Public Limited Company under the name of "**Jet Knitwears Limited**" and fresh Certificate of Incorporation consequent upon change of name was issued by ROC, Kanpur.

Our company is engaged in the business of manufacturing of branded intimate garments for men, women and children such as vests, briefs, brassiere, panties, socks, T-shirts and casual wears. The company markets its products through various brands like "Lycot Australia", "Jet", and "Jet Eco", "Fresh-Long", Boski "and" Take-off. We have set our footing in domestic market and have a strong retail presence through its own network for Sales, Marketing and Logistics serving to more than 5000 Retailers directly and also through a large number of Dealers and Wholesalers across the North India. The raw material for undergarments i.e. hosiery yarn is easily available from the various spinning mills at Coimbatore (T.N) and Kanpur (U.P). Presently company is using around 60% of its production capacity. Our Company has always been committed to provide quality products that are safe and comfortable to the customers. We consistently meet the specific quality requirement of our buyers.

The company has been awarded with many National Awards for its quality products, exports and its skin friendly undergarments. In the year 1995 the company was awarded by National Award for "Entrepreneurship" as a first landmark. In 2004, I.I.T, Kanpur certified its products as "Skin Friendly" undergarments. Our company is an ISO-9002 company as certified by Bureau of Indian Standards, Govt. of India. In 2007 it was awarded by "Rajiv Gandhi National Quality Award-2007 by Bureau of Indian Standards, Govt. of India, which was repeated in the year 2008 again.

"Jet" was again awarded by "National Award – 2011 for No. 1 Quality Products ( Undergarments) by the Government of India, given by Hon'ble President of India Mr. Pranab Mukherjee at Vigyan Bhawan, New Delhi. Having received so many awards by one Unit, its name has been recorded in "Limca Book of Records 2011". The company has been honoured with the "International Quality Award-2008" in Gold Category in London.

**OUR MANUFACTURING FACILITY AND BUSINESS PROCESS**






Our manufacturing units are situated at Kanpur (Uttar Pradesh) and Tirupur (Tamil Nadu). The premises and the factory is taken on lease, which are owned by the promoters. The company has also acquired land at Kanpur for the expansion plans. At present we operate from the following plants/ premises:-

| Type of Facility                  | Location   | Major Products   | Description  |
|-----------------------------------|--|--|--|
| <b>Registered Office</b>          | 119/410-B-1<br>Darshanpurwa,<br>Kanpur- 208012     | --   | --   |
| <b>Manufacturing Unit Plant 1</b> | 119/410-B-1<br>Darshanpurwa,<br>Kanpur- 208012     | Knitting, Processing, Cutting & Stitching of undergarments and thermal innerwear's.  | <b>Knitting:</b> <ul style="list-style-type: none"><li>• 26 Machines of 24 gauge; production capacity is 5kg/hr</li><li>• 15 Machines of 26 gauge; production capacity is 5kg/hr.</li></ul> <b>Processing:</b> <p>The company is having 6 machines with the production capacity of 500 kgs/day</p> <b>Cutting:</b> <p>Cutting is done on job work basis.</p> <b>Stitching, pressing and packing:</b> <p>On job work basis.</p> |
| <b>Plant 2</b>                    | 26 A, Appachi Nagar,<br>Kangumain Road,<br>Tirupur | Processing and Cutting of T-shirts, Bermudas, Lowers, Designer Vests, and Designer Underwear's. Knitting, Stitching and packing on job work basis. | <b>Knitting:</b> <p>On job work basis.</p> <b>Processing:</b> <ul style="list-style-type: none"><li>• 3 Machines; production capacity is 360 kgs/day</li><li>• 1 Machine; production capacity is 120 kg/day.</li></ul> <b>Cutting, Stitching, pressing and packing:</b> <p>On job work basis.</p>  |





**Our Registered Trade Marks:**

| S. No. | Particulars               | Detailed Information   | Product Details  |
|--------|---------------------------|--|--|
| 1.     | Valid upto<br>28.12.2018  | <br>833993-25           | Vest, Underwear Bra & Panties,<br>Socks  |
| 2.     | Valid upto<br>17.09.2024  | <br>1309424-25          | Hosiery undergarments like<br>Vests, Briefs, Brassiere, panties,<br>socks, T-shirts. |
| 3.     | Valid upto<br>28.05.2017  | <br>Reg No. 349697-25   | Vest & Briefs  |
| 4.     | Valid up to<br>10.08.2018 | <br>Reg No. 637004-25   | Vest & Briefs Included In Class-<br>25   |
| 5.     | Valid up to<br>03.08.2018 | <br>Reg No. 813303-25  | Vest Undergarments, Bra &<br>Panties, Socks  |
| 6.     | Valid upto<br>14.12.2018  | <br>Reg No. 667858-25 | Underwears, Banian, Bra &<br>Readymade Garments                                      |

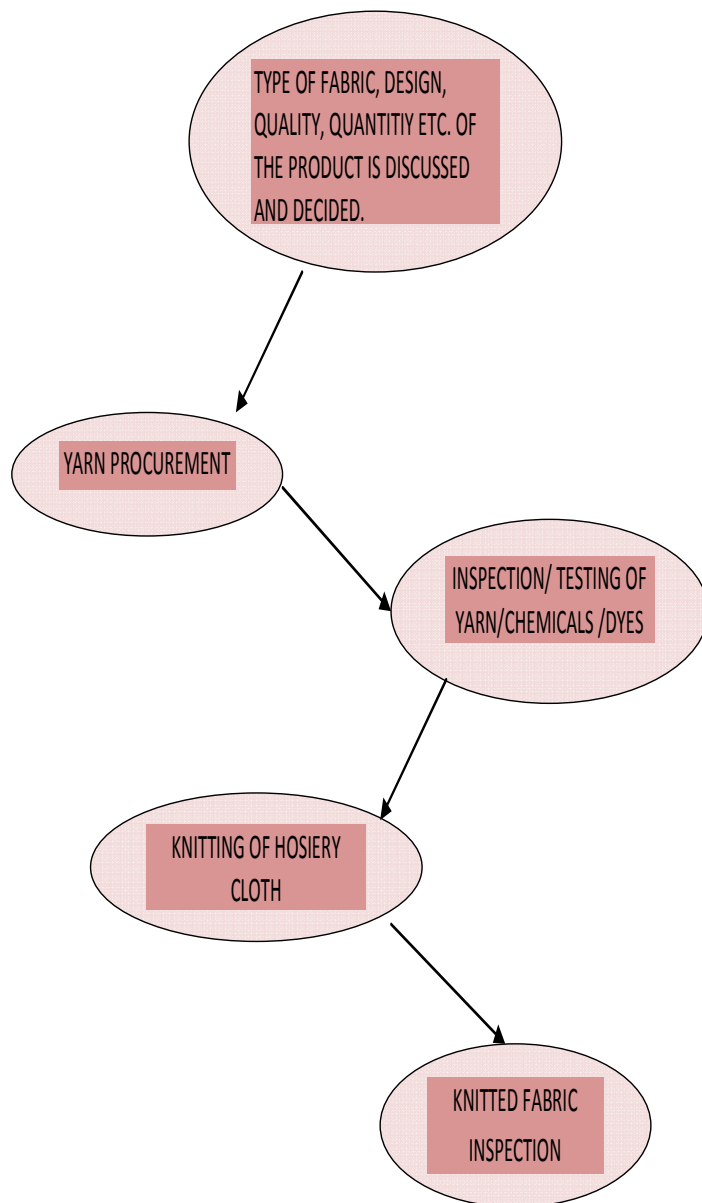
**Manufacturing Process of Our Company**

Our entire business process can be divided into three major sections as flows:

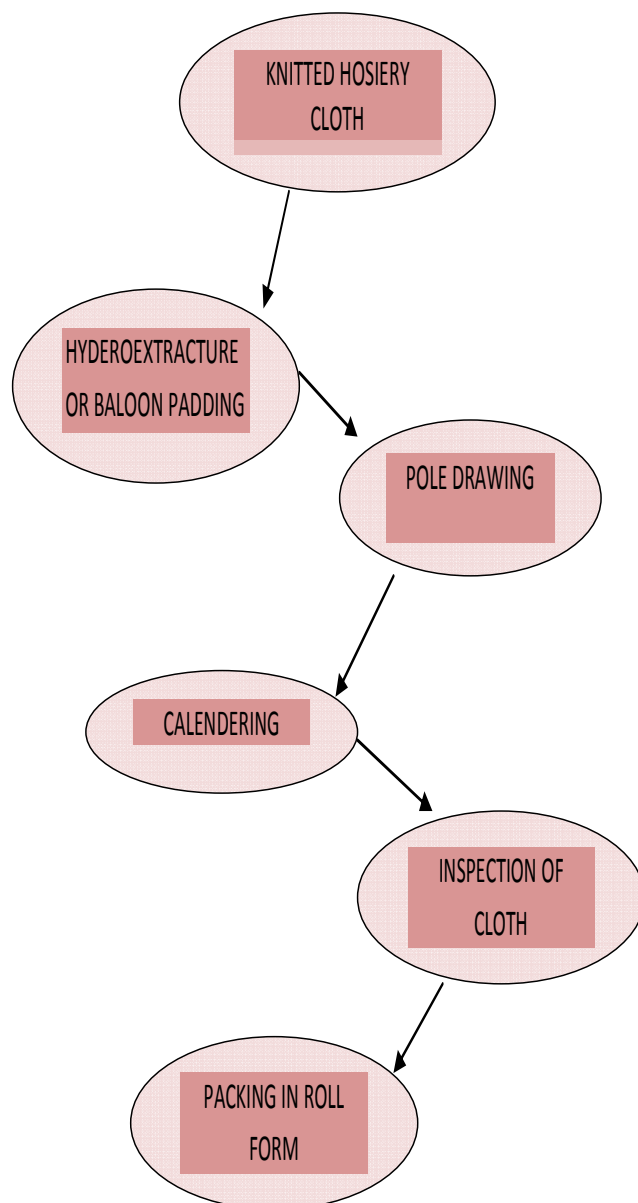
- Yarn Knitting Process
- Hosiery Cloth Process
- Product Manufacturing Process
- Post-manufacturing Process

These three sections further consist of 3-4 step process finally leading to the product that actually reaches the customers. Below given is the complete process described in brief for basis understanding of our business model:

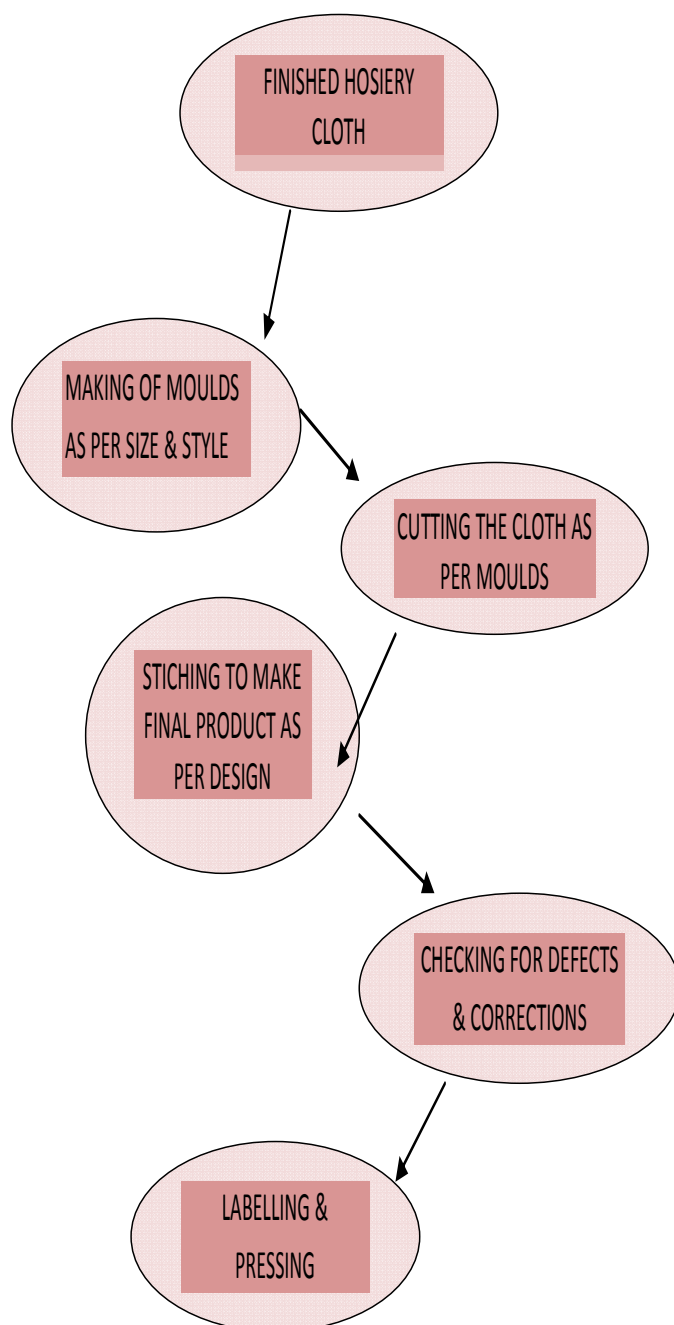
## 1. Yarn Knitting Process



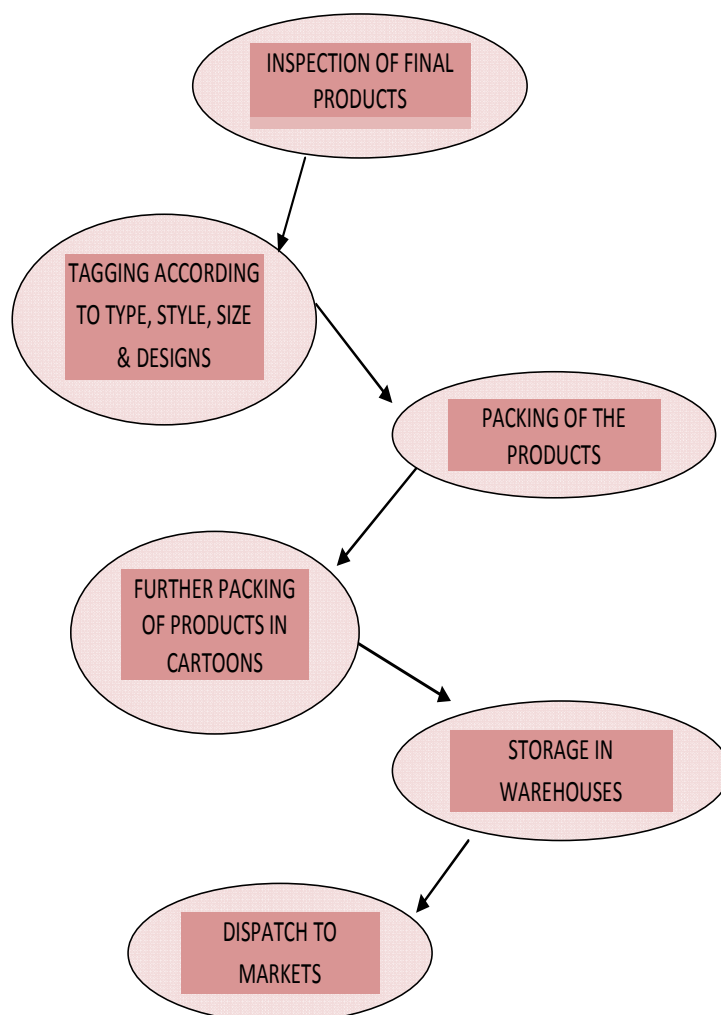
## **2. Hosiery Cloth Process**



### 3. Products Manufacturing Process



#### 4. Post Manufacturing Process



#### **Our Vision:-**

Our Company visualizes itself as an aggressive player in the global innerwear's scenario, with increasing focus on innovative research and developing markets and creating new opportunities of growth in our strategic business.

Our Company's vision is to embody global innerwear's leadership through innovation, culture and growth guided by an unwavering commitment to significant improvements of the lives. Our Company, by its continuous effort, guarantees personalized care, genuine concern and sincere commitment to the overall wellbeing of the society. Our Company is committed to serve the communities where it does business and pledge to provide its customers with hope of a healthy and happy life.

Our Company attributes its success today to the sincerity, hard work and commitment of its staff, which have helped it to grow and prosper over the years.



## **KEY INDUSTRY REGULATIONS AND POLICIES**

The following description is a summary of various sector-specific laws and regulations in India, which are applicable to our Company. The information below has been obtained from publications in the public domain. It may not be exhaustive, and is only intended to provide general information and is neither designed nor intended to substitute for professional legal advice.

### **The Textiles Committee Act, 1963**

The Textiles committee Act, 1963 (“Textile Act”) grants the Textile Committee the power to adopt, recognize or establish standard qualities of textiles and provide standard specifications of textile machinery for internal consumption and export purposes. Other functions of the Textile Committee include undertaking, assisting and encouraging scientific, technological and economic research in the textile industry, specifying quality control regulations, promotion of exporting activities, providing for the inspection, testing, and examination of textile machinery, and packing materials and advising on all matters relating to the development of textile industry and the production of textiles machinery. The Textile Act also provides for the imposition of cess on textiles and textile machinery that is manufactured in India. On the recommendation of the Textile committee, the Central government has the right to prohibit any export or sale of any textiles or textile machinery that does not conform to the standards laid out by the Committee and penalties for a subsequent breach are specified under the Textile Committee Act.

### **National Textile Policy, 2000**

The National Textile Policy, 2000 was formulated for the development of the Indian textile industry. The policy aims to inter-alia equip the textile industry with the ability to withstand import pressures, to build world-class manufacturing capabilities in conformity with environmental standards, to encourage foreign direct investment and research and development in the textile sector. The policy covers various initiatives concerning natural and man-made materials, technological up gradation, the textile production chain and the development of the garment industry.

### **Scheme of Technological Up gradation Fund Scheme (TUFS)**

The technological up-gradation fund Scheme (TUFS) launched by the Ministry of Textiles on April 1, 1999, is a scheme for modernization and technology up-gradation in the textile sector. This Scheme aims to provide funds to the domestic textile industry for technology up gradation of existing units and for the setting up of new units with state-of-the-art technology in order to improve its viability and competitiveness in the domestic and international markets. The government has restructured the TUFS as revised restructured technology up-gradation fund scheme (“RR-TUFS”) applicable from April 1, 2013 to March 31, 2017. RR- TUFS provides for subsidies for garment manufacturing machinery.

### **Income-tax Act, 1961**

The Income Tax Act, 1961 deals with the taxation of individuals, corporate, 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 Excise Act, 1944**

Excise duty is levied on production of goods but the Liability of excise duty arises only on removal of goods from the place of storage, i.e., factory or warehouse. Unless specifically exempted, excise duty is levied even if the duty was paid on the raw material used in production.



## **Customs Regulations**

All imports into India are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification.

## **Service Tax**

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain Listed services, whole taxable services exceeds Rs. 10,00,000, a service tax with respect to the same must be paid. Every person who is Liable to pay service tax must register himself for the same.

## **Central Sales Tax Act (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.

## **The Companies Act, 1956**

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

## **The Companies Act, 2013 (to the extent notified)**

The Companies Act, 2013 has been published on August 29, 2013. Section 1 of the said Act was notified on August 30, 2013, while 98 more sections were notified as on September 12, 2013, section 135 and rules there under on 27/02/2014. The Ministry of Company Affairs has further notified 183 sections of the Act and Rules there under to be made effective from 01.04.2014.

## **The Competition Act, 2002**

The Competition Act, 2002 (the “Competition Act”) prohibits anti-competitive agreements, abuse of dominant positions by enterprises and regulates “combinations” in India. The Competition Act also established the Competition Commission of India (the “CCI”) as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified recently on March 4, 2011 and came into effect on June 1, 2011. Combinations which are Likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under Section 5 of the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as „Individuals and „Group. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is Likely to have an appreciable adverse effect on competition in India. Effective June 1, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or convey of an enterprise under Section 5(a) and (b) of the Competition Act (including any binding document conveying an agreement or decision to acquire control, shares,



voting rights or assets of an enterprise); or the board of directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under Section 5(c) of the Competition Act. The obligation to notify a combination to the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

### **Child Labour (Prohibition and Regulation) Act, 1986**

This statute prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Under this Act the employment of child labour in the building and construction industry is prohibited.

### **Legal Metrology Act, 2009**

The Legal Metrology Act, 2009 (Act 1 of 2010) repeals and replaces the Standard of Weights and Measures Act, 1976 and the Standards of weights and Measures (Enforcement) Act, 1985.

The Legal Metrology Act, 2009, inter alia, provides for,—

1. Regulation of weight or measure used in transaction or for protection;
2. Approval of model of weight or measure;
3. Verification of prescribed weight or measure by Government approved Test Centre;
4. Prescribing qualification of legal metrology officers appointed by the Central Government or State Government;
5. Exempting regulation of weight or measure or other goods meant for export;
6. Levy of fee for various services;
7. Nomination of a Director by a company who will be responsible for complying with the provisions of the enactment;
8. Penalty for offences and compounding of offences;
9. Appeal against decision of various authorities; and
10. Empowering the Central Government to make rules for enforcing the provisions of the enactment.

### **Industrial (Development and Regulation) Act, 1955**

The Industrial (Development and Regulation) Act, 1951 has been Liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from Licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from Licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

### **Motor Vehicles Act, 1988 and Central Motor Vehicle Rules, 1989**

The purpose of Motor Vehicles Act, 1988 is to regulate the activities associated with the driving licences, vehicle registration, vehicles safety etc. The Central Motor Vehicle Rules, 1989 framed under the above Act also prescribe various road safety measures. The Motor Vehicles Act, 1988 and the Central Motor Vehicle Rules, 1989 (Chapter-II) prescribes stringent procedure for grant of Driving Licences. Changes in the said Act and related rules have a bearing on the business of the Company.

### **Employees (Provident Fund and Miscellaneous Provisions) Act, 1952**

The Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, applies to factories employing more than 20 employees and such other establishments and industrial undertakings as notified by the Government





from time to time. It requires all such establishments to be registered with the relevant State Provident Fund Commissioner. Also, such employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance payable to employees. Employees are also required to make equal contribution to the fund. A monthly return is required to be submitted to the relevant State Provident Fund Commissioner in addition to the maintenance of registers by employers.

### **Employment (Standing Orders) Act, 1950**

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

### **Employees State Insurance Act, 1948**

Under the Employees State Insurance Act, 1948, ("ESI Act"), all establishments where 20 or more persons are employed are required to be registered with the Employees State Insurance Corporation. The ESI Act requires all employees of the factories and establishments to which it applies to be insured in the manner provided. Further, both employers and employees are required to make contribution to the ESI fund, of which returns are required to be filed with the ESI department.

In addition, under the provisions of local shops and establishments legislations applicable in the states in which commercial establishments are located, such establishments are required to be registered. Such legislations regulate the working and employment conditions of workers employed in shops commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, and other rights and obligations of the employers and employees. Such laws are enforced by the Chief Inspector of Shops and various inspectors under the supervision and control of the Labour Commissioner acting through the various District Deputy/Assistant Labour Commissioners.

### **Foreign Trade (Development and Regulation) Act, 1992**

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This Legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt.

An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

### **FEMA Regulations**

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the 'automatic route' within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.



## **OUR HISTORY AND CORPORATE STRUCTURE**

### **HISTORY & BACKGROUND**

Our Company was originally incorporated in Kanpur as “Jet Knitwears Private Limited” on 02<sup>nd</sup> April, 1996 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Kanpur. On April 05<sup>th</sup>, 2015 it was converted to a Public Limited Company under the name of Jet Knitwears Limited and fresh Certificate of Incorporation consequent upon change of name was issued by ROC, Kanpur. For further details in relation to change in management and change in name, please refer to section titled “Our History & Corporate Structure” on Page no. 94 of this Draft Prospectus.

Our Company is registered under the Companies Act, 1956 with registration no. 019722.

Our company is engaged in the business of manufacturing of branded intimate garments such as vests, briefs, brassiere, panties, socks, T-shirts and casual wears.

### **The Registered and Corporate Office**

The registered office and corporate office of our Company is situated at 119/410-B-1 Darshanpurwa, Kanpur-208012.

### **CHANGES IN THE REGISTERED OFFICE OF OUR COMPANY SINCE INCORPORATION**

There is no change in the registered office of our company since incorporation.

### **MAIN OBJECTS OF OUR COMPANY**

The object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present Issue. Furthermore, the activities of our Company which we have been carrying out until now are in accordance with the objects of the Memorandum. The objects for which our Company is established are:

1. To acquire and take over the possession of the business and the undertaking with all its movable and immovable assets (including actionable claims) and all other assets, rights, benefits, titles, interests, approvals, registrations, permits, facilities, concessions, sanctions, privileges, licenses, debts belonging to or held by the parties hereto in connection with the business carried on by them in partnership under the name and style of ‘JET KNITWEARS COMPANY’ as aforesaid and to undertake and discharge all the liabilities in respect of any debt or obligation incurred or any contract entered into by, to, with or on behalf of the aforesaid partnership and goodwill, if any, of such business.
2. To carry on the business of manufacturers, importers and exporters, wholesale and retail dealers of and in men’s, women’s and children’s hosiery goods, clothing and wearing apparel of every kind, nature and description including vests, underwear, brassiers, socks, stockings, sweaters, laces and similar material.
3. To manufacture, bleach, dye, print and sell knitwears made from cotton, rayon, nylon, nylon wool, silk, synthetic fibres, staple fibres and other materials and generally to carry on the business of hosiery knitting mill proprietors in all their branches.

**CHANGES IN THE MEMORANDUM OF ASSOCIATION**

The following changes have been made in the Memorandum of Association of our Company since inception:

| <b>DATE</b>                   | <b>AMENDMENT</b>  |
|-------------------------------|---|
| 30th March, 1998              | Increase in authorized capital of the Company from Rs. 25 Lakh divided into 2,50,000 Equity Shares of Rs. 10 each to Rs. 50 Lakh, divided into 5,00,000 Equity shares of Rs.10 each.      |
| 05th March, 1999              | Increase in authorized capital of the Company from Rs. 50 Lakh divided into 5,00,000 Equity Shares of Rs. 10 each to Rs. 60 Lacs divided into 6,00,000 Equity shares of Rs.10 each.       |
| 05th March, 2002              | Increase in authorized capital of the Company from Rs. 60 Lakh divided into 6,00,000 Equity Shares of Rs. 10 each to Rs. 75 Lacs divided into 7,50,000 Equity shares of Rs.10 each.       |
| 17th March, 2003              | Increase in authorized capital of the Company from Rs. 75 Lakh divided into 7,50,000 Equity Shares of Rs. 10 each to Rs. 125 Lakhs divided into Equity shares of Rs.10 each.              |
| 28th March, 2009              | Increase in authorized capital of the Company from Rs. 125 Lakhs divided into 12,50,000 Equity Shares of Rs. 10 each to Rs. 175 Lakhs divided into 17,50,000 Equity shares of Rs.10 each. |
| 16th July, 2012               | Increase in authorized capital of the Company from Rs 175 Lakhs divided into 17,50,000 Equity Shares of Rs. 10 each to Rs. 200 Lakhs divided into 20,00,000 Equity shares of Rs.10 each.  |
| 09th March, 2015              | Increase in authorized capital of the Company from Rs. 200 Lakhs divided into 20,00,000 Equity Shares of Rs. 10 each to Rs. 650 Lakhs divided into 65,00,000 Equity shares of Rs.10 each. |
| 01st April, 2015              | Conversion in the Name of the Company from Jet Knitwears Private Limited to Jet Knitwears Limited.  |
| 01 <sup>st</sup> August, 2015 | Adoption of amended Memorandum of Association and Articles of Association of the Company.   |

**HOLDING COMPANY OF OUR COMPANY**

Our Company has no holding company as on the date of filing of the Draft Prospectus.

**SUBSIDIARY OF OUR COMPANY**

There is no subsidiary of our Company as on the date of filing of the Draft Prospectus.

**SHAREHOLDERS AGREEMENTS**

Our Company has not entered into any shareholders agreement as on date of filing of the Draft Prospectus.

**OTHER AGREEMENTS**

Our Company has not entered into any specific or special agreements except that have been entered into in ordinary course of business as on the date of filing of the Draft Prospectus.



## **RESTRICTIVE COVENANTS IN LOAN AGREEMENTS**

Our Company has obtained Credit facilities from State Bank of India vide Sanction letter dated 27.04.2015. The Bank has issued us No Objection Certificate in relation to our IPO vide letter dated [●].

## **COLLABORATION**

Our Company has not entered into any collaboration with any third party as per regulation (VIII) B (1) (c) of part A Schedule VIII of SEBI (ICDR) Regulations, 2009.

## **STRATEGIC PARTNER**

Our Company does not have any strategic partner as on the date of filing of the Draft Prospectus.

## **FINANCIAL PARTNER**

Our Company does not have any financial partner as on the date of filing of the Draft Prospectus.

## **DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS OR BANKS**

There have been no defaults or rescheduling of borrowings with financial institutions or banks as on the date of this Draft Prospectus.

## **NUMBER OF SHAREHOLDERS**

Our Company has 31 (Thirty one) shareholders on date of the Draft Prospectus.



**OUR MANAGEMENT**

**BOARD OF DIRECTORS**

Under our Articles of Association, our Company is required to have not less than three (3) Directors and not more than twelve (12) Directors. At present our Company has Six (6) Directors on Board. The following table sets forth current details regarding our Board of Directors:

| <b>Sr. No.</b> | <b>NAME, FATHER'S NAME, ADDRESS, OCCUPATION, NATIONALITY, TENURE &amp; DIN</b>  | <b>AGE</b> | <b>STATUS OF DIRECTORSHIP IN OUR COMPANY</b> | <b>OTHER DIRECTORSHIPS</b>                                  |
|----------------|---|------------|--|---|
| <b>1.</b>      | <b>Mr. Balram Narula</b><br>(Managing Director)<br>S/o Late Mr. F.C. Narula<br>Address:- H. No.-125/67-C<br>Block- 'K', Govind Nagar,<br>Kanpur- 208006 (U.P)<br>Tenure: Retire by Rotation<br>Nationality: Indian<br>Occupation: Business<br>DIN: 00599312 | 64 years   | Executive & Non-Independent director         | ➤ Venus Knitwears Co. Pvt Ltd<br>➤ Jet Knit Indclus Pvt Ltd |
| <b>2.</b>      | <b>Mr. Anil Kumar Narula</b><br>S/o Late Mr. F.C. Narula<br>Address:- H. No.-125/67-C<br>Block- 'K', Govind Nagar,<br>Kanpur- 208006 (U.P)<br>Tenure: Retire by Rotation<br>Nationality: Indian<br>Occupation: Business<br>DIN: 00274462                    | 59 years   | Executive & Non-Independent director         | ➤ Front Line Exports Pvt Ltd.                               |
| <b>3.</b>      | <b>Mr. Rakesh Kumar Narula</b><br>S/o Late Mr. F.C. Narula<br>Address:- H. No.-125/67-C<br>Block- 'K', Govind Nagar,<br>Kanpur- 208006 (U.P)<br>Tenure: Retire by Rotation<br>Nationality: Indian<br>Occupation: Business<br>DIN: 00274483                  | 57 years   | Executive & Non-Independent director         | ➤ Front Line Exports Pvt Ltd.                               |
| <b>4.</b>      | <b>Mr. Ashok Chandra Bajpai</b><br>S/o Late Ram Kumar Bajpai<br>Address: J-58 Vishwa Bank Colony,<br>Barra, Naubasta, Kanpur-208 027 (UP)<br>Tenure: Five years<br>Nationality: Indian<br>Occupation: Business<br>DIN: 05358863                             | 64 years   | Non- Executive & Independent Director        | ➤ Shray Offset Pvt Ltd                                      |



|    |   |          |  |   |
|----|---|----------|--|---|
| 5. | <b>Mr. Ramesh Chandra</b><br>S/o Late Sh Babu Lal Gupta<br>Address: 201, Krishna Appartment,<br>113/104-A, Swarup Nagar,<br>Kanpur-282 002 (UP)<br>Tenure: Five years<br>Nationality: Indian<br>Occupation: Business<br>DIN: 00111716 | 77 years | Non- Executive &<br>Independent Director | ➤ TRV Infra Pvt. Ltd<br>➤ K Akshay<br>Enterprises Pvt Ltd |
| 6. | <b>Mrs. Dinesh Parashar</b><br>W/o Mr. P.N.Parashar,<br>B-227, Sector 92, Noida-201 304<br>Gautam Budh Nagar (UP)<br>Tenure: Five years<br>Nationality: Indian<br>Occupation: Business<br>DIN: 07270662                               | 65 years | Non- Executive &<br>Independent Director | NIL   |

Under our Articles of Association, our Company is required to have not less than three (3) Directors and not more than twelve (12) Directors. At present our Company has Six (6) Directors on Board. The following table sets forth current details regarding our Board of Directors:

**Note:**

As on the date of the Draft Prospectus:

1. None of the above mentioned Directors are on the RBI List of willful defaulters as on date.
2. Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) for more than 3 months during the five years prior to the date of filing the Draft Prospectus or (b) delisted from the stock exchanges.
3. None of the Promoters, Persons forming part of our Promoter Group, 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 SEBI or any other regulatory authority.

**DETAILS OF DIRECTORS**

1. **Mr. Balram Narula**, aged 64 years is one of the **Executive & Non-Independent Director** of our company. He has completed his graduation from University of Kanpur. He has a vast experience of 30 years in the textile Industry. He is associated with our Company as Managing Director since 2009. He is well versed with the nitti grittis of the hosiery and textile industry. His remuneration is Rs. 5.40 lacs p.a.
2. **Mr. Anil Kumar Narula**, aged 59 years is the **Executive & Non-Independent Director** of Our Company. He has done masters in commerce from the Kanpur University. He is associated with our Company as a Director since incorporation. His remuneration is Rs. 5.40 lacs p.a. He is responsible for the day to day activities of the Tirupur plant. He has a vast experience of about 35 years in marketing and manufacturing of hosiery undergarments. He is associated with our Company since incorporation.
3. **Mr. Rakesh Kumar Narula**, aged 57 years is the **Executive & Non-Independent Director** of our company. He has done Bachelors in commerce from DAV College, Kanpur. He has vast experience of 30 years in hosiery manufacturing, planning for sales and production. His remuneration is Rs. 5.40 lacs p.a.



4. **Mr. Ashok Chandra Bajpai**, aged 64 years is the **Non- Executive & Independent Director** of Our Company. He has completed his graduation from Kanpur University. He worked for 35 years in commercial tax department. He is associated with our Company as a Director since August 01, 2015
5. **Mr. Ramesh Chandra**, aged 77 years is the **Non- Executive & Independent Director** of Our Company. He has done M.A, LLB and Diploma in Instrumentation & Electronics from Lucknow University. He is an ex-officer of Indian Air force, later he has joined legal profession in Kanpur Court. He is associated with our Company as a Director since August 01, 2015.
6. **Mrs. Dinesh Parashar**, aged 65 years is the **Non-Executive & Independent Director** of our company. She is associated with our Company since September 01, 2015.

### CONFIRMATIONS

1. None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of the Draft Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in any such company.
2. None of the Directors is or was a director of any listed company which has been or was delisted from any recognized stock exchange in India during the term of their directorship in such company.

### NATURE OF FAMILY RELATIONSHIP AMONG DIRECTORS

There is no family relationship among the Directors except between Mr. Balram Narula, Anil Kumar Narula and Mr. Rakesh Kumar Narula who are Brothers.

### BORROWING POWERS OF THE DIRECTORS

Pursuant to a special resolution passed at Extra Ordinary General Meeting of our Company held on 31.03.2012 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 180(1)(c) of the Companies Act, 2013 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs. 12 Crores.

### TERMS OF APPOINTMENT AND COMPENSATION OF OUR DIRECTORS

|   |  |
|---|--|
| <b>Name</b>                                     | <b>Mr. Balram Kumar Narula</b>   |
| <b>Designation</b>                              | <b>Managing Director</b>   |
| <b>Period</b>                                   | Retire by rotation   |
| <b>Date of Appointment</b>                      | Board Meeting dated 01.06.2015   |
| <b>Remuneration</b>                             | Total Salary is Rs 45,000 per month.<br>Salary breakup as follows:<br>Basic Salary : 35,000<br>Conveyance Allowance: 5,000<br>Performance Pay: 5,000<br>LTA : Rs. 100000/- p.a. or actual whichever is less.<br>Medical : Rs. 100000/- p.a. or actual whichever is less. |
| <b>Remuneration paid in FY 31st March, 2014</b> | Rs. 5.40 lacs  |



|  |  |
|--|--|
| <b>Name</b>                              | <b>Mr. Anil Kumar Narula</b>   |
| <b>Designation</b>                       | Whole Time Director  |
| <b>Period</b>                            | Retire by rotation   |
| <b>Date of Appointment</b>               | Board Meeting dated 01.04.2015   |
| <b>Remuneration</b>                      | Total Salary is Rs 45,000 per month.<br>Salary breakup as follows:<br>Basic Salary : 35,000<br>Conveyance Allowance: 5,000<br>Performance Pay: 5,000<br>LTA : Rs. 100000/- p.a. or actual whichever is less.<br>Medical : Rs. 100000/- p.a. or actual whichever is less. |
| Remuneration paid in FY 31st March, 2014 | Rs. 5.40 lacs  |

|  |  |
|--|--|
| <b>Name</b>                              | <b>Mr. Rakesh Kumar Narula</b>   |
| <b>Designation</b>                       | Whole Time Director  |
| <b>Period</b>                            | Retire by rotation   |
| <b>Date of Appointment</b>               | Board Meeting dated 01.04.2015   |
| <b>Remuneration</b>                      | Total Salary is Rs 45,000 per month.<br>Salary breakup as follows:<br>Basic Salary : 35,000<br>Conveyance Allowance: 5,000<br>Performance Pay: 5,000<br>LTA : Rs. 100000/- p.a. or actual whichever is less.<br>Medical : Rs. 100000/- p.a. or actual whichever is less. |
| Remuneration paid in FY 31st March, 2014 | Rs. 5.40 lacs  |

There is no definitive and /or service agreement that has been entered into between our Company and the directors in relation to their appointment.

#### **NON – EXECUTIVE INDEPENDENT DIRECTORS**

Currently, Non–Executive Directors are not being paid sitting fees.

#### **CORPORATE GOVERNANCE**

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including the Listing Agreement to be executed with the Stock Exchange and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board constituted in compliance with the Companies Act and the Listing Agreement in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.





Currently our Board has Six (6) Directors. We have three (3) Executive and Non Independent Director and three (3) Independent and Non-Executive Directors. The constitution of our Board is in compliance with the requirements of Clause 52 of the Listing Agreement.

The following committees have been formed in compliance with the corporate governance norms:

- A. Audit Committee
- B. Shareholders/Investors Grievance Committee
- C. Remuneration Committee

#### **AUDIT COMMITTEE**

Our Company has constituted an audit committee ("Audit Committee"), as per the provisions of Section 177 of the Companies Act, 2013 and Clause 52 of the Listing Agreement to be entered with Stock Exchange, vide resolution passed in the meeting of the Board of Directors held on 01.09.2015. The terms of reference of Audit Committee complies with the requirements of Clause 52 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The Committee presently comprises of following three (3) directors. Mr. Ramesh Chandra is the Chairman of the Audit Committee.

| S.NO. | NAME OF THE DIRECTOR    | STATUS   | NATURE OF DIRECTORSHIP                |
|-------|-------------------------|----------|---------------------------------------|
| 1.    | Mr. Ramesh Chandra      | Chairman | Non- Executive & Independent Director |
| 2.    | Mrs. Dinesh Parashar    | Member   | Non- Executive & Independent Director |
| 3.    | Mr. Balram Kumar Narula | Member   | Executive & Non-Independent Director  |

#### **Role of Audit Committee**

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.
6. 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.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required being included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (c) sub section (3) of Section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings (e) Compliance with listing and other legal requirements relating to financial statements (f) Disclosure of any related party transactions.



- Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  10. 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.
  11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  12. 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.
  13. Discussion with internal auditors any significant findings and follow up there on.
  14. 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.
  15. 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.
  16. 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.
  17. To review the functioning of the Whistle Blower mechanism, in case if the same is existing.
  18. 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.
  19. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
  20. Mandatorily reviews the following information:
    - Management discussion and analysis of financial condition and results of operations;
    - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - Internal audit reports relating to internal control weaknesses; and
    - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
  21. Review the Financial Statements of its Subsidiary company, if any.
  22. Review the composition of the Board of Directors of its Subsidiary company, if any.
  23. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.
  24. Review the Vigil mechanism (Whistle blowing) policy.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

**SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

Our Company has constituted a shareholder / investors grievance committee ("Shareholder/ Investors Grievance Committee") to redress the complaints of the shareholders. The Shareholders/Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 01.09.2015. The committee currently comprises of three (3) Directors. Mr. Ashok Chandra Bajpai is the Chairman of the Shareholders/ Investors Grievance committee.

| S.NO. | NAME OF THE DIRECTOR     | STATUS   | NATURE OF DIRECTORSHIP                |
|-------|--------------------------|----------|---------------------------------------|
| 1.    | Mr. Ashok Chandra Bajpai | Chairman | Non- Executive &Independent Director  |
| 2.    | Mrs. Dinesh Parashar     | Member   | Non- Executive & Independent Director |
| 3.    | Mr. Rakesh Kumar Narula  | Member   | Executive &Non-Independent Director   |

**Role of shareholders/investors grievance committee**

The Shareholders / Investors Grievance Committee of our Board look into:

- The redressal of investors complaints viz. non-receipt of annual report, dividend payments etc.
- Matters related to share transfer, issue of duplicate share certificate, dematerializations.
- Also delegates powers to the executives of our Company to process transfers etc.
- The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

**REMUNERATION COMMITTEE**

Our Company has constituted a remuneration committee ("Remuneration Committee"). The Remuneration Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 01.09.2015. The committee currently comprises of three (3) Directors. Mr. Ramesh Chandra is the Chairman of the remuneration committee.

| S.NO. | NAME OF THE DIRECTOR     | STATUS   | NATURE OF DIRECTORSHIP              |
|-------|--------------------------|----------|-------------------------------------|
| 1.    | Mr. Ramesh Chandra       | Chairman | Non-Executive &Independent Director |
| 2.    | Mr. Ashok Chandra Bajpai | Member   | Non-Executive &Independent Director |
| 3.    | Mrs. Dinesh Parashar     | Member   | Non-Executive &Independent Director |

The terms of reference of the remuneration committee are as follows:

- The remuneration committee recommends to the board the compensation terms of the executive directors.
- The committee to carry out evolution of every director's performance and recommend to the board his/her appointment and removal based on the performance.
- The committee to identify persons who may be appointed in senior management in accordance with the criteria laid down.
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.



- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of the Company and the shareholders.

### **Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchange. Our Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

### **SHAREHOLDING DETAILS OF THE DIRECTORS IN OUR COMPANY**

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. The following table details the shareholding of our Directors as on the date of this Draft Prospectus:

| <b>Sr. No.</b> | <b>Name of shareholder</b> | <b>No. of Shares</b> | <b>% age of pre-Issue capital</b> | <b>% age of post-Issue capital</b> |
|----------------|----------------------------|----------------------|-----------------------------------|------------------------------------|
| 1              | Mr. Balram Narula          | 153820               | 5.13                              | 2.65                               |
| 2              | Mr. Anil Narula            | 304760               | 10.16                             | 5.25                               |
| 3              | Mr. Rakesh Narula          | 234860               | 7.83                              | 4.05                               |

### **INTEREST OF DIRECTORS**

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses if any payable to them under the Articles of Association. All the Directors may also be deemed to be interested in the Equity Shares of our Company, if any, held by them, their relatives or by the companies or firms or trusts in which they are interested as directors / members / partners or that may be subscribed for and allotted to them, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any other company in which they have direct /indirect interest or any partnership firm in which they are partners.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.



**CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE (3) YEARS**

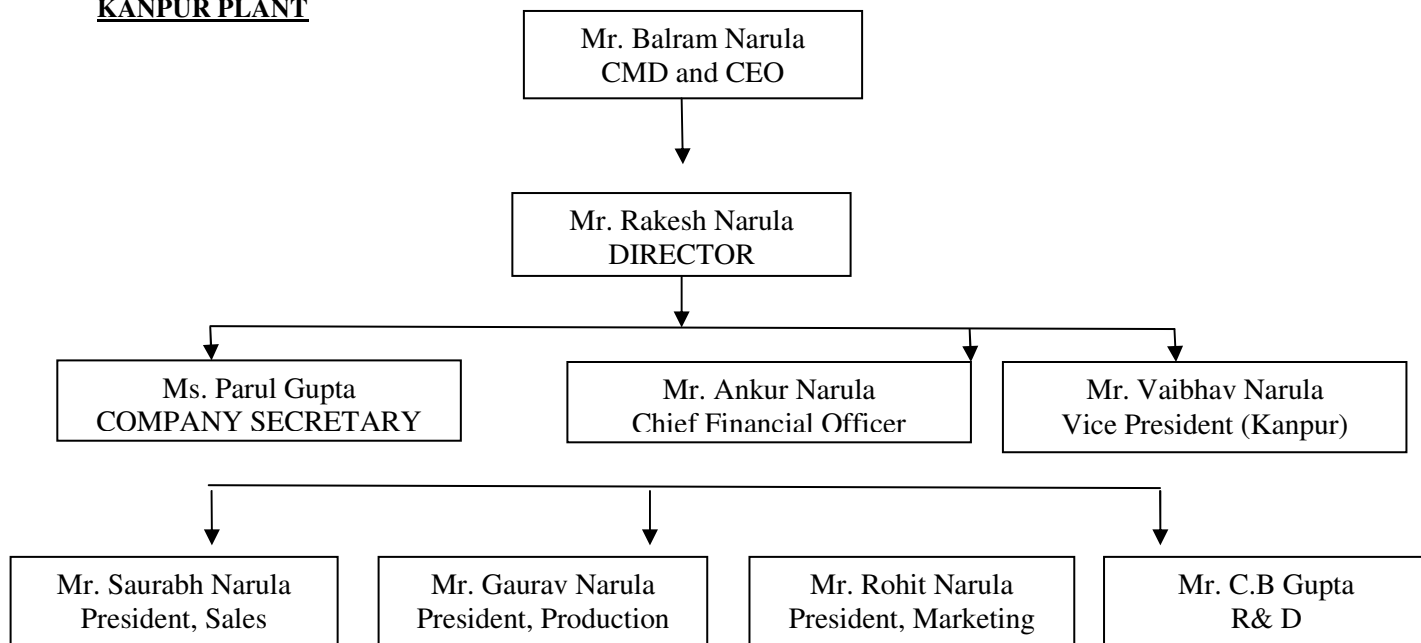
The changes in the Directors during last three (3) years are as follows:

| NAME                     | DATE OF APPOINTMENT | DATE OF CESSATION | REASON      |
|--------------------------|---------------------|-------------------|-------------|
| Mr. Rohit Narula         | 10.04.2009          | 30.04.2015        | Resignation |
| Mr. Ankur Narula         | 01.04.2003          | 30.04.2015        | Resignation |
| Mrs. Sandhya Narula      | 10.04.2009          | 30.04.2015        | Resignation |
| Mrs. Jyoti Narula        | 10.04.2009          | 30.04.2015        | Resignation |
| Mrs. Usha Narula         | 10.04.2009          | 30.04.2015        | Resignation |
| Mrs. Kanchan Narula      | 10.04.2009          | 30.04.2015        | Resignation |
| Mr. Ashok Chandra Bajpai | 01.08.2015          | -                 | Appointment |
| Mrs. Dinesh Parashar     | 01.09.2015          | -                 | Appointment |
| Mr. Ramesh Chandra       | 01.08.2015          | -                 | Appointment |

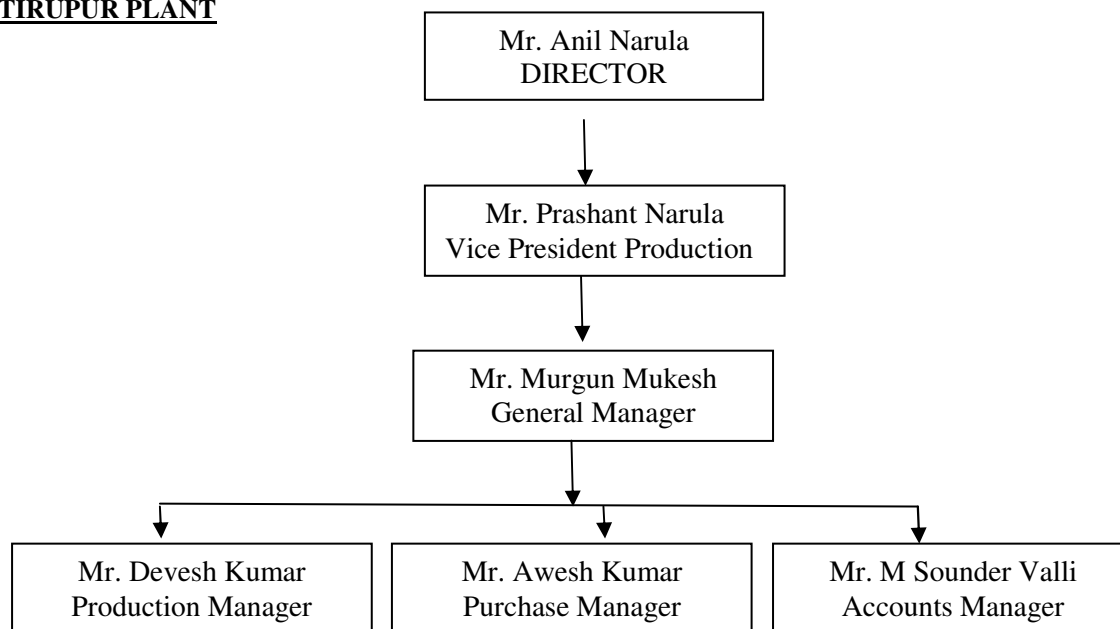


**ORGANISATION CHART**

**KANPUR PLANT**



**TIRUPUR PLANT**





**KEY MANAGERIAL PERSONNEL**

Our Company is managed by its Board of Directors, assisted by qualified professionals, in the respective field of production/finance/distribution/marketing and corporate laws. The following key personnel assist the management of our Company:

| NAME                | DATE OF JOINING | DESIGNATION                            | FUNCTIONAL RESPONSIBILITY   | QUALIFICATION  | PREVIOUS EMPLOYMENT                                 |
|---------------------|-----------------|--|---|--|---|
| Mr. Ankur Narula    | 01.09.2015      | Chief Financial Officer                | Overall Finance & accounts of the Company.  | Masters in Business Systems from Monash University, Melbourne, Australia | First Appointment Earlier a Director in the company |
| Ms. Parul Gupta     | 01.09.2015      | Company Secretary & Compliance Officer | Drafting of agreements, drafting of resolutions, preparation of minutes & compliance of the provisions of the Companies Act, 1956 & 2013. | Qualified Company Secretary  | First Appointment                                   |
| Mr. Rohit Narula    | 01.05.2015      | President (Marketing)                  | Market development and coordination between both the units.   | Masters in Global Business, University of Manchester, U.K.               |   |
| Mr. Prashant Narula | 26.03.2015      | President (Marketing)                  | Market development and coordination   | Graduate   |   |
| Mr. Gaurav Narula   | 26.03.2015      | President (Production)                 | Overall control of production activities.   | Graduate   |   |
| Mr. Saurabh Narula  | 31.03.2009      | President (Sales)                      | Overall control of sales & distribution   | Post Graduate  |   |
| Mr. Vaibhav Narula  | 31.03.2009      | Vice President (Production)            | Day to day monitoring of all production related activities  | Graduate   |   |



|                    |            |                               |   |          |  |
|--------------------|------------|-------------------------------|---|----------|--|
| Mr. Murugan Mukesh | 26.03.2010 | General Manager (Tirupati)    | Overall administration and maintenance of production, purchase and dispatch   | Graduate |  |
| Mr. Surinder Kumar | 24.03.2010 | Accounts Manager (Tirupati)   | Maintenance of accounts and preparation of Annual Financial Statements        | Graduate |  |
| Mr. Devesh Kumar   | 26.03.2010 | Production Manager (Tirupati) | Cordination of all production related activities and maintenance of the plant | Graduate |  |
| Mr. Awesh Kumar    | 24.03.2010 | Purchase Manager (Tirupati)   | Overall functions related to purchase and sourcing of materials.              | Graduate |  |

#### **BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL**

1. **Mr. Ankur Narula**, aged 36 years, is a Chief Executive Officer of Our Company. He is associated with us since July 07, 2015 as and his scope of work and responsibilities includes general Administration and Finance. He is having 8 years of Industry experience. His total remuneration is Rs. 4.80 lacs p.a.
2. **Mr. Rohit Narula**, aged 30 years, is the President (Marketing) of our company. He is associated with the company since 01.05.2015 and is responsible for Market development and coordination between both the units. He has done his Masters in Global Business from University of Manchester, U.K. His total remuneration is Rs. 4.80 lacs p.a.
3. **Mr. Prashant Narula**, aged 30 years, is the President (Marketing) of our company. He is associated with the company since 26.03.2015 and is responsible for Market development activities including brand building activities of the company. He is a graduate and his total remuneration is Rs. 3.60 lacs p.a.
4. **Mr. Gaurav Narula**, aged 30 years, is the President (Production) of our company and is based at our Tirupur Unit. He is associated with the company since 26.03.2015 and is responsible for overall production activities of Tirupur Plant. He has done his graduation and his total remuneration is Rs. 3.60 lacs p.a.
5. **Mr. Saurabh Narula**, aged 29 years, is the President (Sales) of our company. He is associated with the company since 31.03.2009 and is responsible for Sales and dispatch coordination between both the units. He is a Post Graduate and his total remuneration is Rs. 3.60 lacs p.a.





6. **Mr. Vaibhav Narula**, aged 25 years, is the Vice President (Production) of our company. He is associated with the company since 31.03.2009 and is responsible for day to day monitoring of all production related activities. He has done his Graduation and his total remuneration is Rs. 3.60 lacs p.a.
7. **Mr. Murugan Mukesh**, aged 52 years is associated with our company as General Manager since 26.03.2010 and is responsible for Overall administration and maintenance of production, purchase and dispatch of our Tirupur Plant. His remuneration is Rs.1.38 lacs p.a.
8. **Ms. Parul Gupta**, aged 23 years, is a Company Secretary & Compliance Officer of our Company. She is an associate member of The Institute of Companies Secretaries of India. She is associated with our Company from September 01, 2015. Her scope of work and responsibilities includes drafting of Agreements, Drafting of Resolutions, Preparation of Minutes & compliance with the provisions of Companies Act, 2013. Her total remuneration is Rs. 2.16 lacs p.a

#### FAMILY RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL

As on date, few of the key managerial persons is having family relation with each other. Rest of all other key managerial personnel are permanent employee of our company. Relationship of related key managerial employees is given in the Table below:

| KMP Name            | Relationship with other key employees | Relationship with promoters                  |
|---------------------|---------------------------------------|--|
| Mr. Ankur Narula    | Cousin brothers                       | Son of Mr. Balram Narula & Mrs Usha Narula   |
| Mr. Rohit Narula    | Cousin brothers                       | Nephew of Mr. Balram, Anil and Rakesh Narula |
| Mr. Prashant Narula | Cousin brothers                       | Nephew of Mr. Balram, Anil and Rakesh Narula |
| Mr. Gaurav Narula   | Cousin brothers                       | Nephew of Mr. Balram, Anil and Rakesh Narula |
| Mr. Saurabh Narula  | Cousin brothers                       | Nephew of Mr. Balram, Anil and Rakesh Narula |
| Mr. Vaibhav Narula  | Cousin brothers                       | Nephew of Mr. Balram, Anil and Rakesh Narula |

#### SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

As on date, the following key managerial personnel hold Equity Shares of our Company, as per details given:

| Sr. No. | Name of shareholder | No. of Shares |
|---------|---------------------|---------------|
| 1       | Mr. Ankur Narula    | 59100         |
| 2       | Mr. Rohit Narula    | 137300        |
| 3       | Mr. Prashant Narula | 61000         |
| 4       | Mr. Gaurav Narula   | 68660         |
| 5       | Mr. Saurabh Narula  | 91100         |
| 6       | Mr. Vaibhav Narula  | 65100         |



### **BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL**

There is no profit sharing plan for the Key Managerial Personnel. Our Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

### **LOANS TO KEY MANAGERIAL PERSONNEL**

There are no loans outstanding against Key Managerial Personnel as on date of this Draft Prospectus.

### **CHANGES IN KEY MANAGERIAL PERSONNEL OF OUR COMPANY DURING THE LAST THREE (3) YEARS**

The changes in the Key Managerial Employees of the Issuer during the last three (3) years are as follows:

| <b>Name</b>         | <b>Date of Appointment</b> | <b>Date of Cessation</b> | <b>Reason</b> |
|---------------------|----------------------------|--------------------------|---------------|
| Ms. Parul Gupta     | 01.09.2015                 | -                        | Appointment   |
| Mr. Ankur Narula    | 01.09.2015                 | -                        | Appointment   |
| Mr. Prashant Narula | 26.03.2015                 |                          | Appointment   |
| Mr. Gaurav Narula   | 26.03.2015                 |                          | Appointment   |
| Mr. Rohit Narula    | 01.05.2015                 |                          | Appointment   |

### **EMPLOYEES STOCK OPTION SCHEME**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Draft Prospectus.

### **PAYMENT OR BENEFIT TO OUR OFFICERS**

Except for the payment of normal remuneration for the services rendered in their capacity as employees of our Company, no other amount or benefit has been paid or given within the two (2) preceding years or intended to be paid or given to any of them.

## OUR PROMOTERS

**The Promoters of our Company are:**

**I. Individual Promoter:**


1. Mr. Balram Kumar Narula
2. Mr. Anil Kumar Narula
3. Mr. Rakesh Kumar Narula
4. Mrs. Usha Narula
5. Mrs. Jyoti Narula
6. Mrs. Kanchan Narula
7. Mrs. Sandhy Narula

**II. Corporate Promoter:**

NIL

**1. DETAILS OF OUR INDIVIDUAL PROMOTERS ARE AS UNDER:**


**1. Mr. Balram Kumar Narula**

|  |  |
|--|--|
|  | <p><b>Mr. Balram Narula</b>, aged 64 years is one of the <b>Executive &amp; Non-Independent Director</b> of our company. He has completed his graduation from University of Kanpur. He has a vast experience of more than 30 years in the textile and innerwear Industry. He is associated with our Company as Managing Director since 2009. His remuneration is Rs. 5.40 lacs p.a. He is well versed with the nitty-gritty of the hosiery and textile industry. He has been on the Board of Directors of our Company since inception. For further details relating to Mr. Balram Kumar Narula, including address and other directorships, see the section titled “Our Management” on page no 97 of this Draft Prospectus.</p> |
|--|--|

**Identification**

|                          |   |
|--------------------------|---|
| Name                     | Mr. Balram Kumar Narula   |
| Permanent Account Number | AAGPM3562Q  |
| Passport No.             | -   |
| Voter ID                 | UP/65/291/189015  |
| Driving License          | -   |
| Bank Account Details     | A/c No. 10500752425 with State Bank of India, Motijheel, Kanpur |

**2. Mr. Anil Kumar Narula**


|   |  |
|---|--|
|  | <p><b>Mr. Anil Kumar Narula</b>, aged 59 years is the <b>Executive &amp; Non-Independent Director</b> of Our Company. He has done masters in commerce from the Kanpur University. He is associated with our Company as a Director since incorporation. His remuneration is Rs.5.40 lacs p.a. He is responsible for the day to day activities of the Kanpur plant. He has a vast experience of about 35 years in marketing and manufacturing of hosiery undergarments. He is associated with our Company since incorporation. For further details relating to Mr. Anil Kumar Narula, including address and other directorships, see the section titled “Our Management” on page no 97 of this Draft Prospectus.</p> |
|---|--|

**Identification**

|                          |   |
|--------------------------|---|
| Name                     | Mr. Anil Kumar Narula   |
| Permanent Account Number | AAOPM3158Q  |
| Passport No.             | H 4499954   |
| Voter ID                 | -   |
| Driving License          | -   |
| Bank Account Details     | A/c No. 10500780394 with State Bank of India, Motijheel, Kanpur |

**3. Mr. Rakesh Kumar Narula**




|   |  |
|---|--|
|  | <p><b>Mr. Rakesh Kumar Narula</b>, aged 57 years is the <b>Executive &amp; Non-Independent Director</b> of our company. He has done Bachelors in commerce from DAV College, Kanpur. He has vast experience of 30 years in hosiery manufacturing, planning for sales and production. His remuneration is Rs. 5.40 lacs p.a He is associated with our Company as Director since 2009. He is well versed with the nitty-gritty of the hosiery and textile industry. For further details relating to Mr. Rakesh Kumar Narula, including address and other directorships, see the section titled “Our Management” on page no 97 of this Draft Prospectus.</p> |
|---|--|

**Identification**

|                          |   |
|--------------------------|---|
| Name                     | Mr. Rakesh Kumar Narula   |
| Permanent Account Number | AAGPN1548J  |
| Passport No.             | -   |
| Voter ID                 | MQJ6912273  |
| Driving License          | -   |
| Bank Account Details     | A/c No. 10500749626 with State Bank of India, Motijheel, Kanpur |


**4. Mrs. Usha Narula**

|  |   |
|--|---|
|  | <p><b>Mrs. Usha Narula</b>, aged 59 years is one of the present promoters of our company. She 12<sup>th</sup> passed and has more than 10 Years experience of hosiery undergarments designing, quality control and customer handling. She was one of the director of M/s. “JET KNITWEARS PVT. LTD.” She has valuable experience of handling the cutting &amp; stitching laborers’ of hosiery industry. For further details relating to Mrs. Usha Narula, including address and other directorships, see the section titled “Our Management” on page no 97 of this Draft Prospectus.</p> |
|--|---|

**Identification**

|                          |   |
|--------------------------|---|
| Name                     | Mrs. Usha Narula  |
| Permanent Account Number | AAGPN1550J  |
| Passport No.             | -   |
| Voter ID                 | UP/65/291/189089  |
| Driving License          | -   |
| Bank Account Details     | A/c No. 10500780361 with State Bank of India, Motijheel, Kanpur |

**5. Mrs. Jyoti Narula**


|   |   |
|---|---|
|  | <p><b>Mrs. Jyoti Narula</b>, aged 46 years is one of the promoters of our company. She has done Graduation with Arts. She has 5 Years experience of administration and public relation by virtue of her association as a director of M/s. “JET KNITWEARS PVT. LTD.” For further details relating to Mrs. Jyoti Narula, including address and other directorships, see the section titled “Our Management” on page no 97 of this Draft Prospectus.</p> |
|---|---|

**Identification**

|                          |   |
|--------------------------|---|
| Name                     | Mrs. Jyoti Narula   |
| Permanent Account Number | AAIPN2373H  |
| Passport No.             | -   |
| Voter ID/ ADHAR          | 486048948190  |
| Driving License          | -   |
| Bank Account Details     | A/c No. 10500780372 with State Bank of India, Motijheel, Kanpur |

**6. Mrs. Kanchan Narula**




|   |   |
|---|---|
|  | <p><b>Mrs. Kanchan Narula</b>, aged 58 having vast experience of hosiery undergarments industry. She is 12<sup>th</sup> passed and have good knowledge of House keeping, cleaning and maintenance of the industrial units and warehouses. She was one of the directors of M/s. “JET KNITWEARS PVT. LTD.” She looks after the general administration of the company. For further details relating to Mrs. Kanchan Narula, including address and other directorships, see the section titled “Our Management” on page no 97 of this Draft Prospectus.</p> |
|---|---|

**Identification**

|                          |   |
|--------------------------|---|
| Name                     | Mr. Kanchan Narula  |
| Permanent Account Number | AAGPN1549K  |
| Passport No.             | -   |
| Voter ID/ ADHAR          | 744738538854  |
| Driving License          | -   |
| Bank Account Details     | A/c No. 10500780383 with State Bank of India, Motijheel, Kanpur |

**4 Mrs. Sandhya Narula**

|  |   |
|--|---|
|  | <p><b>Mrs. Sandhya Narula</b>, aged 52 years is one of the promoters of our company. She has done Bachelors in Arts. She has more than 5 Years experience of hosiery undergarments designing, stitching and its packing, as a director of M/s. “JET KNITWEARS PVT. LTD.” She has valuable experience of handling the cutting &amp; stitching laborers’ of hosiery industry. For further details relating to Mrs. Sandhya Narula, including address and other directorships, see the section titled “Our Management” on page no 97 of this Draft Prospectus.</p> |
|--|---|

**Identification**

|                          |   |
|--------------------------|---|
| Name                     | Mrs. Sandhya Narula   |
| Permanent Account Number | AAIPN0734C  |
| Passport No.             | -   |
| Voter ID/ ADHAR          | 823968801105  |
| Driving License          | -   |
| Bank Account Details     | A/c No. 10500780394 with State Bank of India, Motijheel, Kanpur |

**OTHER UNDERTAKINGS AND CONFIRMATIONS**

Our Company undertakes that the details of Permanent Account Number, bank account number and passport number of the Promoters will be submitted to the SME platform (EMERGE) of NSE Exchange, where the securities of our Company are proposed to be listed at the time of submission of Draft Prospectus.

**COMMON PURSUITS OF OUR PROMOTERS**

Our Promoters do not have any common pursuits and are not engaged in the business similar to those carried out by our Company.

**INTEREST OF THE PROMOTERS****Interest in the promotion of Our Company**

Our Promoters may be deemed to be interested in the promotion of the Issuer to the extent of the Equity Shares held by themselves as well as their relative and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in whom either of them is interested as a director, member or partner. In addition, our Promoters, being Director and Managing



Director, may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable under our Articles of Association and to the extent of remuneration, if any, paid for services rendered as an officer or employee of our Company as stated in section titled “Our Management” on page no 97 of this Draft prospectus.

**Interest in the property of Our Company**

Our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company since incorporation.

**Interest as Member of our Company**

As on the date of this Draft Prospectus, our Promoters together hold 16,42,040 Equity Shares of our Company and is therefore interested to the extent of their shareholding and the dividend declared, if any, by our Company. Except to the extent of shareholding of the Promoters in our Company and benefits as provided in the section titled ‘Terms of appointment and compensation of our Directors’ on page no 99 and page no 100, our Promoters does not hold any other interest in our Company.

Also see “Our Management-Interest of Directors” on page no 104 of Draft Prospectus.

**PAYMENT AMOUNTS OR BENEFIT TO OUR PROMOTERS DURING THE LAST TWO YEARS**

No payment has been made or benefit given to our Promoters in the two years preceding the date of the Draft Prospectus except as mentioned / referred to in this chapter and in the section titled ‘Our Management’, ‘Financial Information’ and ‘Capital Structure’ on page no 97, page no 124 and page no 44 respectively of this Draft Prospectus. Further as on the date of the Draft Prospectus, there is no bonus or profit sharing plan for our Promoters.

**CONFIRMATIONS**

For details on litigations and disputes pending against the Promoters and defaults made by them, please refer to the section titled “Outstanding Litigation and Material Developments” on page no 158 of the Promoters. Our Promoters have not been declared a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past or are pending against them.

**RELATED PARTY TRANSACTIONS**

Except as disclosed in the section titled “Related Party Transactions” beginning on page no 123 & 133, our Company has not entered into any related party transactions with our Promoters.

**OUR PROMOTER GROUP/ GROUP COMPANIES/ ENTITIES PROMOTER GROUP INDIVIDUAS**

The following natural persons (being the immediate relative of our Promoter) form part of our Promoter Group:



**Relatives of Promoters:** The following Table shows the relatives of each promoter:

| Relatives of Promoters |  |  |  |  |  |   |   |
|------------------------|--|--|--|--|--|---|---|
| Relationship           | Balram Kumar Narula  | Anil Kumar Narula  | Rakesh Kumar Narula  | Usha Narula  | Jyoti Narula   | Kanchan Narula  | Sandhya Narula  |
| Father                 | Late Sh. F.C.Narula  | Late Sh. F.C.Narula  | Late Sh. F.C.Narula  | Late Sh Harbansh Lal Taneja                                  | Suresh Taneja  | Late Inder Singh Lamba  | Sai Das Arora   |
| Mother                 | Late Avinash Rani  | Late Avinash Rani  | Late Avinash Rani  | Late Smt Prakashwati   | Raj Rani   | Late Suhagwati Lamba  | Late Raj Rani   |
| Spouse                 | Usha Narula  | Geeta Narula   | Jyoti Narula   | Balram Kumar Narula  | Rakesh Kumar Narula  | Late Bhushan Kumar Narula   | Late Sh. Satish Kumar Narula  |
| Brother                | Anil Kumar Narula, Rakesh Kumar Narula, Harsh Vardhan Narula | Balram Kumar Narula, Rakesh Kumar Narula, Harsh Vardhan Narula | Balram Kumar Narula, Anil Kumar Narula, Harsh Vardhan Narula | Harjinder Pal Taneja, Suresh Taneja, Pushp Raj Taneja        | Rajan Taneja, Narendra Taneja                                | Manjeet Lamba, Sunil Lamba  | Harish Arora, Anil Arora  |
| Sister                 | Madhu Sabbharwal   | Madhu Sabbharwal   | Madhu Sabbharwal   | Karuna Pathela   |  | Bala Nanda  | Ravi Sachdeva, Vibha Mukhi  |
| Son                    | Ankur Narula   | Prashant Narula  | Aditya Narula  | Ankur Narula   | Aditya Narula  | Rohit Narula  | Gaurav Narula, Saurabh Narula, Vaibhav Narula                                     |
| Daughter               | Radhika Narula   | Sneha Narula   | Arooja Narula  | Radhika Narula   | Arooja Narula  | Ruchi Narula  |   |
| Spouse's Father        | Late Sh Harbansh Lal Taneja                                  | Rishi Lal Grover   | Suresh Taneja  | Late Sh. F.C.Narula  | Late Sh. F.C.Narula  | Late Sh. F.C.Narula   | Late Sh. F.C.Narula   |
| Spouse's Mother        | Late Smt Prakashwati   | Shanti Devi  | Raj Rani   |  |  |   |   |
| Spouse's Brother       | Harjinder Pal Taneja, Suresh Taneja, Pushp Raj Taneja        | Late Harish Grover, Pramod Grover, Ramesh Grover               | Rajan Taneja, Narendra Taneja                                | Anil Kumar Narula, Rakesh Kumar Narula, Harsh Vardhan Narula | Balram Kumar Narula, Anil Kumar Narula, Harsh Vardhan Narula | Balram Kumar Narula, Anil Kumar Narula, Rakesh Kumar Narula, Harsh Vardhan Narula | Balram Kumar Narula, Anil Kumar Narula, Rakesh Kumar Narula, Harsh Vardhan Narula |
| Spouse's Sister        | Karuna Pathela   | Tara Manchanda   |  | Madhu Sabbharwal   | Madhu Sabbharwal   | Madhu Sabbharwal  | Madhu Sabbharwal  |
|                        |  |  |  |  |  |   |   |

## OUR GROUP COMPANIES AND ENTITIES

As specified in Clause 2 (zb) of the SEBI Regulation, the companies, HUFs, partnership firms and other entities, that form part of our Promoter Group are as follows:

### LISTED COMPANIES WITHIN OUR PROMOTER GROUP

There is no listed Company in our Promoter Group.

### UNLISTED COMPANIES WITHIN OUR PROMOTER GROUP

Following is the list of Unlisted Companies in Our Promoter Group:

- Venus Knitwears Co. Pvt. Ltd.
- Frontline Exports Pvt. Ltd.
- Jet Knit Indclus Pvt. Ltd.

#### 1. Venus Knitwears Co. Pvt. Ltd.

Venus Knitwears Co. Pvt. Ltd. (CIN: U17112UP1988PTC009523) was set up on April 11, 1988 under the Companies Act 1956. The registered office of Venus Knitwears Co. Pvt. Ltd. is at 125/67-C K-Block Govind Nagar, Kanpur, Uttar Pradesh-208006. The Company was set up to take up manufacturing of Hosiery Undergarments like Vest & Underwear. However it is not yet operational fully and its turnover has been negligible in last three years.





As of August 31, 2015, our Promoters jointly hold 41.22% of the issued and paid up capital of Venus Knitwears Co. Pvt. Ltd.

### Shareholding Pattern

The shareholding of Venus Knitwears Co. Pvt. Ltd. as on August 31, 2015, is as follows:

| Sr. No. | Name                           | Amount Per Share | No. of equity shares held | % of equity shares held |
|---------|--------------------------------|------------------|---------------------------|-------------------------|
| 1.      | Late Shri Faquir Chand Narula  | 10               | 1100.00                   | 0.22                    |
| 2.      | Shri Bhushan Kumar Narula      | 10               | 1350.00                   | 0.27                    |
| 3.      | shri Balram kumar Narula       | 10               | 27500.00                  | 5.50                    |
| 4.      | Shri Satish Kumar Narula       | 10               | 48100.00                  | 9.62                    |
| 5.      | Shri Anil Kumar Narula         | 10               | 77500.00                  | 15.50                   |
| 6.      | Shri Rakesh Kumar Narula       | 10               | 78900.00                  | 15.78                   |
| 7.      | Shri Ankur Narula              | 10               | 500.00                    | 0.10                    |
| 8.      | Mr. Rohit Narula               | 10               | 500.00                    | 0.10                    |
| 9.      | Mr. Gaurav Narula              | 10               | 500.00                    | 0.10                    |
| 10.     | Smt. Usha Narula               | 10               | 10850.00                  | 2.17                    |
| 11.     | Smt. Sandhya Narula            | 10               | 1150.00                   | 0.23                    |
| 12.     | Smt. Meena Narula              | 10               | 1000.00                   | 0.20                    |
| 13.     | Shri Azizul Haque              | 10               | 1000.00                   | 0.20                    |
| 14.     | Shri abdul Haque               | 10               | 1000.00                   | 0.20                    |
| 15.     | Shri Mohd. Haidar              | 10               | 1000.00                   | 0.20                    |
| 16.     | Shri Radhey Shyam Nigam        | 10               | 1000.00                   | 0.20                    |
| 17.     | Shri Balram Kumar Narula HUF   | 10               | 100.00                    | 0.02                    |
| 18.     | Smt. Madhu Sabbarwal           | 10               | 100.00                    | 0.02                    |
| 19.     | Smt. Geeta Narula              | 10               | 10100.00                  | 2.02                    |
| 20.     | Smt. Jyoti Narula              | 10               | 100.00                    | 0.02                    |
| 21.     | Smt. Kanchan Narula            | 10               | 10100.00                  | 2.02                    |
| 22.     | Tasa Sons Fincap Pvt. Ltd.     | 10               | 20000.00                  | 4.00                    |
| 23.     | Shri urmi Jain                 | 10               | 5000.00                   | 1.00                    |
| 24.     | Shri J.S. Malik                | 10               | 10000.00                  | 2.00                    |
| 25.     | Shri J.K. Malik                | 10               | 10000.00                  | 2.00                    |
| 26.     | Shri Arun Kr. Bhgwan           | 10               | 7000.00                   | 1.40                    |
| 27.     | Shri Sanjay Dembla             | 10               | 8000.00                   | 1.60                    |
| 28.     | M/s Rastogi Traders            | 10               | 1000.00                   | 0.20                    |
| 29.     | Dressland                      | 10               | 1000.00                   | 0.20                    |
| 30.     | Shri firoz                     | 10               | 1000.00                   | 0.20                    |
| 31.     | Shri zaved                     | 10               | 1000.00                   | 0.20                    |
| 32.     | Shri Raj Kumar Rastogi         | 10               | 1000.00                   | 0.20                    |
| 33.     | Shri Sushil Kumar              | 10               | 500.00                    | 0.10                    |
| 34.     | Weal Iron & steel co. (P) Ltd. | 10               | 10000.00                  | 2.00                    |
| 35.     | M/s J.M.K. Securities (P) Ltd. | 10               | 20000.00                  | 4.00                    |
| 36.     | M/s Cito Garments (P) Ltd.     | 10               | 20000.00                  | 4.00                    |
| 37.     | Shri Parvez                    | 10               | 500.00                    | 0.10                    |
| 38.     | Shri Anil Kumar Narula HUF     | 10               | 100.00                    | 0.02                    |



|     |   |    |                  |            |
|-----|---|----|------------------|------------|
| 39. | Shri Rakesh kumar Narula HUF              | 10 | 100.00           | 0.02       |
| 40. | miss Ruchi Narula                         | 10 | 100.00           | 0.02       |
| 41. | Late Shri Satish Kumar Narula HUF         | 10 | 100.00           | 0.02       |
| 42. | Shri Saurabh Narula                       | 10 | 100.00           | 0.02       |
| 43. | Touch Wood Agencies (P) Ltd.              | 10 | 50000.00         | 10.00      |
| 44. | J.Singh Trading & Investment (P) Ltd.     | 10 | 30000.00         | 6.00       |
| 45. | Performance Trading & Investment (P) Ltd. | 10 | 30000.00         | 6.00       |
|     | <b>TOTAL</b>                              |    | <b>499950.00</b> | <b>100</b> |

### Board of Directors

The board of directors of Venus Knitwears Co. Pvt. Ltd. as of August 31, 2015 are Mr. Balram Kumar Narula, Ms. Kanchan Narula, Ms. Usha Narula, Ms. Sandhya Narula and Ms. Jyoti Narula.

### Financial Information

The audited financial results of Venus Knitwears Co. Pvt. Ltd. for fiscal 2012, 2013 and 2014 are set forth below:

| <i>(Amount in Rs.)</i>                                |              |              |              |
|---|--------------|--------------|--------------|
| Particulars   | Fiscal 2014  | Fiscal 2013  | Fiscal 2012  |
| Equity Capital  | 49,99,500.00 | 49,99,500.00 | 49,99,500.00 |
| Reserves and Surplus (excluding revaluation reserves) | 19,27,788.91 | 19,22,701.90 | 19,45,319.90 |
| Sales   | 11,377.01    | 8.00         | 37,456.00    |
| Profit/(loss) after tax                               | 5,087.01     | (22,618.00)  | (29,434.00)  |
| Earnings per share (in Rs.)                           | 0.010        | (0.045)      | (0.059)      |
| Diluted earnings per share (in Rs.)                   | 0.010        | (0.045)      | (0.059)      |
| Price Per Share (in Rs.)                              | 10           | 10           | 10           |
| Net asset value per share (in Rs.)                    | 13.86        | 13.85        | 13.89        |

## 2. Front line Exports Pvt. Ltd.

Front line Exports Pvt. Ltd. (CIN: U74899DL1990PTC041316) was set up on August 13, 1990 under the Companies Act 1956. The registered office of Front line Exports Pvt. Ltd. is at 226 Guru Nanak Motor Market, Kashmiri Gate, Delhi-110006. The Company is engaged in the manufacturing and export of Hosiery garments and thereafter it is engaged in the job work of Hosiery processing at Tirupur (Tamil Nadu).

As of August 31, 2015, our Promoters jointly hold 17.64% of the issued and paid up capital of Front line Exports Pvt. Ltd.

### Shareholding Pattern

The shareholding of Frontline Exports Pvt. Ltd. as on August 31, 2015, is as follows:

| Sr. No. | Name             | Amount Per Share | No. of equity shares held | % of equity shares held |
|---------|------------------|------------------|---------------------------|-------------------------|
| 1.      | Shyam S. Kumar   | 10               | 10                        | 0.15                    |
| 2.      | Vinod Kumar Dhir | 10               | 10                        | 0.15                    |
| 3.      | Pradeep Kumar    | 10               | 450                       | 6.90                    |
| 4.      | Arvind Agarwal   | 10               | 450                       | 6.90                    |
| 5.      | Rama Kant Bansal | 10               | 400                       | 6.13                    |



|     |                   |    |             |               |
|-----|-------------------|----|-------------|---------------|
| 6.  | Kiran Singh       | 10 | 350         | 5.37          |
| 7.  | Anju Gupta        | 10 | 350         | 5.37          |
| 8.  | Sangeeta Setia    | 10 | 500         | 7.67          |
| 9.  | Amita Setia       | 10 | 300         | 4.60          |
| 10. | Sanjay Upadhyay   | 10 | 500         | 7.67          |
| 11. | Manohar Saptrishi | 10 | 500         | 7.67          |
| 12. | Saurabh Narula    | 10 | 450         | 6.90          |
| 13. | Balram Narula     | 10 | 150         | 2.30          |
| 14. | Bhushan Narula    | 10 | 600         | 9.20          |
| 15. | Rakesh Narula     | 10 | 500         | 7.67          |
| 16. | Anil Narula       | 10 | 500         | 7.67          |
| 17. | Satish Narula     | 10 | 500         | 7.67          |
|     | <b>Total</b>      |    | <b>6520</b> | <b>100.00</b> |

### Board of Directors

The board of directors of Front line Exports Pvt. Ltd. as of August 31, 2015 is Mr. Anil Kumar Narula, Mr. Rakesh Kumar Narula, Ms. Geeta Narula and Mr. Gaurav Narula.

### Financial Information

The audited financial results of Front line Exports Pvt. Ltd. for fiscal 2012, 2013 and 2014 are set forth below:  
(Amount in Rs.)

| Particulars   | Fiscal 2014 | Fiscal 2013 | Fiscal 2012 |
|---|-------------|-------------|-------------|
| Equity Capital  | 652000      | 652000      | 652000      |
| Reserves and Surplus (excluding revaluation reserves) | 3539734.79  | 3294124.22  | 3101536.72  |
| Sales   | 7896513     | 6420566     | 3352689     |
| Profit/(loss) after tax                               | 245610.57   | 192587.50   | 103210.71   |
| Earnings per share (in Rs.)                           | 39.30       | 29.54       | 15.83       |
| Diluted earnings per share (in Rs.)                   | 39.30       | 29.54       | 15.83       |
| Price Per Share (in Rs.)                              | 100         | 100         | 100         |
| Net asset value per share (in Rs.)                    | 642.90      | 605.23      | 575.70      |

### 3. Jet Knit Indclus Pvt. Ltd.

Jet Knit Indclus Pvt. Ltd. (CIN: U18204UP2011PTC043331) was incorporated in January 28, 2011 under the Companies Act 1956. The registered office of Jet Knit Indclus Pvt. Ltd. is at 119/410-B-1, Darshan Purwa, Kanpur, Uttar Pradesh-208012. The Company is in the process of establishing Hosiery Cluster at Chaubepur (Kanpur). The scheme has been submitted to the State Government and approval is awaited.

As of August 31, 2015, our Promoters jointly hold 3.7% of the issued and paid up capital of Jet Knit Indclus Pvt. Ltd. Our company also hold 33.6% shares pf Front Line Exports Pvt Ltd.

### Shareholding Pattern

The shareholding of Jet Knit Indclus Pvt. Ltd. as on August 31, 2015, is as follows:

| S.NO. | PARTICULARS               | Amount per share | No. of equity shares held | % Equity shares held |
|-------|---------------------------|------------------|---------------------------|----------------------|
| 1     | Shri Bhushan Kumar Narula | 10               | -                         | 0                    |



|    |                                     |    |              |               |
|----|-------------------------------------|----|--------------|---------------|
| 2  | Shri Balram Kumar Narula            | 10 | 500          | 3.7           |
| 3  | Smt. Kanchan Narula                 | 10 | -            | 0.0           |
| 4  | Smt. Usha Kiran                     | 10 | -            | 0.0           |
| 5  | Smt. Sandhya Narula                 | 10 | -            | 0.0           |
| 6  | Smt. Geeta Narula                   | 10 | -            | 0.0           |
| 7  | Smt. Jyoti Narula                   | 10 | -            | 0.0           |
| 8  | Smt. Madhu Sabbharwal               | 10 | 400          | 3.0           |
| 9  | Smt. Sumar Dehar                    | 10 | 400          | 3.0           |
| 10 | Smt. Namrata                        | 10 | -            | 0.0           |
| 11 | Smt. Richa                          | 10 | -            | 0.0           |
| 12 | Smt. Surabhi                        | 10 | -            | 0.0           |
| 13 | Smt. Anita Srivastava               | 10 | 400.00       | 3.0           |
| 14 | Smt. Shashi Batra                   | 10 | 400.00       | 3.0           |
| 15 | Shri Ram Nihor Sharma               | 10 | 400          | 3.0           |
| 16 | Shri Shashi Kumar Sabbharwal        | 10 | 400          | 3.0           |
| 17 | Smt. Meena Narula                   | 10 | 400          | 3.0           |
| 18 | Shri Harsh Vardhan Narula           | 10 | 400          | 3.0           |
| 19 | Mohd. Aktar                         | 10 | 300          | 2.2           |
| 20 | Shri Sadanand                       | 10 | 350          | 2.6           |
| 21 | Shri Ramu Singh                     | 10 | 350          | 2.6           |
| 22 | Shri Manjeet Pal Lamba              | 10 | 400          | 3.0           |
| 23 | Shri Arun Kumar Bajpai              | 10 | 400          | 3.0           |
| 24 | Jet Knitwears Ltd.                  | 10 | 4500         | 33.6          |
| 25 | Prem Selai Ghar                     | 10 | 500          | 3.7           |
| 26 | Rai Selai Ghar                      | 10 | 500          | 3.7           |
| 27 | Mahesh Hoseiry Job Work             | 10 | 400          | 3.0           |
| 28 | Guddu Selai Ghar                    | 10 | 400          | 3.0           |
| 29 | Satish Garmens                      | 10 | 400          | 3.0           |
| 30 | Bahdauraia Textiles                 | 10 | 400          | 3.0           |
| 31 | Om Sai Textile                      | 10 | 400          | 3.0           |
| 32 | Shree Khatu Shyam Ji Knitting Works | 10 | 400          | 3.0           |
|    | <b>Total</b>                        |    | <b>13400</b> | <b>100.00</b> |

#### **Board of Directors**

The board of directors of Jet Knit Indclus Pvt. Ltd. as of August 31, 2015, is Ms. Geeta Narula, Mr. Balram Kumar Narula, Ms. Sandhya Narula, Ms. Jyoti Narula, Ms. Suman Dehar and Ms Madhu Sabbarwal.

#### **Financial Information**

The audited financial results of Jet Knit Indclus Pvt. Ltd. for fiscal 2012, 2013 and 2014 are set forth below:

(Amount in Rs.)

| <b>Particulars</b>                                    | <b>Fiscal 2014</b> | <b>Fiscal 2013</b> | <b>Fiscal 2012</b> |
|---|--------------------|--------------------|--------------------|
| Equity Capital  | 134000.00          | 100000             | 100000             |
| Reserves and Surplus (excluding revaluation reserves) | -                  | -                  | -                  |



## JET KNITWEARS LIMITED

|                                     |       |       |       |
|-------------------------------------|-------|-------|-------|
| Sales                               | 0.00  | 0.00  | 0.00  |
| Profit/(loss) after tax             | 0.00  | 0.00  | 0.00  |
| Earnings per share (in Rs.)         | 0.00  | 0.00  | 0.00  |
| Diluted earnings per share (in Rs.) | 0.00  | 0.00  | 0.00  |
| Price per share (in Rs.)            | 10.00 | 10.00 | 10.00 |
| Net asset value per share (in Rs.)  | 10.00 | 10.00 | 10.00 |

## FINANCIAL PERFORMANCE

The brief financials of Jet Knitwears Limited for the last five (5) years based on audited financial statements are as under:

(In Rupees)

| Particulars  | 31.03.15 | 31.03.14 | 31.03.13 | 31.03.12 | 31.03.11 |
|--|----------|----------|----------|----------|----------|
| Net Worth (A)  | 64644302 | 27695963 | 25726475 | 24057173 | 22506074 |
| Net Profit after Tax (B)                               | 3668339  | 1969488  | 1669302  | 1551099  | 1420022  |
| No. of Shares outstanding at the end [F.V. Rs. 10] (C) | 3000200  | 1669000  | 1669000  | 16690000 | 1669000  |
| For Basic Earnings Per Share (D )                      | 3000200  | 1669000  | 1669000  | 16690000 | 1351658  |
| For Diluted Earnings per Share (E)                     | 1687236  | 1669000  | 1669000  | 16690000 | 1351658  |
| Restated Basic Earnings Per share (B/D) (in Rs.)       | 1.22     | 1.18     | 1.00     | 0.09     | 1.05     |
| Restated Diluted Earnings Per share (B/E) (in Rs.)     | 2.17     | 1.18     | 1.00     | 0.09     | 1.05     |
| Return on Net Worth (B / A)                            | 5.67     | 7.11     | 6.49     | 6.45     | 6.31     |
| Net Asset Value per Share (A / C) (in Rs.)             | 21.55    | 16.59    | 15.41    | 1.44     | 13.48    |

## Shareholding Pattern as on September 15, 2015

As shown in the Table below:

| Category of Shareholder                    | No. of Shareholders | Pre-Issue            |                         | Post issue           |                  | Shares Pledged or otherwise encumbered |                  |
|--|---------------------|----------------------|-------------------------|----------------------|------------------|--|------------------|
|  |                     | No. of Equity Shares | As a % of Issued Equity | No. of Equity Shares | As a % of Issued | No. of Equity Shares                   | As a % of Issued |
| Shareholding of Promoters & Promoter Group |                     |                      |                         |                      |                  |  |                  |
| INDIAN                                     |                     |                      |                         |                      |                  |  |                  |
| Individuals/ HUFs/ Directors/Relatives     | 31                  | 3000200              | 100%                    | 3000200              | 51.71%           |  |                  |
| Central Govt. /State Govts.                | ---                 | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Bodies Corporate                           | ---                 | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Financial Institutions/Banks               | -                   | ---                  | ---                     | ---                  | ---              | ---                                    | ---              |
| Sub Total A (1)                            | 31                  | 3000200              | 100%                    | 3000200              | 51.71%           | ---                                    | ---              |



|   |           |                |             |                |                |     |     |
|---|-----------|----------------|-------------|----------------|----------------|-----|-----|
| <b>FOREIGN</b>  |           |                |             |                |                |     |     |
| Bodies Corporate  | -         | ---            | ---         | ---            | ---            | --- | --- |
| Individual  | -         | ---            | ---         | ---            | ---            | --- | --- |
| Institutions  | -         | ---            | ---         | ---            | ---            | --- | --- |
| Any others (specify)  | -         | ---            | ---         | ---            | ---            | --- | --- |
| Sub Total A (2)   | -         | ---            | ---         | ---            | ---            | --- | --- |
| Total Shareholding of Promoter group A (1) + A (2)                          | <b>31</b> | <b>3000200</b> | <b>100%</b> | <b>3000200</b> | <b>51.71 %</b> | --- | --- |
| <b>PUBLIC SHAREHOLDING</b>  |           |                |             |                |                |     |     |
| Institutions  |           |                |             |                |                |     |     |
| Central Govt./State Govts.  | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Financial Institutions/Banks  | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Mutual Funds/UTI  | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Venture Capital Funds   | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Insurance Companies   | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Foreign Institutions Investors  | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Foreign Venture Capital Investors   | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Any Others (Specify)  | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Sub Total B (1)   | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Non Institutions  | -         | ---            | ---         |                |                |     |     |
| Bodies Corporate  | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Individuals-shareholders holding normal share capital up to Rs. 1 Lac       | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Individuals-shareholders holding normal Share capital in excess of Rs.1 Lac | -         | ---            |             | [•]            | [•]            | --- | --- |
| Trust   | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Any Other (i) Clearing Member   | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Directors/Relatives   | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Employees   | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| Foreign Nationals   | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| NRIs  | -         | ---            | ---         | [•]            | [•]            | --- | --- |
| OCB'S   | -         | ---            | ---         | [•]            | [•]            | --- | --- |



|  |    |         |     |         |        |     |     |
|--|----|---------|-----|---------|--------|-----|-----|
| Person Acting in Concert   | -  | ---     | --- | [•]     | [•]    | --- | --- |
| Sub Total B(2)   |    |         |     | [•]     | [•]    | --- | --- |
| Total Public Shareholding B(1) + B(2)  | -  | ---     | --- | 2658000 | 45.81% | --- | --- |
| Total A+B  | 31 | 3000200 | 100 | 5658200 | 97.52% | --- | --- |
| Shares held by Custodians and against which Depository receipts have been issued (C) | -  | ---     | --- | ---     | ---    | --- | --- |
| Shares held by Market Makers (D)   | -  | ---     | --- | 144000  | 2.48%  | --- | --- |
| Grand Total A+B+C+D  | 31 | 3000200 | 100 | 5802200 | 100    |     |     |

#### **LITIGATION/ DEFAULTS**

For details relating to legal proceedings involving the Promoters and Members of the Promoter Group, see the section titled “Outstanding Litigation and Material Developments” beginning on page no 158 of this Draft Prospectus.

#### **DISASSOCIATION WITH COMPANIES/FIRMS BY THE PROMOTERS OF OUR COMPANY DURING THE PRECEDING THREE (3) YEARS**

Our Promoters have not disassociated with any of entity during the preceding three (3) years.

#### **INTEREST OF PROMOTER GROUP COMPANIES**

There is no Promoter group Company.

#### **RELATED BUSINESS TRANSACTION WITHIN THE GROUP AND SIGNIFICANCE ON FINANCIAL PERFORMANCE**

There is no Promoter group Company.

#### **SALE OR PURCHASE BETWEEN OUR COMPANY AND OUR PROMOTER GROUP COMPANIES**

There is no Promoter group Company.

#### **SICK COMPANIES**

There is no Promoter group Company.

#### **CONFIRMATION**

Our Promoters and persons forming part of Promoter Group have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them. Additionally, none of the Promoters and persons forming part of Promoter Group has been restrained from accessing the capital markets for any reasons by SEBI or any other authorities. None of the Promoter or Group Companies has a negative net worth as of the date of the respective last audited financial statements.

#### **RELATED PARTY TRANSACTIONS**





For details on Related Party Transactions of our Company, please refer to Annexure 13 of restated financial statement under the section titled “Financial Information” on page no 124 of the Draft Prospectus.

### **DIVIDEND POLICY**

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

There are no dividends declared by our Company since its incorporation.

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.



**SECTION V – FINANCIAL INFORMATION**

**FINANCIAL STATEMENT AS RESTATED**

**Auditors' Report**

To,

The Board of Directors  
**Jet Knitwears Limited**  
119/410-B-1 DarshanPurwa  
Kanpur-208012  
Uttar Pradesh  
India

Dear Sirs,

We have examined the financial information comprising of Summary Statement of Asset & Liabilities, as restated, as at 31<sup>st</sup> March 2015, 2014, 2013, 2012 and 2011, Summary Statement of Profit and Loss, as restated for the Year ended 31<sup>st</sup> March 2015, 2014, 2013, 2012 and 2011 also the Summary Statement of Cash Flows, as restated and for the year ended 31<sup>st</sup> March 2015, 2014, 2013, 2012 and 2011 ( together referred to as Summary of Restated Financial Statements') of Jet Knitwears Limited ( the 'company') annexed to this report and initialed by us for identification purpose, 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 correction with the proposed Initial Public Offering ('IPO') of equity shares.

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

- i) Section 26(1) of Chapter III to The Companies Act, 2013;
- ii) The Securities and Exchange Board of India ( Issue of capital and Disclosure Requirements ) Regulation, 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 year ended 31 March 2011, 2012, 2013, 2014 and 2015.

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

- i) The ( Revised) Guidance note on 'Report in Company Prospectuses' issued by the Institute of Chartered Accountants of India ( 'ICAI '); and
- ii) The term of reference 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 summary statements of the company:**

1. We have examined the attached Summary of Restated Financial Statements (refer Annexure 1, 2 and 3). This Summary of Restated Financial Statements of the company have been arrived at after making such adjustments and regroupings to the Audited Financial Statements of the company which are appropriate and are more fully described in the Statement of Notes to Summary Restated Financial Statements of the company in Annexure 4 and 5 subject to ***non-compliance of AS-15 as described in point (a) to Annexure No.5 in respect of provision of gratuity by the company.***



2. The Summary of Restated Financial Statements of the company for the year ended 31 March 2011, 2012, 2013, 2014 and 2015 including the adjustment and regroupings discussed above, have been extracted from the audited financial statements of the company as at and for the year ended 31 March 2011, 2012, 2013, 2014 and 2015 which have been audited by M/s Sushil Gupta & Company (Firm Registration No. 001233C) and accordingly reliance has been placed by us on the financial information examined by them for the said years.
3. Based on our examination of this Summary of Restated Financial Statements of the company , we state that:
  - a) The Summary of Restated Financial Statements of the Company have to be read in conjunction with the Statement of Significant Accounting Policies and Statement of Notes to Restated Financial Statements of the company , in Annexure 4 and 5 respectively;
  - b) There are no changes in accounting policies adopted by the company for the year ended 31 March 2015 2014, 2013, 2012 and 2011 which would require adjustment in the Restated Financial Statements of the company;
  - c) The restated Profit/(Loss) have been arrived at after making such adjustments and regrouping as, in our opinion , are appropriate in the year to which they relate as described in the statement of Notes to Restated Financial Statements of the Company given.
  - d) There are no qualification in the auditors' report for year ended 31<sup>st</sup> March 2015, 2014, 2013, 2012 and 2011 which require adjustment in the Restated Financial Statements of the Company; and
  - e) There are no extra-ordinary items which need to be disclosed separately in the Summary of Restated Financial Statements of the Company.

## **2. Other financial information:**

4. We have examined the following 'Other Financial Information' of the company for the years ended 31 March 2015, 2014, 2013, 2012 and 2011, proposed to be included in the offer document, as prepared by the management and approved by the Board of Directors and annexed to this report:
  - i) Statement of Significant Accounting Policies , as restated ( Annexure 4);
  - ii) Statement of Notes to Summary of Restated Financial Statements of the company ( Annexure5 );
  - iii) Statement of Reconciliation of Restated Profit/(Loss) to Profit/(Loss) as per Audited Financial Statements (Annexure 6);
  - iv) Statement of Share Capital, as restated ( Annexure7 );
  - v) Statement of Reserve and Surplus , as restated ( Annexure8);
  - vi) Statement of Long Term Borrowings as restated ( Annexure 9);
  - vii) Statement of Deferred Tax Asset /(Liabilities) (net) , as restated ( Annexure10);
  - viii) Statement of Short Term Borrowings, as restated ( Annexure 11 );
  - ix) Statement of Trade Payables, as restated ( Annexure 12);
  - x) Statement of Other Current Liabilities, as restated ( Annexure13);
  - xi) Statement of Short Term Provisions, as restated ( Annexure 14 );
  - xii) Statement of Fixed Assets, as restated ( Annexure 15);
  - xiii) Statement of Non Current Investments, as restated (Annexure 16);
  - xiv) Statements of Current Investments, as restated (Annexure 17);
  - xv) Statements of Inventories, as restated ( Annexure18);
  - xvi) Statement of Trade Receivables, as restated ( Annexure 19);
  - xvii) Statement of Cash and Bank Balances, as restated ( Annexure 20);
  - xviii) Statement of Short Term Loans & Advances, as restated( Annexure 21);



- xix) Statement of Revenue from Operations, as restated (Annexure 22);
  - xx) Statement of Other Income, as restated (Annexure 23);
  - xxi) Statement of Raw Material Consumed, as restated (Annexure 24);
  - xxii) Statement of Change in Inventory of Finished Goods, Work-in-Process and Stock in Trade, as restated ( Annexure 25);
  - xxiii) Statement of Employee Benefit Expenses, as restated ( Annexure 26);
  - xxiv) Statement of Finance Cost, as restated ( Annexure 27);
  - xxv) Statement of Depreciation and Amortization, as restated (Annexure 28);
  - xxvi) Statement of Other Expenses, as restated ( Annexure 29);
  - xxvii) Statement of Tax Expense, as restated (Annexure 30);
  - xxviii) Statement of Capitalization as at 31<sup>st</sup> March, 2015 ( Annexure 31);
  - xxix) Statement of Tax Shelter, as restated ( Annexure 32) and
  - xxx) Statement of Accounting Ratios , as restated ( Annexure 33)
5. In our opinion, the ‘Financial information as per the Restated Financial Statements of the Company’ and ‘other financial information’ mentioned above for the year ended 31 March , 2011, 2012, 2013, 2014 and 2015 have been prepared in accordance with Part 1 of The Companies Act, 2013 and the relevant provisions of the SEBI Regulations.
6. This report should not be in any way constructed as a re-issuance or re-dating of any of the previous audit reports issued by M/s Sushil Gupta & Co ( Firm Registration No. 001233C)) or by us nor should it be constructed as new opinion on any of the Financial Statements referred to therein.
7. This report is intended solely for your information and for inclusion in the offer document in connection with the IPO of the equity shares of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**FOR RAJIV MEHROTRA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO.: 002253C

Sd/-

**RAJIV MEHROTRA**  
PARTNER  
MEMBERSHIP NO.:71428  
PEER REVIEW NO.: RE04060903



ANNEXURE-1

SUMMARY OF STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

Figures in Rs

| Particulars                               | Annexure | As at 31st March |                  |                  |                  |                  |
|---|----------|------------------|------------------|------------------|------------------|------------------|
|   |          | 2015             | 2014             | 2013             | 2012             | 2011             |
|   |          | Amount           | Amount           | Amount           | Amount           | Amount           |
| <b>EQUITY AND LIABILITIES</b>             |          |                  |                  |                  |                  |                  |
| Share Capital                             | 7        | 30002000         | 16690000         | 16690000         | 16690000         | 16690000         |
| Reserves & Surplus                        | 8        | 34642302         | 11005963         | 9036475          | 7367173          | 5816074          |
| Share Application Money Pending Allotment |          |                  |                  |                  |                  |                  |
| <b>Sub Total</b>                          |          | <b>64644302</b>  | <b>27695963</b>  | <b>25726475</b>  | <b>24057173</b>  | <b>22506074</b>  |
| <b>Non Current Liabilities</b>            |          |                  |                  |                  |                  |                  |
| Long Term Borrowings                      | 9        | 20550161         | 40899046         | 34598439         | 30814648         | 24713660         |
| Deferred Tax Liabilities                  | 10       | 274499           | 558271           | 622339           | 689515           | 513365           |
| Other Long Term Liabilities               |          |                  |                  |                  |                  |                  |
| <b>Sub Total</b>                          |          | <b>20824660</b>  | <b>41457317</b>  | <b>35220778</b>  | <b>31504163</b>  | <b>25227025</b>  |
| <b>Current Liabilities</b>                |          |                  |                  |                  |                  |                  |
| Short Term Borrowings                     | 11       | 77386833         | 81103638         | 77243053         | 71187741         | 66603094         |
| Trade Payables                            | 12       | 36387998         | 27067381         | 32437360         | 29054962         | 19017681         |
| Other Current Liabilities                 | 13       | 1745041          | 2017010          | 1836084          | 1420970          | 1060462          |
| Short Term Provisions                     | 14       | 1545000          | 1008704          | 951420           | 490130           | 430000           |
| <b>Sub Total</b>                          |          | <b>117064872</b> | <b>111196733</b> | <b>112467917</b> | <b>102153803</b> | <b>87111237</b>  |
| <b>Total</b>                              |          | <b>202533834</b> | <b>180350013</b> | <b>173415170</b> | <b>157715139</b> | <b>134844336</b> |
| <b>ASSETS</b>                             |          |                  |                  |                  |                  |                  |
| <b>Non Current Assets</b>                 |          |                  |                  |                  |                  |                  |
| <b>Fixed Assets</b>                       |          |                  |                  |                  |                  |                  |
| Tangible Assets                           | 15       | 25569014         | 25937286         | 23170962         | 23747960         | 17375867         |
| Intangible Assets                         |          | -                | -                | -                | -                | -                |
| Non Current Investments                   | 16       | 45000            | 45000            | -                | -                | -                |
| Long Term Loans & Advances                |          | -                | -                | -                | -                | -                |
| Other Non Current Assets                  |          | -                | -                | -                | -                | -                |
| <b>Sub Total</b>                          |          | <b>25614014</b>  | <b>25982286</b>  | <b>23170962</b>  | <b>23747960</b>  | <b>17375867</b>  |
| <b>Current Assets</b>                     |          |                  |                  |                  |                  |                  |
| Current Investments                       | 17       | 703969           | 648612           | -                | -                | -                |
| Inventories                               | 18       | 75423227         | 59789892         | 80748453         | 78948660         | 49940460         |
| Trade Receivables                         | 19       | 83811016         | 72341501         | 54031836         | 42654124         | 57092627         |
| Cash & Bank Balances                      | 20       | 6129437          | 11180063         | 4185091          | 2989098          | 3503871          |
| Short Term Loans & Advances               | 21       | 10852171         | 10407659         | 11278828         | 9375297          | 6931511          |
| Other Current Assets                      |          | -                | -                | -                | -                | -                |
| <b>Sub Total</b>                          |          | <b>176919820</b> | <b>154367727</b> | <b>150244208</b> | <b>133967179</b> | <b>117468469</b> |
| <b>Total</b>                              |          | <b>202533834</b> | <b>180350013</b> | <b>173415170</b> | <b>157715139</b> | <b>134844336</b> |



ANNEXURE-2

SUMMARY STATEMENT OF PROFIT & LOSS, AS RESTATED

Figures in Rs

| Particulars  | Annexure | For The Year Ended as on 31st March |                  |                  |                  |                  |
|--|----------|-------------------------------------|------------------|------------------|------------------|------------------|
|  |          | 2015                                | 2014             | 2013             | 2012             | 2011             |
|  |          | Amount                              | Amount           | Amount           | Amount           | Amount           |
| <b>Revenue</b>   |          |                                     |                  |                  |                  |                  |
| Revenue From Operation Of Product Manufactured (Gross)   | 22       | 373182547                           | 384894707        | 374694208        | 312381783        | 299609180        |
| Less: Excise Duty  |          | -                                   | -                | (19566798)       | (22342114)       | -                |
| Revenue From Operations (Net)                            |          | 373182547                           | 384894707        | 355127410        | 290039669        | 299609180        |
| Other Income   | 23       | 77418                               | 230292           | 1068336          | 307715           | 302482           |
| <b>Total</b>   |          | <b>373259965</b>                    | <b>385124999</b> | <b>356195746</b> | <b>290347384</b> | <b>299911662</b> |
| <b>Expenses</b>  |          |                                     |                  |                  |                  |                  |
| Cost Of Raw Material Consumed                            | 24       | 258415492                           | 241604324        | 242794208        | 209168693        | 230209019        |
| Change In Inventory Of Finished Goods And WIP            | 25       | (15066670)                          | 20644292         | (2647075)        | (28615064)       | (22451328)       |
| Employee Benefit Expenses                                | 26       | 3051048                             | 2592910          | 2243737          | 1752993          | 1708448          |
| Finance Cost   | 27       | 13317029                            | 12929054         | 12869770         | 12015723         | 9216986          |
| Depreciation and Amortisation                            | 28       | 5627666                             | 4567725          | 4597392          | 4057275          | 3241562          |
| Other Expenses   | 29       | 102985833                           | 99846643         | 93784168         | 89750385         | 75816992         |
| <b>Total</b>   |          | <b>368330398</b>                    | <b>382184948</b> | <b>353642200</b> | <b>288130005</b> | <b>297741679</b> |
| Profit Before Exceptional & Extra Ordinary Items and Tax |          | 4929567                             | 2940051          | 2553546          | 2217379          | 2169983          |
| Exceptional and Extra Ordinary Items                     |          |                                     |                  | -                | -                | -                |
| Profit on Sale Of Investments                            |          | -                                   | -                | -                | -                | -                |
| Profit Before Tax  |          | 4929567                             | 2940051          | 2553546          | 2217379          | 2169983          |
| <b>Tax</b>   |          |                                     |                  |                  |                  |                  |
| Current Income Tax                                       | 30       | 1545000                             | 1008704          | 951420           | 490130           | 430000           |
| Dividend Tax   |          | -                                   | -                | -                | -                | -                |
| Deferred Tax   |          | (283772)                            | (64068)          | (67176)          | 176150           | 319961           |
| Wealth Tax   |          | -                                   | 25927            | -                | -                | -                |
| MAT Tax Entitlement                                      |          | -                                   | -                | -                | -                | -                |
| <b>Net Profit As Restated</b>                            |          | <b>3668339</b>                      | <b>1969488</b>   | <b>1669302</b>   | <b>1551099</b>   | <b>1420022</b>   |



ANNEXURE-3

SUMMARY OF CASH FLOW STATEMENT, AS RESTATED

Figures in Rs

| S.No.    | Particulars   | As at 31st March |                  |                  |                   |                   |
|----------|---|------------------|------------------|------------------|-------------------|-------------------|
|          |   | 2015             | 2014             | 2013             | 2012              | 2011              |
|          |   | Amount           | Amount           | Amount           | Amount            | Amount            |
| <b>A</b> | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                  |                  |                  |                   |                   |
|          | Net Profit After Tax , As Restated  | 3668339          | 1969488          | 1669302          | 1551099           | 1420022           |
|          | Adjustments For:  |                  |                  |                  |                   |                   |
|          | Extraordinary Items   | 0                | 0                | -                | -                 | -                 |
|          | Deferred Tax  | (283772)         | (64068)          | (67176)          | 176150            | 319961            |
|          | Depreciation and Amortization   | 5627666          | 4567725          | 4597392          | 4057275           | 3241562           |
|          | (Profit) /Loss On Sale Of Fixed Assets  | -                | -                | -                | 26539             | -                 |
|          | Interest Costs  | 13317029         | 12929054         | 12869770         | 12015723          | 9216986           |
|          | Non Operating Income  | (61509)          | (46126)          | -                | -                 | -                 |
|          | Bad Debts Written Off   | -                | -                | -                | -                 | -                 |
|          | Profit On Sale Of Investments   | -                | -                | -                | -                 | -                 |
|          | Operating Profit Before Working Capital Changes                                     | 22267753         | 19356073         | 19069288         | 17826786          | 14198531          |
|          | Adjustments For:  |                  |                  |                  |                   |                   |
|          | Current Assets  | (27547362)       | 3520065          | (15081037)       | (17013483)        | (15723454)        |
|          | Current Liabilities   | 5331843          | (1328468)        | 9852825          | 14982436          | 13015829          |
|          | Short Term Provisions   | 536296           | 57284            | 461290           | 60130             |                   |
|          | Non Current Assets  | -                | -                | -                | -                 | -                 |
|          | Non Current Liabilities   | -                | -                | -                | -                 | -                 |
|          | Appropriation/Adjustments in Reserves   | -                | -                | -                | -                 | -                 |
|          | CASH GENERATED FROM OPERATING ACTIVITIES BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS | 588530           | 21604954         | 14302366         | 15855869          | 11490906          |
|          | <b>CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>                                 | <b>588530</b>    | <b>21604954</b>  | <b>14302366</b>  | <b>15855869</b>   | <b>11490906</b>   |
| <b>B</b> | <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |                  |                  |                  |                   |                   |
|          | Purchase Of Fixed Assets  | (5259394)        | (7941149)        | (4020394)        | (10510907)        | (10393923)        |
|          | Sale of Fixed Assets  | -                | 607100           | -                | 55000             | -                 |
|          | Increase In Investments   | (55357)          | (693612)         | -                | -                 | -                 |
|          | <b>CASH GENERATED FROM INVESTING ACTIVITIES (B)</b>                                 | <b>(5314751)</b> | <b>(8027661)</b> | <b>(4020394)</b> | <b>(10455907)</b> | <b>(10393923)</b> |
| <b>C</b> | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                  |                  |                  |                   |                   |
|          | Increase In Share Capital (Including Share Premium)                                 | 33280000         | -                | -                | -                 | 3300000           |
|          | Dividend  | -                | -                | -                | -                 | -                 |
|          | Bank Loans  | (20348885)       | 6300607          | 3783791          | 6100988           | 5224172           |
|          | Interest Paid During The Year   | (13317029)       | (12929054)       | (12869770)       | (12015723)        | (9216986)         |
|          | Non Operating Revenue   | 61509            | 46126            | -                | -                 | -                 |
|          | <b>CASH GENERATED FROM FINANCING ACTIVITIES ( C )</b>                               | <b>(324405)</b>  | <b>(6582321)</b> | <b>(9085979)</b> | <b>(5914735)</b>  | <b>(692814)</b>   |
|          | <b>NET CASH FLOW DURING THE YEAR(A+B+C)</b>   | <b>(5050626)</b> | <b>6994972</b>   | <b>1195993</b>   | <b>(514773)</b>   | <b>404169</b>     |
|          | <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                    | <b>(5050626)</b> | <b>6994972</b>   | <b>1195993</b>   | <b>(514773)</b>   | <b>404169</b>     |



**ANNEXURE -4 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AS RESTATED**

**a) SIGNIFICANT ACCOUNTING POLICIES**

**a. ACCOUNTING CONVENTION**

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting, as applicable to a going concern in accordance with generally accepted accounting principles in India, mandatory accounting standards prescribed in the Companies (Accounting Standard) Rules, 2006 issued by the Central Standards and in accordance with the relevant provisions of the Companies Act, 1956 to the extent applicable (For the Financial Years 2010-11 to 2013-14) and of the Companies Act, 2013 ( For the Financial Year 2014-15) to the extent applicable.. The financial statements are presented in Indian Rupees rounded off to the nearest rupee. The accounting is on the basis of going concern concept. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

**b. USE OF ESTIMATES**

The preparation of financial statements in confirmation with the generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Management believes that the estimates made in preparation of financial statements are prudent and reasonable .Actual results could differ from those estimated. Difference between the actual results and estimates are recognized in the period in which results are known/ materialized.

**c. INVENTORIES**

Inventories have been valued as under:

Raw materials- At cost

Work in progress - At raw material cost plus conversion cost

Finished goods- At lower of cost or estimated realizable value

Consumable stores & tools- At cost

The valuation of inventory has been made as per the requirement of AS-2 prescribed under the companies (accounting standards) rules, 2006.

**d. FIXED ASSETS**

1. Fixed assets are stated at their original cost of acquisition or construction and subsequent thereto less accumulated depreciation (except land)
2. Cost comprises of purchase price and all expenses directly attributable to the acquisition or construction of the asset.
3. Additions to fixed assets are normally accounted on cost basis ( net of CENVAT and VAT credits) including the cost of installation , pre operative expenses, identifiable trial run expenses where incurred , eligible adjustment of accounts of foreign exchange fluctuation . pre operative and identifiable trail run expenses incurred by the company up to the date eligible assets are put to use for commercial production are allocated to them in the proportion to their cost.
4. The building under construction is transferred to building on the date of completion of construction as certified by the management.





**e. DEPRECIATION**

1. Up to 31<sup>st</sup> March 2014, depreciation was charged at the rates prescribed in Schedule XIV to the Companies Act, 1956. Effective from 1<sup>st</sup> April 2014, the Company has charged depreciation based on the revised remaining useful life of assets as per the requirements of Schedule II to the Companies Act, 2013.
- b) Addition/Deletion to fixed asset during the year is being depreciated on pro-rata basis with respect to the period of use.

**f. RECOGNITION OF INCOME**

The company has recognized all incomes on accrual basis on accrual basis of accounting as per the provisions of Accounting Standard 9 – “Revenue Recognition” prescribed under Companies (Accounting Standards) Rules, 2006.

Sales are recognized on transfer of significant risk and rewards to the customer that usually takes place on dispatch of goods to the customer from the factory / storage area.

**g. EXPENSES**

The Company has recognized all expenses on accrual basis of accounting.

**h. FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currency are recorded in terms of the Accounting standard 11 ( Revised 2003) – “ The effects of changes in Foreign Exchange Rates “ prescribed under The Companies ( Accounting Standards ) Rules , 2006 at the exchange rates prevailing on the dates of the transaction . Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is recognized in the Profit & Loss Account.

**i. INVESTMENTS**

Long Term Investments are stated at cost as per the requirements of Accounting Standard – 13, “Accounting for Investments “, prescribed under the Companies 9 Accounting Standards) Rules, 2006. The Borrowing Cost as per Accounting Standard -16 to the qualifying assets has been capitalized. Provision for diminution in the value of long – term investment is made only if such decline is other than temporary in the opinion of the management.

**j. PROVISION FOR RETIREMENT BENEFITS**

1. Periodical contributions made to the concerned authorities towards Provident Fund Employees Welfare Fund and ESI are charged to Revenue on accrual basis.
2. The company has not provided for its liability towards gratuity. No actuarial valuation has been done for ascertainment of the company’s prospective liability towards gratuity.

**k. BORROWING COSTS**

The company has not capitalized any borrowing cost as per AS-16 “Borrowing Cost”.

**l. EARNING PER SHARE**

The basic earning per equity shares are computed by dividing the net profit or loss attributable to the equity share holders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for driving basic earnings per share.



**m. TAXATION**

Income tax comprises current tax, deferred tax.

***Current Taxes***

Provision for Current tax is recognized in accordance with the provisions of the Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

***Deferred Tax***

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets are realized in the future. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each Balance Sheet data.

**n. IMPAIRMENT OF ASSETS**

In accordance with the provisions of AS-28 “Impairment of Assets” prescribed under The Companies (Accounting Standards) Rules, 2006, the carrying amounts of the company’s assets are reviewed at each balance sheet date to determine whether there is any impairment. But there is no impairment done in case of the company.

**o. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However contingent assets are assessed continually and if it is virtually certain that an economy benefit will arise, the asset and related income are recognized in the period in which change occurs.

**p. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method as set out in the Accounting Standard 3 on cash flow statement prescribed under the Companies (Accounting Standards) Rules, 2006, whereby net profit after tax is adjusted for the effects of the transactions of non cash nature and any deferrals or accruals of the past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

**ANNEXURE -5- STATEMENT OF NOTES TO RESTATED FINANCIAL STATEMENTSS OF THE COMPANY**

**a) RETIREMENT BENEFITS**

The company has not provided for its liability towards gratuity. No actuarial valuation has been done for ascertainment of the company’s prospective liability towards gratuity.

**b) BORROWING COST**



The company has not capitalized any borrowing cost as per AS-16 “Borrowing Cost”.

**c) SEGMENT REPORTING**

The Company is primarily engaged in one Business Segment (Manufacturing of Hosiery Goods) and mainly one Geographical Segment (India). The ratio of export sales to the total turnover is insignificant and hence does not qualify to be a reportable segment as envisaged in the Accounting Standard 17 – “ Segment Reporting “ prescribed under The Companies ( Accounting Standard ) Rules , 2006.

**d) RELATED PARTY DISCLOSURES**

Related Party relationships / transactions (excluding reimbursements) Warranting disclosures under AS 18 – “Related Party Disclosures “Prescribed under The Companies (Accounting Standards) Rules, 2006 are as under:

| Sr. No. | Name Of Related Party   | Nature of Relationship | Nature of Transaction | 2014-15    | 2013-14    | 2012-13    | 2011-12    | 2010-11    |
|---------|-------------------------|------------------------|-----------------------|------------|------------|------------|------------|------------|
| 1       | Late Bhushan Narula HUF | Director               | Remuneration          | -          | -          | -          | 243,000.00 | 324,000.00 |
|         |                         |                        | Office Rent           | -          | -          | -          | -          | 2,400.00   |
|         |                         |                        | Share Capital         | -          | -          | -          | -          | -          |
|         |                         |                        | Interest Received     | 34,891.00  | 32,618.00  | 28,738.00  | 165,517.00 | 203,653.00 |
| 2       | Balram Kumar Narula HUF | Director               | Remuneration          | 480,000.00 | 480,000.00 | 480,000.00 | 324,000.00 | 324,000.00 |
|         |                         |                        | Office Rent           | 2,400.00   | 2,400.00   | 2,400.00   | 2,400.00   | 2,400.00   |
|         |                         |                        | Share Capital         | -          | -          | -          | -          | -          |
|         |                         |                        | Interest Recd.        | 263,707.00 | 246,253.00 | 197,125.00 | 172,643.00 | 151,543.00 |
| 3       | Rakesh Kumar Narula     | Director               | Remuneration          | 480,000.00 | 480,000.00 | 480,000.00 | 324,000.00 | 324,000.00 |
|         |                         |                        | Office Rent           | 5,400.00   | 5,400.00   | 5,400.00   | 5,400.00   | 5,400.00   |
|         |                         |                        | Share Capital         | -          | -          | -          | -          | -          |
|         |                         |                        | Interest Recd.        | 221,080.00 | 206,295.00 | 172,789.00 | 135,155.00 | 119,781.00 |
| 4       | Anil Kumar Narula HUF   | Director               | Remuneration          | 480,000.00 | 480,000.00 | 480,000.00 | 324,000.00 | 324,000.00 |
|         |                         |                        | Office Rent           | 2,400.00   | 2,400.00   | 2,400.00   | 2,400.00   | 2,400.00   |
|         |                         |                        | Share Capital         | -          | -          | -          | -          | -          |
|         |                         |                        | Interest Recd.        | 234,588.00 | 218,922.00 | 172,444.00 | 135,748.00 | 119,974.00 |
| 5       | Ankur Narula            | Director               | Remuneration          | 420,000.00 | 420,000.00 | 420,000.00 | 252,000.00 | 252,000.00 |
|         |                         |                        | Office Rent           | -          | -          | -          | -          | -          |
|         |                         |                        | Share Capital         | -          | -          | -          | -          | -          |
|         |                         |                        | Interest Recd.        | 117,934.00 | 109,707.00 | 74,030.00  | 39,221.00  | 20,625.00  |
| 6       | Rohit Narula HUF        | Director               | Remuneration          | 420,000.00 | 420,000.00 | 420,000.00 | 252,000.00 | 204,000.00 |
|         |                         |                        | Office Rent           | -          | -          | -          | -          | -          |
|         |                         |                        | Share Capital         | -          | -          | -          | -          | -          |
|         |                         |                        | Interest Recd.        | 116,563.00 | 108,425.00 | 74,878.00  | 39,344.00  | 21,267.00  |
| 7       | Smt. Kanchan Narula     | Director               | Remuneration          | 300,000.00 | 300,000.00 | 300,000.00 | 228,000.00 | 228,000.00 |
|         |                         |                        | Office Rent           | 2,400.00   | 2,400.00   | 2,400.00   | 2,400.00   | -          |
|         |                         |                        | Share Capital         | -          | -          | -          | -          | -          |
|         |                         |                        | Interest Recd.        | 291,304.00 | 272,323.00 | 187,938.00 | 164,715.00 | 145,123.00 |
| 8       | Smt. Usha Narula        | Director               | Remuneration          | 360,000.00 | 360,000.00 | 360,000.00 | 228,000.00 | 228,000.00 |
|         |                         |                        | Office Rent           | -          | -          | -          | -          | -          |
|         |                         |                        | Share Capital         | -          | -          | -          | -          | -          |
|         |                         |                        | Interest Recd.        | 96,861.00  | 90,550.00  | 40,784.00  | 35,281.00  | 31,085.00  |
| 9       | Smt. Sandhya            | Director               | Remuneration          | 216,000.00 | 216,000.00 | 216,000.00 | 216,000.00 | 216,000.00 |
|         |                         |                        | Office Rent           | 5,400.00   | 5,400.00   | 5,400.00   | 5,400.00   | -          |



|    |                       |                        |                |            |            |            |            |            |
|----|-----------------------|------------------------|----------------|------------|------------|------------|------------|------------|
|    | Narula                |                        | Share Capital  | -          | -          | -          | -          | -          |
|    |                       |                        | Interest Recd. | 188,314.00 | 186,706.00 | 184,894.00 | 162,902.00 | 345,037.00 |
| 10 | Smt. Jyoti Narula     | Director               | Remuneration   | 300,000.00 | 300,000.00 | 300,000.00 | 216,000.00 | 216,000.00 |
|    |                       |                        | Office Rent    | -          | -          | -          | -          | -          |
|    |                       |                        | Share Capital  | -          | -          | -          | -          | -          |
|    |                       |                        | Interest Recd. | 109,352.00 | 102,227.00 | 50,529.00  | 44,410.00  | 39,128.00  |
| 11 | Gaurav Narula HUF     | Son Of Director        | Remuneration   | -          | -          | -          | -          | -          |
|    |                       |                        | Office Rent    | -          | -          | -          | -          | -          |
|    |                       |                        | Share Capital  | -          | -          | -          | -          | -          |
|    |                       |                        | Interest Recd. | 116,899.00 | 108,740.00 | 79,237.00  | 41,918.00  | 185,281.00 |
| 12 | Radhika Narula        | Daughter Of Director   | Remuneration   | -          | -          | -          | -          | -          |
|    |                       |                        | Office Rent    | -          | -          | -          | -          | -          |
|    |                       |                        | Share Capital  | -          | -          | -          | -          | -          |
|    |                       |                        | Interest Recd. | 52,835.00  | 46,551.00  | 41,014.00  | 36,135.00  | 38,886.00  |
| 13 | Ruchi Narula          | Daughter Of Director   | Remuneration   | -          | -          | -          | -          | -          |
|    |                       |                        | Office Rent    | -          | -          | -          | -          | -          |
|    |                       |                        | Share Capital  | -          | -          | -          | -          | -          |
|    |                       |                        | Interest Recd. | 21,794.00  | 19,202.00  | 16,918.00  | 14,906.00  | 13,133.00  |
| 14 | Satish Narula HUF     | Director Brother       | Remuneration   | -          | -          | -          | -          | -          |
|    |                       |                        | Office Rent    | -          | -          | -          | -          | -          |
|    |                       |                        | Share Capital  | -          | -          | -          | -          | -          |
|    |                       |                        | Interest Recd. | 267,447.00 | 250,021.00 | 219,805.00 | 177,375.00 | 140,925.00 |
| 15 | Saurabh Narula        | Son Of Director        | Remuneration   | -          | -          | -          | -          | -          |
|    |                       |                        | Office Rent    | -          | -          | -          | -          | -          |
|    |                       |                        | Share Capital  | -          | -          | -          | -          | -          |
|    |                       |                        | Interest Recd. | 213,939.00 | 199,999.00 | 178,589.00 | 139,626.00 | 132,340.00 |
| 16 | Sashi Sabbharwal      | Son In Law Of Director | Remuneration   | -          | -          | -          | -          | -          |
|    |                       |                        | Office Rent    | -          | -          | -          | -          | -          |
|    |                       |                        | Share Capital  | -          | -          | -          | -          | -          |
|    |                       |                        | Interest Recd. | 11,342.00  | 9,993.00   | 8,804.00   | 7,757.00   | 6,835.00   |
| 17 | Smt. Geeta Narula     | Wife Of Director       | Remuneration   | -          | -          | -          | -          | -          |
|    |                       |                        | Office Rent    | -          | -          | -          | -          | -          |
|    |                       |                        | Share Capital  | -          | -          | -          | -          | -          |
|    |                       |                        | Interest Recd. | 38,939.00  | 55,730.00  | 25,773.00  | 40,499.00  | 45,917.00  |
| 18 | Smt. Madhu Sabbharwal | Sister Of Director     | Remuneration   | -          | -          | -          | -          | -          |
|    |                       |                        | Office Rent    | -          | -          | -          | -          | -          |
|    |                       |                        | Share Capital  | -          | -          | -          | -          | -          |



|    |                               |                           |                       |              |            |              |            |            |
|----|-------------------------------|---------------------------|-----------------------|--------------|------------|--------------|------------|------------|
|    |                               |                           | Interest Recd.        | 148,686.00   | 131,001.00 | 115,420.00   | 101,691.00 | 90,885.00  |
| 19 | Smt. Meena Narula             | Wife Of Director Brother  | Remuneration          | -            | -          | -            | -          | -          |
|    |                               |                           | Office Rent           | -            | -          | -            | -          | -          |
|    |                               |                           | Share Capital         | -            | -          | -            | -          | -          |
|    |                               |                           | Interest Recd.        | 118,998.00   | 104,844.00 | 92,373.00    | 81,386.00  | 71,706.00  |
| 20 | Gaurav Narula                 | Son Of Director           | Remuneration          | -            | -          | -            | -          | -          |
|    |                               |                           | Office Rent           | -            | -          | -            | -          | -          |
|    |                               |                           | Share Capital         | -            | -          | -            | -          | -          |
|    |                               |                           | Interest Recd.        | 221,649.00   | 217,912.00 | 217,631.00   | 191,995.00 | -          |
| 21 | Vaibhav Narula                | Son Of Director           | Remuneration          | -            | -          | -            | -          | -          |
|    |                               |                           | Office Rent           | -            | -          | -            | -          | -          |
|    |                               |                           | Share Capital         | -            | -          | -            | -          | -          |
|    |                               |                           | Interest Recd.        | 138,790.00   | 129,747.00 | 114,315.00   | 101,061.00 | 97,583.00  |
| 22 | Prashant Narula               | Son Of Director           | Remuneration          | -            | -          | -            | -          | -          |
|    |                               |                           | Office Rent           | -            | -          | -            | -          | -          |
|    |                               |                           | Share Capital         | -            | -          | -            | -          | -          |
|    |                               |                           | Interest Recd.        | 84,822.00    | -          | -            | -          | -          |
| 23 | Smt. Shashi Prabha Taneja     | Mother In Of Law Director | Remuneration          | -            | -          | -            | -          | -          |
|    |                               |                           | Office Rent           | -            | -          | -            | -          | -          |
|    |                               |                           | Share Capital         | -            | -          | -            | -          | -          |
|    |                               |                           | Interest Recd.        | 84,822.00    | -          | 484,843.00   | 427,174.00 | 220,979.00 |
| 24 | H.P. Taneja                   | Mother In Of Law Director | Remuneration          | -            | -          | -            | -          | -          |
|    |                               |                           | Office Rent           | -            | -          | -            | -          | -          |
|    |                               |                           | Share Capital         | -            | -          | -            | -          | -          |
|    |                               |                           | Interest Recd.        | 84,822.00    | -          | 273,475.00   | 240,947.00 | 209,917.00 |
| 25 | Km. Bulbul Narula             | Daughter Of Director      | Remuneration          | -            | -          | -            | -          | -          |
|    |                               |                           | Office Rent           | -            | -          | -            | -          | -          |
|    |                               |                           | Share Capital         | -            | -          | -            | -          | -          |
|    |                               |                           | Interest Recd.        | -            | -          | -            | -          | 29,600.00  |
| 26 | Jet Knit Indclus Pvt. Ltd.    | Sister Concern            | Remuneration          | -            | -          | -            | -          | -          |
|    |                               |                           | Office Rent           | -            | -          | -            | -          | -          |
|    |                               |                           | Loan given/ Repayment | -            | -          | 275,000.00   | 345,000.00 | 330,900.00 |
|    |                               |                           | Loan Repayment /Taken | -            | -          | -            | -          | -          |
|    |                               |                           | Share Capital         | -            | -          | -            | -          | -          |
|    |                               |                           | Interest Recd.        | -            | -          | -            | -          | -          |
| 27 | Venus Knitwears Co. Pvt. Ltd. | Sister Concern            | Remuneration          | -            | -          | -            | -          | -          |
|    |                               |                           | Office Rent           | -            | -          | -            | -          | -          |
|    |                               |                           | Loan Given/ Repayment | 2,217,835.00 | 55,500.00  | 115,000.00   | 230,000.00 | 264,000.00 |
|    |                               |                           | Loan Taken/ Repayment | -            | -          | 2,552,468.00 | 100,000.00 | 235,000.00 |



|    |                             |                |                       |   |   |   |   |   |
|----|-----------------------------|----------------|-----------------------|---|---|---|---|---|
|    |                             |                | Share Capital         | - | - | - | - | - |
|    |                             |                | Interest Recd.        | - | - | - | - | - |
|    |                             |                | Remuneration          | - | - | - | - | - |
|    |                             |                | Office Rent           | - | - | - | - | - |
|    |                             |                | Loan given /Repayment | - | - | - | - | - |
|    |                             |                | Loan Taken/ Repayment | - | - | - | - | - |
|    |                             |                | Share Capital         | - | - | - | - | - |
|    |                             |                | Interest Recd.        | - | - | - | - | - |
| 28 | Frontline Exports Pvt. Ltd. | Sister Concern |                       |   |   |   |   |   |

Related party transactions are identified by the company and relied upon by the auditors.

**e) EARNING PER SHARE ( EPS )**

Pursuant to the Accounting Standard – 20 , “ Earning Per Share “ , issued by the Institute of Chartered Accountants of India , the value of EPS is calculated as below:

| Particulars   | 2014-15     | 2013-14     | 2012-13     | 2011-12     | 2010-11     |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>BASIC EARNING PER SHARE</b>  |             |             |             |             |             |
| Net Profit attributable to equity shareholders                                | 3977028     | 1810486     | 2151509     | 1551229     | 1406433     |
| Weighted average number of equity shares                                      | 3000200     | 1669000     | 1669000     | 1669000     | 1669000     |
| Basic Earning Per Share   | 1.33        | 1.08        | 1.29        | 0.93        | 0.84        |
| <b>DILUTED EARNING PER SHARE</b>  |             |             |             |             |             |
| Net Profit attributable to equity shares                                      | 3977028     | 1810486     | 2151509     | 1551229     | 1406433     |
| Weighted average number of equity shares ( including potential equity shares) | 3000200     | 1669000     | 1669000     | 1669000     | 1669000     |
| <b>Diluted Earning Per Share</b>  | <b>1.33</b> | <b>1.08</b> | <b>1.29</b> | <b>0.93</b> | <b>0.84</b> |

**f) TAXATION**

**Income Tax**

The Company has paid tax on the basis of applicable rates to it.

**Deferred tax**

Pursuant to accounting standards for taxes on income AS-22 deferred tax liabilities at the end of the year is as follows:

| Particulars   | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---|---------|---------|---------|---------|---------|
| Deferred tax liability on Account of depreciation   | 274499  | 558271  | 622339  | 689515  | 513365  |
| Less: deferred tax asset on account Of provision for leave encashment, Gratuity and Bonus | NIL     | NIL     | NIL     | NIL     | NIL     |
| Net deferred tax liability  | 274499  | 558271  | 622339  | 689515  | 513365  |

**g) Sundry creditors**

The company has not received any intimation from suppliers regarding their status under the micro, small and medium enterprises development act, 2006 and hence disclosures, if any relating to amounts unpaid as at the yearend together with interest paid/ payable as required under the said act have not been given.

**h) Contingent Liabilities**

The company has no contingent liabilities during the years under review which are from Financial Year 2010-2011 to 2014-2015. Therefore no disclosure as per AS-29 have been given.

- i) Additional information pursuant to the provisions of paragraphs 3 and 4 of part II of schedule VI to the companies act, 1956 is as under in respect of payment to Auditors.

| Particulars      | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|------------------|---------|---------|---------|---------|---------|
| Audit Fees       | 25000   | 18000   | 18000   | 18000   | 12000   |
| As Reimbursement | -       | -       | -       | -       | -       |

**j) Details of Directors Remuneration**

Remuneration of directors (including managing directors) is as under:

| Sl. No. | Name & Designation                             | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 |
|---------|--|---------|---------|---------|---------|---------|
| 1       | Mr. Balram Narula<br>(Chairman & Mg. Director) | 480000  | 480000  | 480000  | 324000  | 324000  |
| 2       | Mrs. Anil Narula (Director)                    | 480000  | 480000  | 480000  | 324000  | 324000  |
| 3       | Mr. Rakesh Narula                              | 480000  | 480000  | 480000  | 324000  | 324000  |
| 4       | Late Bhushan Narula                            | -       | -       | -       | 243000  | 324000  |
| 5       | Mr. Ankur Narula                               | 420000  | 420000  | 420000  | 252000  | 252000  |
| 6       | Mr. Rohit Narula                               | 420000  | 420000  | 420000  | 252000  | 204000  |
| 7       | Smt. Kanchan Narula                            | 300000  | 300000  | 300000  | 228000  | 228000  |
| 8       | Smt. Usha Narula                               | 360000  | 360000  | 360000  | 228000  | 228000  |
| 9       | Smt. Sandhya Narula                            | 216000  | 216000  | 216000  | 216000  | 216000  |
| 10      | Smt. Jyoti Narula                              | 300000  | 300000  | 300000  | 216000  | 216000  |

The total remuneration as stated above is within the maximum permissible limits prescribed under section 197 of the Companies Act, 2013.



**k) Foreign Exchange Earnings and Outgo**

| <b>Expenditure in Foreign Exchange</b>              | <b>2014-15</b> | <b>2013-14</b> | <b>2012-13</b> | <b>2011-12</b> | <b>2010-11</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| - CIF value of Raw Material                         | NIL            | NIL            | NIL            | NIL            | NIL            |
| - Capital Goods                                     | NIL            | NIL            | NIL            | NIL            | NIL            |
| - Others  | Nil            | NIL            | NIL            | NIL            | NIL            |
| Foreign Exchange Earned (FOB Value of Export Sales) | Nil            | 1957444.80     | 1689020        | 2852267        | 3654657.11     |

**ANNEXURE-6**

**STATEMENT OF RECONCILIATION OF RESTATED PROFITS AS PER AUDITED FINANCIAL STATEMENTS**

Figures in Rs

| <b>Particulars</b>                                     | <b>As at 31st March</b> |                |                |                |                |
|--|-------------------------|----------------|----------------|----------------|----------------|
|  | <b>2015</b>             | <b>2014</b>    | <b>2013</b>    | <b>2012</b>    | <b>2011</b>    |
|  | <b>Amount</b>           | <b>Amount</b>  | <b>Amount</b>  | <b>Amount</b>  | <b>Amount</b>  |
| Profit After Tax (as per Audited Financial Statements) | 3977029                 | 1810486        | 2151509        | 1551229        | 1406433        |
| Reinstated Adjusments:                                 |                         |                |                |                |                |
| Prior Period Expenses                                  | 323335                  | 159002         | (482207)       | (130)          | 13589          |
| Preliminary Expenses Written off                       | -632025                 | 0              | 0              | 0              | 0              |
| <b>Profit After Tax as Reinstated</b>                  | <b>3668339</b>          | <b>1969488</b> | <b>1669302</b> | <b>1551099</b> | <b>1420022</b> |





## ANNEXURE-7

### STATEMENT OF SHARE CAPITAL, AS RESTATED

Figures in Rs.

| Particulars                                     | As at 31st March |                |                 |                |                 |                |                 |                |
|---|------------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
|   | 2015             | 2014           |                 | 2013           |                 | 2012           |                 | 2011           |
|   | Amount           | Number         | Amount          | Number         | Amount          | Number         | Amount          | Number         |
| <b>Authorised Share Capital</b>                 |                  |                |                 |                |                 |                |                 |                |
| Equity Shares Of Rs 10 Each                     | 65000000         | 2000000        | 20000000        | 1750000        | 17500000        | 1750000        | 17500000        | 1750000        |
| <b>Total</b>                                    | <b>65000000</b>  | <b>2000000</b> | <b>20000000</b> | <b>1750000</b> | <b>17500000</b> | <b>1750000</b> | <b>17500000</b> | <b>1750000</b> |
| <b>Issued Subscribed &amp; Fully Paid</b>       |                  |                |                 |                |                 |                |                 |                |
| Equity Shares Of Rs 10 Each                     | 30002000         | 1669000        | 16690000        | 1669000        | 16690000        | 1669000        | 16690000        | 1669000        |
| <b>Total</b>                                    | <b>30002000</b>  | <b>1669000</b> | <b>16690000</b> | <b>1669000</b> | <b>16690000</b> | <b>1669000</b> | <b>16690000</b> | <b>1669000</b> |
| <b>Reconciliation Of Equity Share Capital</b>   |                  |                |                 |                |                 |                |                 |                |
| Balance At The Beginning Of The Year            | 16690000         | 1669000        | 16690000        | 1669000        | 16690000        | 1669000        | 16690000        | 1339000        |
| Add: Share Issued During The Year               | 13312000         | -              | -               | -              | -               | -              | -               | 330000         |
| Balance At The End Of The Year                  | 30002000         | 1669000        | 16690000        | 1669000        | 16690000        | 1669000        | 16690000        | 1669000        |
| <b>Shareholders Holding More Than 5% Shares</b> | <b>%</b>         | <b>Number</b>  | <b>%</b>        | <b>Number</b>  | <b>%</b>        | <b>Number</b>  | <b>%</b>        | <b>Number</b>  |
| Equity Shares of Rs 10 Each                     |                  |                |                 |                |                 |                |                 |                |
| BALRAM KUMAR NARULA                             | 5.12             | -              | -               | -              | -               | -              | -               | -              |
| ANIL KUMAR NARULA                               | 10.15            | 83600          | 5.00            | 83600          | 5.00            | 83600          | 5.00            | 83600          |
| RAKESH KUMAR NARULA                             | 7.82             | 83700          | 5.01            | 83700          | 5.01            | 83700          | 5.01            | 83700          |
| KANCHAN NARULA                                  | 9.50             | 156000         | 9.34            | 156000         | 9.34            | 156000         | 9.34            | 156000         |
| USHA NARULA                                     | 7.58             | 145000         | 8.68            | 145000         | 8.68            | 145000         | 8.68            | 145000         |
| SANDHYA NARULA                                  | 8.46             | 226000         | 13.54           | 226000         | 13.54           | 226000         | 13.54           | 226000         |
| JYOTI NARULA                                    | 6.06             | 141000         | 8.44            | 141000         | 8.44            | 141000         | 8.44            | 141000         |

## ANNEXURE-8

| Particulars  | As at 31st March |                 |                |                |                |
|--|------------------|-----------------|----------------|----------------|----------------|
|  | 2015             | 2014            | 2013           | 2012           | 2011           |
|  | Amount           | Amount          | Amount         | Amount         | Amount         |
| <b>Securities Premium Reserve</b>                    |                  |                 |                |                |                |
| Balance At The Beginning Of The Year                 | -                | -               | -              | -              | -              |
| Additions Made During The Year                       | 19968000         | -               | -              | -              | -              |
| <b>Balance At The End Of The Year</b>                | <b>19968000</b>  | <b>-</b>        | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Surplus In The Statement Of Profit &amp; Loss</b> |                  |                 |                |                |                |
| Balance At The Beginning Of The Year                 | 11005963         | 9036475         | 7367173        | 5816074        | 4396052        |
| Add: Profit For The Year                             | 3668339          | 1969488         | 1669302        | 1551099        | 1420022        |
| Less: Appropriation & Tax Adjustment                 | -                | -               | -              | -              | -              |
| <b>Balance At The End Of The Year</b>                | <b>34642302</b>  | <b>11005963</b> | <b>9036475</b> | <b>7367173</b> | <b>5816074</b> |



## ANNEXURE-9

### STATEMENT OF LONG TERM BORROWINGS, AS RESTATED

Figures in Rs.

| Particulars                               | As at 31st March |                 |                 |                 |                 |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
|   | 2015             | 2014            | 2013            | 2012            | 2011            |
|   | Amount           | Amount          | Amount          | Amount          | Amount          |
| Term Loan From Bank And Other Institution |                  |                 |                 |                 |                 |
| Term Loan                                 | 4407883          | 5213128         | 2545748         | 4165136         | 2550000         |
| Vehicle Loan                              | 2516505          | 2364355         | 1973641         | 2393784         | 1208517         |
| FDR Loan                                  | 626869           | 623328          | -               | -               | -               |
| Unsecured Loans From Related Parties      | 10481076         | 30228182        | 27667072        | 21886707        | 18742422        |
| Unsecured Loans From Others               | 2517828          | 2470053         | 2411978         | 2369021         | 2212721         |
| <b>Total</b>                              | <b>20550161</b>  | <b>40899046</b> | <b>34598439</b> | <b>30814648</b> | <b>24713660</b> |

### Details of Repayment, Rate of Interest and Security Details in respect of Term Loans as at 31.03.2015

| Name of the Bank    | Repayment Schedule         | Rate of Interest | Security  |
|---------------------|----------------------------|------------------|---|
| State Bank of India | Quarterly EMI of Rs 150000 | 14%              | First charge on Fixed Assets & Equitable Mortgage of 125/k/67C on Plot No-13, Block-K, Scheme No-1, Govind Nagar, Kanpur                  |
| State Bank of India | Monthly EMI of Rs 250000   | 12%              | Fist Charge on Fixed Assets and Equitable Mortgage on premises no.119/410-B(1) on Plot No.-3, Block-F, Scheme No-1, Darshan Purwa, Kanpur |
| State Bank of India | Monthly EMI of Rs 16311    | 11%              | Car   |
| State Bank of India | Monthly EMI of Rs 13918    | 10%              | Car   |
| Bank of Baroda      | Monthly EMI of Rs 8323     | 12%              | Car   |
| Bank of Baroda      | Monthly EMI of Rs 21868    | 11%              | Car   |
| State Bank of India | Monthly EMI of Rs 10809    | 11%              | Car   |

## ANNEXURE-10

### STATEMENT OF DEFFERD TAX ASSET/LIABILITIES /(Net), As Restated

Figures in Rs.

| Particulars            | As at 31st March |               |               |               |               |
|------------------------|------------------|---------------|---------------|---------------|---------------|
|                        | 2015             | 2014          | 2013          | 2012          | 2011          |
|                        | Amount           | Amount        | Amount        | Amount        | Amount        |
| Deferred Tax Liability | 274499           | 558271        | 622339        | 689515        | 513365        |
| <b>Total</b>           | <b>274499</b>    | <b>558271</b> | <b>622339</b> | <b>689515</b> | <b>513365</b> |

## ANNEXURE-11

### STATEMENT OF SHORT TERM BORROWINGS AS RESTATED

Figures in Rs.

| Particulars                      | As at 31st March |                 |                 |                 |                 |
|----------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
|                                  | 2015             | 2014            | 2013            | 2012            | 2011            |
|                                  | Amount           | Amount          | Amount          | Amount          | Amount          |
| Loans From State Bank of India   | 76540289         | 81050098        | 123041          | -               | -               |
| Loans From State Bank of India   | 704520           | -               | -               | 771399          | -               |
| Loans From Bank of Baroda Tirpur | -                | 53540           | -               | -               | -               |
| Loans From Bank of Baroda Kanpur | 142024           | -               | 77120012        | 70416342        | 66603094        |
| <b>Total</b>                     | <b>77386833</b>  | <b>81103638</b> | <b>77243053</b> | <b>71187741</b> | <b>66603094</b> |



## ANNEXURE-12

### STATEMENT OF TRADE PAYABLE AS RESTATED

Figures in Rs.

| Particulars            | As at 31st March |                 |                 |                 |                 |
|------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
|                        | 2015             | 2014            | 2013            | 2012            | 2011            |
|                        | Amount           | Amount          | Amount          | Amount          | Amount          |
| Sundry Creditors       | 21783308         | 14399336        | 13106172        | 15021897        | 13373319        |
| Other Creditors        | 10001523         | 11367505        | 15192004        | 12888528        | 5265125         |
| Advance From Customers | 4603167          | 1300540         | 4139184         | 1144537         | 379237          |
| <b>Total</b>           | <b>36387998</b>  | <b>27067381</b> | <b>32437360</b> | <b>29054962</b> | <b>19017681</b> |

**Note: The above balances are subject to Confirmations**

## ANNEXURE-13

### STATEMENT OF OTHER CURRENT LIABILITIES

Figures in Rs.

| Particulars                 | As at 31st March |                |                |                |                |
|-----------------------------|------------------|----------------|----------------|----------------|----------------|
|                             | 2015             | 2014           | 2013           | 2012           | 2011           |
|                             | Amount           | Amount         | Amount         | Amount         | Amount         |
| Boiler Expenses Payable     | -                | 6367           | -              | -              | -              |
| Salary Payable              | 200211           | 368716         | 317389         | 80049          | 156115         |
| Wages Payable               | 105930           | 86877          | 96653          | 94149          | 73188          |
| ESI Payable                 | 14497            | 14190          | 15249          | 12144          | 9927           |
| Bonus Payable               | 122348           | 116106         | 113137         | 108577         | 84547          |
| Power & Fuel Payable        | 81280            | 80842          | 165473         | 36906          | 42547          |
| TDS Payable                 | 570903           | 522149         | 480226         | 438732         | 446700         |
| Telephone Charges Payable   | 34890            | 39143          | 38946          | 25600          | 46519          |
| Electricity Expense Payable | 20179            | 32241          | 27055          | 25799          | 29557          |
| EPF Payable                 | 67232            | 61797          | 54492          | 43850          | 42310          |
| Vat Payable                 | 354166           | 537769         | 439122         | 439654         | 60427          |
| Stipend Payable             | 32000            | 33700          | 27485          | 30276          | -              |
| Rent Payable                | 39350            | 37850          | 22350          | 48850          | 48850          |
| Service Payable             | -                | -              | 14103          | -              | -              |
| Dehradun Vat                | 55505            | 34373          | -              | -              | -              |
| CST Payable                 | 1545             | 922            | -              | -              | -              |
| Income Tax Payable          | -                | -              | -              | -              | -              |
| Wealth Tax Payable          | -                | 25927          | -              | -              | -              |
| Delhi Vat                   | 45006            | 18042          | 24405          | 36384          | 19775          |
| <b>Total</b>                | <b>1745042</b>   | <b>2017011</b> | <b>1836085</b> | <b>1420970</b> | <b>1060462</b> |

## ANNEXURE-14

### STATEMENT OF SHORT TERM PROVISION AS RESTATED

Figures in Rs.

| Particulars  | As at 31st March |                |               |               |               |
|--------------|------------------|----------------|---------------|---------------|---------------|
|              | 2015             | 2014           | 2013          | 2012          | 2011          |
|              | Amount           | Amount         | Amount        | Amount        | Amount        |
| Current Tax  | 1545000          | 1008704        | 951420        | 490130        | 430000        |
| <b>Total</b> | <b>1545000</b>   | <b>1008704</b> | <b>951420</b> | <b>490130</b> | <b>430000</b> |



## ANNEXURE-15

### STATEMENT OF FIXED ASSET AS RESTATED 2014-15

Figures in Rs

| Particulars          | Gross           |                |           |                 | Depreciation    |                   |           |                   |                 | Impairment |                   |          |          | Net             |                 |
|----------------------|-----------------|----------------|-----------|-----------------|-----------------|-------------------|-----------|-------------------|-----------------|------------|-------------------|----------|----------|-----------------|-----------------|
|                      | Opening         | Addition       | Deduction | Closing         | Opening         | During The Period | Deduction | Other Adjustments | Closing         | Opening    | During The period | Reversal | Closing  | Closing         | Opening         |
| Building             | 1391415         | -              | -         | 1391415         | 670779          | 44108             | -         | -                 | 714887          | -          | -                 | -        | -        | 676528          | 72036           |
| Plant & Machinery    | 27112125        | 1808030        | -         | 28920155        | 11060016        | 1790307           | -         | -                 | 12850323        | -          | -                 | -        | -        | 16069832        | 16052109        |
| Computer Equipment   | 4322705         | 239872         | -         | 4562577         | 3700439         | 698624            | -         | -                 | 4399063         | -          | -                 | -        | -        | 163514          | 622266          |
| Vehicle              | 14059119        | 2721602        | -         | 16780721        | 7660140         | 2291813           | -         | -                 | 9951953         | -          | -                 | -        | -        | 6828768         | 6398979         |
| Other Equipment      | 3395415         | 403307         | -         | 3798722         | 1677931         | 650101            | -         | -                 | 2328032         | -          | -                 | -        | -        | 1470690         | 1717484         |
| Furniture & Fixtures | 1548520         | 86583          | -         | 1635103         | 1122708         | 152713            | -         | -                 | 1275421         | -          | -                 | -        | -        | 359682          | 425812          |
| <b>Total</b>         | <b>51829299</b> | <b>5259394</b> | <b>-</b>  | <b>57088693</b> | <b>25892013</b> | <b>5627666</b>    | <b>-</b>  | <b>-</b>          | <b>31519679</b> | <b>-</b>   | <b>-</b>          | <b>-</b> | <b>-</b> | <b>25569014</b> | <b>25937286</b> |

### STATEMENT OF FIXED ASSET AS RESTATED 2013-14

Figures in Rs

| Particulars          | Gross           |                |               |                 | Depreciation    |                   |           |                   |                 | Impairment |                   |          |          | Net             |                 |
|----------------------|-----------------|----------------|---------------|-----------------|-----------------|-------------------|-----------|-------------------|-----------------|------------|-------------------|----------|----------|-----------------|-----------------|
|                      | Opening         | Addition       | Deduction     | Closing         | Opening         | During The Period | Deduction | Other Adjustments | Closing         | Opening    | During The period | Reversal | Closing  | Closing         | Opening         |
| Building             | 1391415.2       | -              | -             | 1391415.2       | 590708          | 80071             | -         | -                 | 670779          | -          | -                 | -        | -        | 720636          | 800707          |
| Plant & Machinery    | 23530187        | 4189038        | 607100        | 27112125        | 9072918         | 1987098           | -         | -                 | 11060016        | -          | -                 | -        | -        | 16052109        | 14457269        |
| Computer Equipment   | 4181562         | 141143         | -             | 4322705         | 3334174         | 366265            | -         | -                 | 3700439         | -          | -                 | -        | -        | 622266          | 847388          |
| Vehicle              | 11015437        | 3043682        | -             | 14059119        | 5859744         | 1800396           | -         | -                 | 7660140         | -          | -                 | -        | -        | 6398979         | 5155693         |
| Other Equipment      | 2936329         | 459086         | -             | 3395415         | 1426152         | 251779            | -         | -                 | 1677931         | -          | -                 | -        | -        | 1717484         | 1510177         |
| Furniture & Fixtures | 1440320         | 108200         | -             | 1548520         | 1040592         | 82116             | -         | -                 | 1122708         | -          | -                 | -        | -        | 425812          | 399728          |
| <b>Total</b>         | <b>44495250</b> | <b>7941149</b> | <b>607100</b> | <b>51829299</b> | <b>21324288</b> | <b>4567725</b>    | <b>-</b>  | <b>-</b>          | <b>25892013</b> | <b>-</b>   | <b>-</b>          | <b>-</b> | <b>-</b> | <b>25937286</b> | <b>23170962</b> |



# **JET KNITWEARS LIMITED**

## **STATEMENT OF FIXED ASSET AS RESTATED**

**2012-2013**

Figures in Rs

|                      | Gross    |          |           |          | Depreciation |                   |           |                   |          | Impairment |                   |          |         | Net      |         |
|----------------------|----------|----------|-----------|----------|--------------|-------------------|-----------|-------------------|----------|------------|-------------------|----------|---------|----------|---------|
| Particulars          | Opening  | Addition | Deduction | Closing  | Opening      | During The Period | Deduction | other Adjustments | Closing  | Opening    | During The period | Reversal | Closing | Closing  | Opening |
|                      |          |          |           |          |              |                   |           |                   |          |            |                   |          |         |          |         |
| Building             | 1391415  | -        | -         | 1391415  | 501741       | 88967             | -         | -                 | 590708   | -          | -                 | -        | -       | 800707   | 88967   |
| Plant & Machinery    | 21403900 | 2126287  | -         | 23530187 | 6811805      | 2261113           | -         | -                 | 9072918  | -          | -                 | -        | -       | 14457269 | 1459209 |
| Computer Equipment   | 3928902  | 252660   | -         | 4181562  | 2858359      | 475815            | -         | -                 | 3334174  | -          | -                 | -        | -       | 847388   | 107054  |
| Vehicle              | 9665242  | 1350195  | -         | 11015437 | 4407339      | 1452405           | -         | -                 | 5859744  | -          | -                 | -        | -       | 5155693  | 525790  |
| Other Equipment      | 2655688  | 280641   | -         | 2936329  | 1199567      | 226585            | -         | -                 | 1426152  | -          | -                 | -        | -       | 1510177  | 145612  |
| Furniture & Fixtures | 1429709  | 10611    | -         | 1440320  | 948085       | 92507             | -         | -                 | 1040592  | -          | -                 | -        | -       | 399728   | 48162   |
| Total                | 40474856 | 4020394  | -         | 44495250 | 16726896     | 4597392           | -         | -                 | 21324288 | -          | -                 | -        | -       | 23170962 | 2374796 |

## **STATEMENT OF FIXED ASSET AS RESTATED**

**2011-2012**

Figures in Rs

|                      | Gross    |          |           |          | Depreciation |                   |           |                   |          | Impairment |                   |          |         | Net      |          |
|----------------------|----------|----------|-----------|----------|--------------|-------------------|-----------|-------------------|----------|------------|-------------------|----------|---------|----------|----------|
| Particulars          | Opening  | Addition | Deduction | Closing  | Opening      | During the period | Deduction | other Adjustments | Closing  | Opening    | During The period | Reversal | Closing | Closing  | Opening  |
|                      |          |          |           |          |              |                   |           |                   |          |            |                   |          |         |          |          |
| Building             | 1391415  | -        | -         | 1391415  | 402888       | 98853             | -         | -                 | 501741   | -          | -                 | -        | -       | 889674   | 988527   |
| Plant & Machinery    | 14771874 | 6632026  | -         | 21403900 | 5137777      | 1674028           | -         | -                 | 6811805  | -          | -                 | -        | -       | 14592095 | 9634097  |
| Computer Equipment   | 3602712  | 326190   | -         | 3928902  | 2223660      | 634699            | -         | -                 | 2858359  | -          | -                 | -        | -       | 1070543  | 1379052  |
| Vehicle              | 6937971  | 3084295  | 357024    | 9665242  | 3335105      | 1347719           | -         | (275485)          | 4407339  | -          | -                 | -        | -       | 5257903  | 3602866  |
| Other Equipment      | 2286942  | 368746   | -         | 2655688  | 988490       | 211077            | -         | -                 | 1199567  | -          | -                 | -        | -       | 1456121  | 1298452  |
| Furniture & Fixtures | 1330059  | 99650    | -         | 1429709  | 857186       | 90899             | -         | -                 | 948085   | -          | -                 | -        | -       | 481624   | 472873   |
| Total                | 30320973 | 10510907 | 357024    | 40474856 | 12945106     | 4057275           |           | (275485)          | 16726896 | -          | -                 | -        | -       | 23747960 | 17375867 |

## **STATEMENT OF FIXED ASSET AS RESTATED**

**2010-2011**

Figures in Rs

| Figures in Rs.       |          |          |           |          |              |                   |           |                   |            |         |                   |          |         |          |          |
|----------------------|----------|----------|-----------|----------|--------------|-------------------|-----------|-------------------|------------|---------|-------------------|----------|---------|----------|----------|
|                      | Gross    |          |           |          | Depreciation |                   |           |                   | Impairment |         |                   |          | Net     |          |          |
|                      |          |          |           |          |              |                   |           |                   |            |         |                   |          |         |          |          |
| Particulars          | Opening  | Addition | Deduction | Closing  | Opening      | During the period | Deduction | other Adjust ment | Closing    | Opening | During The period | Reversal | Closing | Closing  | Opening  |
|                      |          |          |           |          |              |                   |           |                   |            |         |                   |          |         |          |          |
| Building             | 923912   | 467504   | -         | 1391416  | 326470       | 76419             | -         | -                 | 402889     | -       | -                 | -        | -       | 988527   | 597442   |
| Plant & Machinery    | 8236420  | 6535453  | -         | 14771873 | 3844571      | 1293205           | -         | -                 | 5137776    | -       | -                 | -        | -       | 9634097  | 4391849  |
| Computer Equipment   | 2174803  | 1427909  | -         | 3602712  | 1755557      | 468103            | -         | -                 | 2223660    | -       | -                 | -        | -       | 1379052  | 419246   |
| Vehicle              | 5438589  | 1499382  | -         | 6937971  | 2229838      | 1105267           | -         | -                 | 3335105    | -       | -                 | -        | -       | 3602866  | 3208751  |
| Other Equipment      | 1851337  | 435605   | -         | 2286942  | 798974       | 189516            | -         | -                 | 988490     | -       | -                 | -        | -       | 1298452  | 1052363  |
| Furniture & Fixtures | 1301989  | 28070    | -         | 1330059  | 748134       | 109052            | -         | -                 | 857186     | -       | -                 | -        | -       | 472873   | 553855   |
| Total                | 19927050 | 10393923 | -         | 30320973 | 9703544      | 3241562           | -         | -                 | 12945106   | -       | -                 | -        | -       | 17375867 | 10223506 |



## ANNEXURE-16

### STATEMENT OF NON CURRENT INVESTMENTS, AS RESTATED

Figures in Rs.

| Particulars                          | As at 31st March |              |          |          |          |
|--------------------------------------|------------------|--------------|----------|----------|----------|
|                                      | 2015             | 2014         | 2013     | 2012     | 2011     |
|                                      | Amount           | Amount       | Amount   | Amount   | Amount   |
| Shares With Jet Knit Indclus Pvt Ltd | 45000            | 45000        | -        | -        | -        |
| <b>Total</b>                         | <b>45000</b>     | <b>45000</b> | <b>-</b> | <b>-</b> | <b>-</b> |

## ANNEXURE-17

### STATEMENT OF CURRENT INVESTMENTS, AS RESTATED

Figures in Rs.

| Particulars  | As at 31st March |               |          |          |          |
|--------------|------------------|---------------|----------|----------|----------|
|              | 2015             | 2014          | 2013     | 2012     | 2011     |
|              | Amount           | Amount        | Amount   | Amount   | Amount   |
| FDR With SBI | 703969           | 648612        | -        | -        | -        |
| <b>Total</b> | <b>703969</b>    | <b>648612</b> | <b>-</b> | <b>-</b> | <b>-</b> |

## ANNEXURE-18

### STATEMENT OF INVENTORIES AS RESTATED

Figures in Rs.

| Particulars      | As at 31st March |                 |                 |                 |                 |
|------------------|------------------|-----------------|-----------------|-----------------|-----------------|
|                  | 2015             | 2014            | 2013            | 2012            | 2011            |
|                  | Amount           | Amount          | Amount          | Amount          | Amount          |
| Raw Material     | 2092854          | 1623274         | 1937543         | 2784825         | 2273370         |
| Work In Progress | 21356852         | 14437505        | 17631254        | 30596674        | 20297448        |
| Finished Goods   | 51876436         | 43729113        | 61179656        | 45567161        | 27251322        |
| Stores & Spares  | 97085            | -               | -               | -               | 118320          |
| <b>Total</b>     | <b>75423227</b>  | <b>59789892</b> | <b>80748453</b> | <b>78948660</b> | <b>49940460</b> |

## ANNEXURE-19

### STATEMENT OF TRADE RECEIVABLES, AS RESTATED

Figures in Rs.

| Particulars                    | As at 31st March |                 |                 |                 |                 |
|--------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
|                                | 2015             | 2014            | 2013            | 2012            | 2011            |
|                                | Amount           | Amount          | Amount          | Amount          | Amount          |
| <b>SECURED CONSIDERED GOOD</b> |                  |                 |                 |                 |                 |
| <b>Within Six Months</b>       |                  |                 |                 |                 |                 |
| Sundry Debtors                 | 82217681         | 70520869        | 52213249        | 40864462        | 55265766        |
| <b>Exceeding Six Months</b>    |                  |                 |                 |                 |                 |
| Sundry Debtors                 | 1593335          | 1820632         | 1818587         | 1789662         | 1826861         |
| <b>Total</b>                   | <b>83811016</b>  | <b>72341501</b> | <b>54031836</b> | <b>42654124</b> | <b>57092627</b> |

Note: The above balances are subject to Confirmations



## ANNEXURE-20

### STATEMENT OF CASH & BANK BALANCES, AS RESTATED

Figures in Rs.

| Particulars               | As at 31st March |                 |                |                |                |
|---------------------------|------------------|-----------------|----------------|----------------|----------------|
|                           | 2015             | 2014            | 2013           | 2012           | 2011           |
|                           | Amount           | Amount          | Amount         | Amount         | Amount         |
| Cash In Hand              | 4879281          | 9817353         | 3860310        | 2337518        | 2616948        |
| <b>Balance With Banks</b> |                  |                 |                |                |                |
| Current Account           | 1250156          | 1362710         | 324781         | 651580         | 886923         |
| <b>Total</b>              | <b>6129437</b>   | <b>11180063</b> | <b>4185091</b> | <b>2989098</b> | <b>3503871</b> |

## ANNEXURE-21

### STATEMENT OF SHORT TERM LOANS & ADVANCES

Figures in Rs.

| Particulars                  | As at 31st March |                 |                 |                |                |
|------------------------------|------------------|-----------------|-----------------|----------------|----------------|
|                              | 2015             | 2014            | 2013            | 2012           | 2011           |
|                              | Amount           | Amount          | Amount          | Amount         | Amount         |
| Security Deposit             | 1475074          | 1530074         | 1154370         | 1079370        | 1226740        |
| Duty Draw Back Receivable    | -                | -               | -               | -              | -              |
| Loans & Advances to Others   | -                | -               | -               | -              | -              |
| Prepaid Expenses             | 357953           | 363040          | 281434          | 131869         | 102978         |
| Staff Advance                | 715606           | 399583          | 211683          | -              | -              |
| Suppliers & Others           | 6880633          | 6070952         | 8236999         | 5589554        | 3602459        |
| TDS on SBI                   | 6152             | 4614            | -               | -              | -              |
| Income Tax Advance           | 1245000          | 920000          | 615000          | 380000         | 430000         |
| Input Vat                    | 171753           | 1119396         | 779342          | 2138320        | 1569334        |
| PLA                          | -                | -               | -               | 31979          | -              |
| Excise Duty on Capital Goods | -                | -               | -               | 24205          | -              |
| <b>Total</b>                 | <b>10852171</b>  | <b>10407659</b> | <b>11278828</b> | <b>9375297</b> | <b>6931511</b> |

## ANNEXURE-22

### STATEMENT OF REVENUE FROM OPERATIONS

Figures in Rs.

| Particulars               | For The Year Ended as on 31st March |                  |                  |                  |                  |
|---------------------------|-------------------------------------|------------------|------------------|------------------|------------------|
|                           | 2015                                | 2014             | 2013             | 2012             | 2011             |
|                           | Amount                              | Amount           | Amount           | Amount           | Amount           |
| <b>Manufactured Goods</b> |                                     |                  |                  |                  |                  |
| Delhi Depot Sale          | 4006139                             | 3691310          | 2839213          | 3292672          | 2004102          |
| Export Sale               | -                                   | 1957445          | 1689020          | 2852267          | 3654657          |
| Sale                      | 364259696                           | 377883679        | 370107574        | 306193670        | 293950421        |
| Tirpur Sale               | 139728                              | 118050           | 58401            | 43174            | -                |
| Dehradun Depot Sale       | 4776984                             | 1244223          | -                | -                | -                |
| Excise Duty Collected     | -                                   | -                | (19566798)       | (22342114)       | -                |
| <b>Total</b>              | <b>373182547</b>                    | <b>384894707</b> | <b>355127410</b> | <b>290039669</b> | <b>299609180</b> |



## ANNEXURE-23

### STATEMENT OF OTHER INCOME AS RESTATED

Figures in Rs.

| Particulars                      | For The Year Ended as on 31st March |               |                |               |               |
|----------------------------------|-------------------------------------|---------------|----------------|---------------|---------------|
|                                  | 2015                                | 2014          | 2013           | 2012          | 2011          |
|                                  | Amount                              | Amount        | Amount         | Amount        | Amount        |
| SBI Interest                     | 61509                               | 46126         | -              | -             | -             |
| Duty Drawback                    | -                                   | 151665        | 117349         | 202280        | 301029        |
| Profit on Car Sale               | -                                   | -             | -              | -             | -             |
| Round Off                        | 909                                 | 2568          | 1232           | -             | 24            |
| Other Income                     | 15000                               | 15759         | 641            | -             | -             |
| Dollar Rate Difference           | -                                   | 13874         | 102007         | 100935        | -             |
| Labour & Packaging Charges       | -                                   | 300           | -              | -             | 1429          |
| Bar Code Claim                   | -                                   | -             | -              | 4500          | -             |
| Insurance Claim Of Lucknow Depot | -                                   | -             | 846707         | -             | -             |
| Bank Commission                  | -                                   | -             | 400            | -             | -             |
| <b>Total</b>                     | <b>77418</b>                        | <b>230292</b> | <b>1068336</b> | <b>307715</b> | <b>302482</b> |

## ANNEXURE-24

### STATEMENT OF RAW MATERIAL CONSUMED

Figures in Rs.

| Particulars    | For The Year Ended as on 31st March |                  |                  |                  |                  |
|----------------|-------------------------------------|------------------|------------------|------------------|------------------|
|                | 2015                                | 2014             | 2013             | 2012             | 2011             |
|                | Amount                              | Amount           | Amount           | Amount           | Amount           |
| Opening        | 1623274                             | 1937543          | 2784826          | 2273370          | 1677116          |
| Add: Purchases | 258885072                           | 241290055        | 241946925        | 209680149        | 230805273        |
| Less: Closing  | 2092854                             | 1623274          | 1937543          | 2784826          | 2273370          |
| <b>Total</b>   | <b>258415492</b>                    | <b>241604324</b> | <b>242794208</b> | <b>209168693</b> | <b>230209019</b> |

## ANNEXURE-25

### STATEMENT OF INVENTORY OF FINISHED GOODS, WIP AND STOCK IN TRADE

Figures in Rs.

| Particulars              | For The Year Ended as on 31st March |                 |                  |                   |                   |
|--------------------------|-------------------------------------|-----------------|------------------|-------------------|-------------------|
|                          | 2015                                | 2014            | 2013             | 2012              | 2011              |
|                          | Amount                              | Amount          | Amount           | Amount            | Amount            |
| <b>Opening</b>           |                                     |                 |                  |                   |                   |
| Finished Goods           | 43729113                            | 61179656        | 45567161         | 27251322          | 15175848          |
| WIP                      | 14437505                            | 17631254        | 30596674         | 20297448          | 9921595           |
| <b>Closing</b>           |                                     |                 |                  |                   |                   |
| Finished Goods           | 51876436                            | 43729113        | 61179656         | 45567160          | 27251323          |
| WIP                      | 21356852                            | 14437505        | 17631254         | 30596674          | 20297448          |
| <b>Increase/Decrease</b> |                                     |                 |                  |                   |                   |
| Finished Goods           | (8147323)                           | 17450543        | (15612495)       | (18315838)        | (12075475)        |
| WIP                      | (6919347)                           | 3193749         | 12965420         | (10299226)        | (10375853)        |
| <b>Total</b>             | <b>(15066670)</b>                   | <b>20644292</b> | <b>(2647075)</b> | <b>(28615064)</b> | <b>(22451328)</b> |





**ANNEXURE-26**

**STATEMENT OF EMPLOYEE BENEFIT EXPENSE**

Figures in Rs.

| Particulars   | For The Year Ended as on 31st March |                |                |                |                |
|---------------|-------------------------------------|----------------|----------------|----------------|----------------|
|               | 2015                                | 2014           | 2013           | 2012           | 2011           |
|               | Amount                              | Amount         | Amount         | Amount         | Amount         |
| Salary        | 1845707                             | 1545789        | 1385780        | 975529         | 1393025        |
| Bonus         | 122348                              | 116106         | 113137         | 108577         | -              |
| P.F           | 425662                              | 356345         | 335756         | 276994         | -              |
| E.S.I         | 123145                              | 113997         | 129860         | 100612         | -              |
| Staff Welfare | 534186                              | 460673         | 279204         | 291281         | 315423         |
| <b>Total</b>  | <b>3051048</b>                      | <b>2592910</b> | <b>2243737</b> | <b>1752993</b> | <b>1708448</b> |

**ANNEXURE-27**

**STATEMENT OF FINANCE COST, AS RESTATED**

Figures in Rs.

| Particulars                         | For The Year Ended as on 31st March |                 |                 |                 |                |
|-------------------------------------|-------------------------------------|-----------------|-----------------|-----------------|----------------|
|                                     | 2015                                | 2014            | 2013            | 2012            | 2011           |
|                                     | Amount                              | Amount          | Amount          | Amount          | Amount         |
| Interest On Cash Credit & Term Loan | 9931120                             | 9429339         | 9583915         | 8946912         | 6427413        |
| Other Interest                      | 3191009                             | 2926016         | 3130996         | 2806143         | 2550753        |
| Bank Charges                        | 194900                              | 573699          | 154859          | 262668          | 238820         |
| <b>Total</b>                        | <b>13317029</b>                     | <b>12929054</b> | <b>12869770</b> | <b>12015723</b> | <b>9216986</b> |

**ANNEXURE-28**

**STATEMENT OF DEPRECIATION & AMORTIZATION EXPENSE AS RESTATED**

Figures in Rs.

| Particulars                     | For The Year Ended as on 31st March |                |                |                |                |
|---------------------------------|-------------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2015                                | 2014           | 2013           | 2012           | 2011           |
|                                 | Amount                              | Amount         | Amount         | Amount         | Amount         |
| Depreciation on Tangible Assets | 5627666                             | 4567725        | 4597392        | 4057275        | 3241562        |
| <b>Total</b>                    | <b>5627666</b>                      | <b>4567725</b> | <b>4597392</b> | <b>4057275</b> | <b>3241562</b> |



## ANNEXURE-29

### STATEMENT OF OTHER EXPENSE AS RESTATED

Figures in Rs.

| Particulars                      | For The Year Ended as on 31st March |                 |                 |                 |                 |
|----------------------------------|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                  | 2015                                | 2014            | 2013            | 2012            | 2011            |
|                                  | Amount                              | Amount          | Amount          | Amount          | Amount          |
| Power & Fuel                     | 1485417                             | 1598080         | 1295776         | 853084          | -               |
| Repair & Maintenance             | 494705                              | 177285          | 334090          | 373002          | -               |
| Freight                          | 4083663                             | 3123412         | 2986942         | 3313318         | -               |
| Wages                            | 1631878                             | 1274932         | -               | -               | -               |
| Manufacturing Expenses           | 55138380                            | 52650724        | 53763369        | 53358428        | 50252236        |
| Postage & Telegram               | 152552                              | 112757          | 130147          | 119346          | 107466          |
| Telephone                        | 828063                              | 691126          | 785431          | 855609          | 833047          |
| Stationery                       | 484192                              | 472195          | 391132          | 490129          | 528907          |
| Rent                             | 2792084                             | 1776280         | 1384650         | 1076850         | 970300          |
| Rates & Taxes                    | 206785                              | 106133          | 121559          | 360840          | 76758           |
| Audit Fees                       | 25000                               | 18000           | 18000           | 18000           | 12000           |
| Directors Remuneration           | 3456000                             | 3456000         | 3456000         | 2607000         | 2640000         |
| Electric Expenses                | 941609                              | 995456          | 787615          | 729921          | 603327          |
| Travelling Expenses              | 1259583                             | 959637          | 1429382         | 932965          | 727232          |
| Legal Expenses                   | 151200                              | 23400           | 80400           | 81400           | 45700           |
| Insurance Expenses               | 482794                              | 377444          | 310767          | 264180          | 229068          |
| Car & Scooter Expenses           | 2076265                             | 2038381         | 1608137         | 1540167         | 1024872         |
| Membership Fees                  | 30011                               | 48369           | 66938           | 61105           | 148798          |
| Delivery Van Expense             | 3451588                             | 3137570         | 3018493         | 2394236         | 2080968         |
| Factory Maintenance              | 78149                               | 74205           | 24594           | 45795           | 72347           |
| Freight & Cartage Outward        | 1495513                             | 1368594         | 1290316         | 1223530         | 558743          |
| I.S.O Expense                    | 76123                               | 13869           | 6790            | 3652            | 63191           |
| R&D Expense                      | 21829                               | 38048           | 12744           | 29949           | 218815          |
| Other Repair & Maintenance       | 647430                              | 336559          | 205661          | 97532           | 130218          |
| Stipend                          | 373500                              | 347990          | 341399          | 123276          | 134783          |
| Output Vat                       | 43824                               | 27448           | 11302           | 10921           | -               |
| Service Tax                      | 132584                              | 164791          | 23454           | -               | -               |
| Commission                       | 946591                              | 1428034         | 1082565         | 1556382         | 1629928         |
| Computer Expenses                | 364374                              | 488263          | 322767          | 270292          | 218912          |
| Discount & Brokerage             | 5402582                             | 8553441         | 7611844         | 7280197         | 4892225         |
| Fair & Exhibition Expenses       | 40000                               | 141503          | 255530          | 90977           | 77669           |
| Miscellaneous Expenses           | 6009895                             | 5572441         | 4529338         | 4495435         | 3209307         |
| Advertisement Expenses           | 5105837                             | 6178524         | 4947692         | 4371341         | 3321332         |
| Brand Promotion                  | 41371                               | 93014           | 31816           | 103311          | 457204          |
| Sales Promotion                  | 2332212                             | 1872180         | 1117528         | 591676          | 517855          |
| Donation                         | -                                   | -               | -               | -               | 31200           |
| Excise Duty                      | -                                   | 47771           | -               | -               | -               |
| Preliminary Expenses Written Off | 702250                              | -               | -               | -               | -               |
| Loss On Sale Of Car              | -                                   | -               | -               | 26539           | -               |
| Tax Deducted at Source           | -                                   | 62787           | -               | -               | -               |
| Trade Tax                        | -                                   | -               | -               | -               | 2584            |
| <b>Total</b>                     | <b>102985833</b>                    | <b>99846643</b> | <b>93784168</b> | <b>89750385</b> | <b>75816992</b> |



## ANNEXURE-30

### STATEMENT OF TAX EXPENSE

Figures in Rs.

| Particulars              | For The Year Ended as on 31st March |               |               |               |               |
|--------------------------|-------------------------------------|---------------|---------------|---------------|---------------|
|                          | 2015                                | 2014          | 2013          | 2012          | 2011          |
|                          | Amount                              | Amount        | Amount        | Amount        | Amount        |
| Current Tax              | 1545000                             | 920000        | 615000        | 490000        | 430000        |
| Deferred Tax Written Off | (283772)                            | (64068)       | (67176)       | 176150        | 319961        |
| <b>Total</b>             | <b>1261228</b>                      | <b>855932</b> | <b>547824</b> | <b>666150</b> | <b>749961</b> |

## ANNEXURE-31

### CAPITALISATION STATEMENT

Figures in Rs.

| Particulars  | As at 31ST March 2015 |
|--|-----------------------|
|  | Amount                |
| <b>Borrowings</b>  |                       |
| Short Term   | 90385737              |
| Long Term (A)  | 7551257               |
| <b>Total Debt (B)</b>  | <b>97936994</b>       |
| <b>Shareholders' Funds</b>   |                       |
| Share Capital  | 30002000              |
| Reserves & Surplus   | 34642302              |
| Less: Revaluation Reserve  | -                     |
| Less Miscellaneous Expenditure (to the extent not written off or adjusted) | -                     |
| <b>Total Shareholders Funds ( C)</b>                                       | <b>64644302</b>       |
| <b>Long Term Borrowings/Equity Ratio (A/C)</b>                             | <b>0.12</b>           |
| <b>Debt/Equity Ratio (B/C)</b>   | <b>1.52</b>           |



## ANNEXURE-32

### STATEMENT OF TAX SHELTER

Figures in Rs.

| Particulars   | For The Year Ended as on 31st March |         |         |         |          |
|---|-------------------------------------|---------|---------|---------|----------|
|   | 2015                                | 2014    | 2013    | 2012    | 2011     |
|   | Amount                              | Amount  | Amount  | Amount  | Amount   |
| <b>Profit Before Current and Deferred Taxes as Restated</b> | 4929567                             | 2940051 | 2553546 | 2217379 | 2169983  |
| Tax Rate %  | 30.90                               | 30.90   | 30.90   | 30.90   | 30.90    |
| Normal Notional Tax on Restated Profits                     | 1523236                             | 908476  | 789046  | 685170  | 670525   |
| Adjustments (Permanent Difference) :                        |                                     |         |         |         |          |
| On account of Profit/Loss on sale of assets                 | 0                                   | 0       | 0       | 26539   | 0        |
| Other Adjustments   | 0                                   | 62787   | 145917  | 0       | 0        |
| Donation  | 0                                   | 0       | 0       | 0       | 1100     |
| Total (B)   | 0                                   | 62787   | 145917  | 26539   | 1100     |
| Timing Difference :   |                                     |         |         |         |          |
| Difference Between Book Base and Tax Base of Fixed Assets   | 945903                              | 234906  | 269930  | -681062 | -1306084 |
| Preliminary Expenses  | 632025                              | 0       | 0       | 0       | 0        |
| Total (C)   | 1577928                             | 234906  | 269930  | -681062 | -1306084 |
| Net Adjustments (B+C)                                       | 1577928                             | 297693  | 415847  | -654523 | -1304984 |
| Tax Shelter   | 487580                              | 91987   | 128497  | -202248 | -403240  |
| <b>Taxable Income (A+B+C)</b>                               | 6507495                             | 3237744 | 2969393 | 1562856 | 864999   |
| Tax as per Income Tax Return U/s 115JB (MAT)                | 1059761                             | 409093  | 514382  | -       | -        |
| Total Tax Without MAT as per Return                         | 2010814                             | 1000461 | 917541  | 482924  | 267285   |

## ANNEXURE-33

### STATEMENT OF ACCOUNTING RATIOS , AS REASTATED

Figures in Rs.

| Particulars  | For The Year Ended as on 31st March |           |          |          |          |
|--|-------------------------------------|-----------|----------|----------|----------|
|  | 2015                                | 2014      | 2013     | 2012     | 2011     |
|  | Amount                              | Amount    | Amount   | Amount   | Amount   |
| Net Worth, as Restated (A)   | 64644302                            | 27695963  | 25726475 | 24057173 | 22506074 |
| Net Profit After Tax and ExtraOrdinary Items, as restated (B)        | 3668339.2                           | 1969488.1 | 1669302  | 1551099  | 1420022  |
| Weighted Average Number of Equity shares outstanding during the year |                                     |           |          |          |          |
| For Basic Earnings Per Share (C )                                    | 1687236                             | 1669000   | 1669000  | 16690000 | 1351658  |
| For Diluted Earnings per Share (D)                                   | 1687236                             | 1669000   | 1669000  | 16690000 | 1351658  |
| No of Shares Outstanding at the end of the Year (E)                  | 3000200                             | 1669000   | 1669000  | 16690000 | 1669000  |
| Restated Basic Earnings Per share (B/C)                              | 2.17                                | 1.18      | 1.00     | 0.09     | 1.05     |
| Restated Diluted Earnings Per share (B/D)                            | 2.17                                | 1.18      | 1.00     | 0.09     | 1.05     |
| Return on Net Worth (%) (B/A)  | 5.67                                | 7.11      | 6.49     | 6.45     | 6.31     |
| Net Assets Value Per Share of Rs 10 each (A/E)                       | 21.55                               | 16.59     | 15.41    | 1.44     | 13.48    |



## ***JET KNITWEARS LIMITED***

---

Notes:

**1. The Ratios have been computed as under:**

|  |  |   |
|--|--|---|
| Basic Earning Per Share                  | <hr/>  |   |
|  | Net Profit After Tax and Extra Ordinary Items, as Restated           |   |
| Diluted earnings Per Share               | <hr/>  |   |
|  | Weighted Average Number of Equity Shares Outstanding during the year |   |
| Return on Net Worth (%)                  | <hr/>  |   |
|  | Net Profit After Tax and Extra Ordinary Items, as Restated           |   |
| Net Assets Value Per Share of Rs 10 each | <hr/>  |   |
|  | Net Worth, As Restated   |   |
|  |  | *100  |
|  |  | Number of Shares Outstanding at the end of the year |



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

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements as of and for the years ended March 31, 2015, 2014, 2013 and 2012 prepared in accordance with the Companies Act, 1956 and Companies Act, 2013 to the extent applicable and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in "Financial Statements" beginning on page 127 of this Prospectus.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and the SEBI ICDR Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Risk Factors" and "Forward-Looking Statements" beginning on pages 11 and 10 respectively, of this Prospectus.

### **BUSINESS OVERVIEW**

Our Company was originally incorporated in Kanpur as "Jet Knitwears Private Limited" on 02<sup>nd</sup> April, 1996 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Kanpur. On 5th April, 2015 it was converted to a Public Limited Company under the name of Jet Knitwears Limited and fresh Certificate of Incorporation consequent upon change of name was issued by ROC, Kanpur. For further details in relation to change in management and change in name, please refer to section titled "Our History & Corporate Structure" on Page no. 94 of this Draft Prospectus.

Our company is engaged in the business of manufacturing of branded intimate garments such as vests, briefs, brassiere, panties, socks, T-shirts and casual wears. The raw material for undergarments i.e. hosiery yarn is easily available from the various spinning mills at Coimbatore (T.N) and Kanpur (U.P). Presently company is using 50% capacity of its production capacity.

Our Company has always been committed to provide quality products that are safe and comfortable to the customers. We consistently meet the specific quality requirement of our buyers. The company has its own network for Sales, Marketing and Logistics serving to more than 5000 Retailers directly and also through a large number of Dealers and Wholesalers across the North India.

Our main objectives with which the Company has been incorporated are as follows:

1. To acquire and take over the possession of the business and the undertaking with all its movable and immovable assets (including actionable claims) and all other assets, rights, benefits, titles, interests, approvals, registrations, permits, facilities, concessions, sanctions, privileges, licenses, debts belonging to or held by the parties hereto in connection with the business carried on by them in partnership under the name and style of 'JET KNITWEARS COMPANY' as aforesaid and to undertake and discharge all the liabilities in respect of any debt or obligation incurred or any contract entered into by, to, with or on behalf of the aforesaid partnership and goodwill, if any, of such business.



2. To carry on the business of manufacturers, importers and exporters, wholesale and retail dealers of and in men's, women's and children's hosiery goods, clothing and wearing apparel of every kind, nature and description including vests, underwear, brassiers, socks, stockings, sweaters, laces and similar material.
3. To manufacture, bleach, dye, print and sell knitwears made from cotton, rayon, nylon, nylon wool, silk, synthetic fibres, staple fibres and other materials and generally to carry on the business of hosiery knitting mill proprietors in all their branches.

### SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any significant developments or any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months except as follows:-

- The company was converted from private limited to public limited company vide fresh certificate of incorporation dated April 5th, 2015 issued by Registrar of Companies, Kanpur.

### SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled "Risk Factor" beginning on page 11 of this Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Changes, if any, in the regulations / regulatory framework / economic policies in India and / or in foreign countries, which affect national & international finance.
- Volatility in the Indian and global capital market;
- Company's results of operations and financial performance;
- Performance of Company's competitors,
- Significant developments in India's economic and fiscal policies;
- Significant developments in India's environmental regulations.

### DISCUSSION ON RESULT OF OPERATION

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for years ended March 31, 2015, 2014, 2013 2012, and 2011.

#### Overview of Revenue & Expenditure

Our results of operations for the year ended March 31, 2015 is summarized as below:

| Particulars  | Amount (in Rupees) | % of Total Income |
|--|--------------------|-------------------|
| Total Income   | 373259965          | 100               |
| Expenditure (Including Depreciation, Interest & Taxes) | 369591626          | 99.02             |
| Depreciation   | 5627666            | 1.51              |
| Interest   | 13317029           | 3.57              |
| Net Profit before Tax                                  | 4929567            | 1.32              |
| Taxes  | 1261228            | 0.34              |
| Net Profit after Taxes                                 | 3668339            | 0.98              |



## ANALYSIS ON RESULTS OF OPERATIONS

Considering the various Key factors affecting our income and expenditure, our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the periods indicated read together with notes to accounts, accounting policies and auditor's report as appearing in this Draft Prospectus.

(Amount in Rs.)

| Particulars                                   | For The Year Ended March 31, |                  |                  |                  |                  |
|---|------------------------------|------------------|------------------|------------------|------------------|
|   | 2015                         | 2014             | 2013             | 2012             | 2011             |
| <b>INCOME</b>                                 |                              |                  |                  |                  |                  |
| Revenue from Operations                       | 373182547                    | 384894707        | 355127410        | 290039669        | 299609180        |
| Increase/Decrease in %                        | -3.04                        | 8.38             | 22.44            | -3.19            | -                |
| Other Income                                  | 77418                        | 230292           | 1068336          | 307715           | 302482           |
| Increase/Decrease in %                        | -66.38                       | -78.44           | 247.18           | 1.73             | -                |
| <b>Total Revenue</b>                          | <b>373259965</b>             | <b>385124999</b> | <b>356195746</b> | <b>290347384</b> | <b>299911662</b> |
| Increase/Decrease in %                        | -3.08                        | 8.12             | 22.68            | -3.19            | -                |
| <b>EXPENDITURE</b>                            |                              |                  |                  |                  |                  |
| Cost Of Raw Material Consumed                 | 258415492                    | 241604324        | 242794208        | 209168693        | 230209019        |
| Increase/Decrease in %                        | 6.96                         | -0.49            | 16.08            | -9.14            | -                |
| Change In Inventory Of Finished Goods And WIP | -15066670                    | 20644292         | -2647075         | -28615064        | -22451328        |
| Increase/Decrease in %                        | -172.98                      | -879.89          | -90.75           | 27.45            | -                |
| Finance Cost                                  | 13317029                     | 12929054         | 12869770         | 12015723         | 9216986          |
| Increase/Decrease in %                        | 3.00                         | 0.46             | 7.11             | 30.36            | -                |
| Employees Benefits Expenses                   | 3051048                      | 2592910          | 2243737          | 1752993          | 1708448          |
| Increase/Decrease in %                        | 17.67                        | 15.56            | 27.99            | 2.61             | -                |
| Other Expenses                                | 102985833                    | 99846643         | 93784168         | 89750385         | 75816992         |
| Increase/Decrease in %                        | 3.14                         | 6.46             | 4.49             | 18.38            | -                |
| Depreciation and Amortization Expenses        | 5627666                      | 4567725          | 4597392          | 4057275          | 3241562          |
| Increase/Decrease in %                        | 23.21                        | -0.65            | 13.31            | 25.16            | -                |
| <b>Total Expenditure</b>                      | <b>368330398</b>             | <b>382184948</b> | <b>353642200</b> | <b>288130005</b> | <b>297741679</b> |
| Increase/Decrease in %                        | -3.63                        | 8.07             | 22.74            | -3.23            | -                |
| <b>Profit before prior period items</b>       | <b>4929567</b>               | <b>2940051</b>   | <b>2553546</b>   | <b>2217379</b>   | <b>2169983</b>   |
| Exceptional Items                             | -                            | -                | -                | -                | -                |
| <b>Profit before tax</b>                      | <b>4929567</b>               | <b>2940051</b>   | <b>2553546</b>   | <b>2217379</b>   | <b>2169983</b>   |
| Increase/Decrease in %                        | 67.67                        | 15.14            | 15.16            | 2.18             | -                |
| <b>PBT Margin</b>                             | <b>1.32</b>                  | <b>0.76</b>      | <b>0.72</b>      | <b>0.76</b>      | <b>0.72</b>      |
| <b>Tax expense :</b>                          |                              |                  |                  |                  |                  |
| (i) Current tax                               | 1545000                      | 1008704          | 951420           | 490130           | 430000           |
| (ii) Deferred Tax                             | -283772                      | -64068           | -67176           | 176150           | 319961           |
| (iii) Wealth Tax                              | -                            | 25927            | -                | -                | -                |
| <b>Total</b>                                  | <b>1261228</b>               | <b>970563</b>    | <b>884244</b>    | <b>666280</b>    | <b>749961</b>    |
| Increase/Decrease in %                        | 29.95                        | 9.76             | 32.71            | -11.16           | -                |
| <b>Profit for the year</b>                    | <b>3668339</b>               | <b>1969488</b>   | <b>1669302</b>   | <b>1551099</b>   | <b>1420022</b>   |
| Increase/Decrease in %                        | 86.26                        | 17.98            | 7.62             | 9.23             | -                |
| <b>PAT Margin</b>                             | <b>0.98</b>                  | <b>0.51</b>      | <b>0.47</b>      | <b>0.53</b>      | <b>0.47</b>      |





**FISCAL YEAR ENDED MARCH 31, 2015 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2014**

**Income**

Total revenue decreased by Rs. 118.65 Lakhs or 3.08 %, from Rs. 3851.25 Lakhs in the fiscal year ended March 31, 2014 to Rs 3732.60 lakhs in the fiscal year ended March 31, 2015. This is mainly due to reduction in the selling price of our products due to intense competition and reduction of raw cotton yarn.

**Expenditure**

Total Expenditure decreased by Rs. 138.55 Lakhs or 3.63 %, from Rs 3821.85 Lakhs in the fiscal year ended March 31, 2014 to Rs. 3683.30 Lakhs in the fiscal year ended March 31, 2015. Overall expenditure has decreased mainly because of the utilization of our previous stock of raw material; however there was an increase in Finance Cost, Employee Benefit Expenses, and Other Expenses.

**Cost of raw material Consumed**

Cost of raw material Consumed in terms of value and percentage increased by Rs. 168.11 Lakhs and 6.96 %, from Rs. 2416.04 Lakhs in the fiscal year ended March 31, 2014 to Rs. 2584.15 Lakhs in the fiscal year ended March 31, 2015. This is very normal for our type of industry, as the company procured better quality raw material to manufacture value added items.

**Finance Costs**

Finance Costs in terms of value and percentage increased by Rs. 3.88 Lakhs and 3%, from Rs. 129.29 Lakhs in the fiscal year ended March 31, 2014 to Rs. 133.17 Lakhs in the fiscal year ended March 31, 2015. Overall finance cost has increased mainly due to increase in service charges and other expenses levied by the banks.

**Employee Benefit Expenses**

Employee benefit expenses in terms of value and percentage increased by Rs. 4.58 Lakhs and 17.67 %, from Rs. 25.93 Lakhs in the fiscal year ended March 31, 2014 to Rs. 30.51 Lakhs in the fiscal year ended March 31, 2015. This is due to increase in manpower deployed on market research and quality improvement.

**Other Expenses**

Other Expenses in terms of value and percentage increased by Rs. 31.39 Lakhs and 3.14%, from Rs. 998.47 Lakhs in the fiscal year ended March 31, 2014 to Rs. 1029.86 Lakhs in the fiscal year ended March 31, 2015. Other expenses increased mainly due to increase in rent paid, repair and maintenance, business promotion, insurance charges and miscellaneous expenses.

**Net Profit after Tax and Extraordinary items**

Net profit has increased by 16.99 Lakhs and 86.26 % from Rs. 19.69 Lakhs in the fiscal year ended March 31, 2014 to Rs. 36.68 Lakhs in the fiscal year ended March 31, 2015. This was possible due to consistent efforts to sale more and more value added products and increased variety of innerwears introduced in the market.



**FISCAL YEAR ENDED MARCH 31, 2014 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2013**

**Income**

Total revenue increased by Rs. 289.29 Lakhs and 8.12%, from Rs. 3561.96 Lakhs in the fiscal year ended March 31, 2013 to Rs. 3851.25 Lakhs in the fiscal year ended March 31, 2014. Our company has introduced high quality and high end products in the market which were readily accepted, resulted in increased turnover.

**Expenditure**

Total Expenditure increased by Rs. 285.43 Lakhs, and 0.08 %, from Rs. 3536.42 Lakhs in the fiscal year ended March 31, 2013 to Rs. 3821.85 Lakhs in the fiscal year ended March 31, 2014. Overall expenditure has increased mainly because of the increase in Purchases, Sstock, Finance Cost, and Employee Benefit Expenses.

**Cost of raw material Consumed**

Cost of raw material Consumed in terms of value and percentage decreased marginally by Rs. 11.90 Lakhs and 0.49 %, from Rs. 2427.94 Lakhs in the fiscal year ended March 31, 2013 to Rs. 2416.04 Lakhs in the fiscal year ended March 31, 2014. This happened due to effective control on process loss during manufacturing of the finished products.

**Finance Costs**

Finance Costs in terms of value and percentage increased very marginally by Rs. 0.59 Lakhs and 0.46%, from Rs. 128.7 Lakhs in the fiscal year ended March 31, 2013 to Rs. 129.29 Lakhs in the fiscal year ended March 31, 2014.

**Employee Benefit Expenses**

Employee benefit expenses in terms of value and percentage increased by Rs 3.49 Lakhs and 15.56%, from Rs. 22.44 Lakhs in the fiscal year ended March 31, 2013 to Rs. 25.93 Lakhs in the fiscal year ended March 31, 2014. This is due to increase in the cost of manpower and other increments.

**Other Expenses**

Other Expenses in terms of value and percentage increased by Rs. 60.63 Lakhs and 6.46%, from Rs 937.84 Lakhs in the fiscal year ended March 31, 2013 to Rs. 998.47 Lakhs in the fiscal year ended March 31, 2014. Other expenses increased mainly due to increase in rent paid, repair and maintenance ,business promotion , insurance charges and miscellaneous expenses.

**Net Profit after Tax and Extraordinary items**

Net profit has increased by 3.00 Lakhs and 17.98 % from Rs. 16.69 Lakhs in the fiscal year ended March 31, 2013 to Rs. 19.69 Lakhs in the fiscal year ended March 31, 2014. This was possible due to expanding the area of our market by launching our products through more distributors and retailers.



## **OTHER MATTERS**

### **1. Unusual or infrequent events or transactions**

Except as described in this Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

### **2. Significant economic changes that materially affected or are likely to affect income from continuing operations**

Other than as described in the section titled “*Risk Factors*” beginning on page 11 of this Prospectus respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

### **3. Known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations**

Other than as described in the section titled “*Risk Factors*” beginning on page 11 of this Prospectus respectively to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

### **4. Future relationship between Costs and Income**

Our Company’s future costs and revenues will be determined by demand/supply situation, government policies and interest rates quoted by banks & others

### **5. The extent to which material increases in net revenue are due to increased loan volume, introduction of new products, increased rates**

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

### **6. Total turnover of each major industry segment in which the issuer company operates.**

The Company is operating in branded intimate garments Industry. Relevant industry data, as available, has been included in the chapter titled “*Our Industry*” beginning on page 76 of this Prospectus.

### **7. Status of any publicly announced new products or business segments**

Our Company has not announced any new product and segment / scheme, other than through the Prospectus.

### **8. The extent to which the business is seasonal**

Our Company business is not seasonal in nature.

### **9. Any significant dependence on a single or few suppliers or customers**

Our company is providing branded innerwear’s for men, women and children through our own manufacturing facilities. We are also getting our work done through a large chain of outsourced channel for various job works. We are dependent on timely deliveries by the outsourcing agency and also for maintaining the quality of our products.

### **10. Competitive Conditions**

We face competition from existing and potential competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in section titled “*Our Business*” on page 83 of this Prospectus.



## SECTION VI – LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against/by the Company, its Directors, its Promoter and its Group Companies and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions by the Company, default in creation of full security as per terms of issue/other liabilities, no amounts owed to small scale undertakings or any other creditor exceeding Rs. 1 lakh, which is outstanding for more than 30 days, no proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under Schedule V to the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchange against the Company, its Promoter, its Directors and Group Companies.*

*Further, except as stated herein, there are no past cases in which penalties have been imposed on the Company, its Promoter, its Directors or its Group Companies, and there is no outstanding litigation against any other Company whose outcome could have a material adverse effect on the position of the Company. Further, there are no cases of litigation, defaults etc. in respect of companies/firms/ventures with which the Promoter were associated in the past but are no longer associated, in respect of which the name(s) of the Promoter continues to be associated.*

*Further, apart from those as stated below, there are no show-cause notices / claims served on the Company, its Promoter, its Directors or its Group Companies from any statutory authority / revenue authority that would have a material adverse effect on our business.*

**I. LITIGATION RELATING TO THE COMPANY****Case Filed Against Our Company**

Nil

**Cases Filed By the Company**

| Sr. No | Particulars                        | Nature of Matter                          | Case No.          | Details  |
|--------|------------------------------------|---|-------------------|--|
| 1.     | Jet Knitwears Ltd vs Vinay Hosiery | Trademark & Copyright Act.                | 1/13, Court ADJ-4 | M/s. Vinay Hosiery was manufacturing duplicate products under our brand name “JET”. Our Company filed a suit against the firm in Kanpur court. Stay order was passed by the court in favour of our company. The appeal filed in Allahabad High Court by the opposite party was dismissed by the court. Now the case is in process in Kanpur Court. The next date is 18.09.2015, which is reserved for further order in the case. |
| 2.     | Jet Knitwears Ltd vs Sanjeev Kumar | Section 138 of Negotiable Instruments Act | 2667/2015 ACMM-8  | The Cheque issued by one of our buyer Sanjeev Kumar was returned due to “insufficient funds”. The payment could not be received even after several reminders and notices. The company then filed a case against the buyer under Section 138 of the Negotiable Instrument Act. Next date for appearing is scheduled for 29.09.2015  |

**Tax Proceedings involving our Company:**

- **Income Tax Cases/Appeal against our Companies**

| Sr. No | Particulars                 | Nature of Matter | Details                         |
|--------|-----------------------------|------------------|---------------------------------|
| 1.     | For Assessment Year 2004-05 | ITAT, Lucknow    | Hearing in case is yet to start |
| 2.     | For Assessment Year 2011-12 | CIT (APPEAL)     | Hearing in case is yet to start |

- **Service Tax Cases/Appeal against our Companies**

| Sr. No | Particulars                            | Nature of Matter | Details                          |
|--------|--|------------------|----------------------------------|
| 1.     | For Assessment Year 2007-08 to 2011-12 | Audit Objection  | Hearing in case is yet to start. |

**II. LITIGATIONS RELATING TO THE PROMOTER OF OUR COMPANY****Cases filed by Our Promoter**

Nil

**Cases filed against our Promoter**

| Sr. No | Particulars            | Nature of Matter | Case No.   | Details  |
|--------|------------------------|------------------|------------|--|
| 1.     | State vs Balram Narula | 336, 337 IPC     | 12735/2011 | All India agitation was organized by Readymade & Hosiery Association for removal of "EXCISE" from the Industry in the Budget of year 2011. One of our promoters Mr. BALRAM NARULA took part in the agitation organized at Kanpur. Police arrested him and registered a case under IPC Sec. 336 & 337 |

**III. LITIGATIONS RELATING TO THE DIRECTORS OTHER THAN PROMOTER OF THE COMPANY****Cases filed against the Directors**

| Sr. No | Particulars            | Nature of Matter | Case No.   | Details  |
|--------|------------------------|------------------|------------|--|
| 1.     | State vs Balram Narula | 336, 337 IPC     | 12735/2011 | All India agitation was organized by Readymade & Hosiery Association for removal of "EXCISE" from the Industry in the Budget of year 2011. One of our promoters Mr. BALRAM NARULA took part in the agitation organized at Kanpur. Police |



|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | arrested him and registered a case under IPC Sec. 336 & 337 |
|--|--|--|--|---|

**Cases filed by the Directors**

Nil

**IV. LITIGATIONS RELATING TO THE GROUP COMPANY****Cases Filed By the Group Company**

Nil

**Cases Filed Against the Group Company**

Nil

**Cases Pending with Income Tax Authority against Group Company**

Nil

**V. LITIGATIONS RELATING TO THE DIRECTORS OF GROUP COMPANY****Cases Filed Against the Directors of Group Company:**

There is a case filed against Mr. Balram Narula who is a director in two of the group companies – Jetknit Indclus Pvt. Ltd and Venus Knitwears Co. Pvt Limited

| Sr. No | Particulars            | Nature of Matter | Case No.   | Details  |
|--------|------------------------|------------------|------------|--|
| 1.     | State vs Balram Narula | 336, 337 IPC     | 12735/2011 | All India agitation was organized by Readymade & Hosiery Association for removal of “EXCISE” from the Industry in the Budget of year 2011. One of our promoters Mr. BALRAM NARULA took part in the agitation organized at Kanpur. Police arrested him and registered a case under IPC Sec. 336 & 337 |

**Cases Filed By the Directors of Group Company**

Nil

**Cases Pending with Income Tax Authorities against our Whole Time Director(s) and Whole Time Director(s) of our Group Entities:**

Nil

**VI. PAST CASES IN WHICH PENALTIES HAVE BEEN IMPOSED ON THE COMPANY**

There are no cases in the last five years in which penalties have been imposed on the Company.



**VII. CREDITORS OF THE COMPANY FOR THE AMOUNT EXCEEDING RS. 1 LAKHS OUTSTANDING FOR MORE THAN 30 DAYS.**

| <b>Sr. No.</b> | <b>Organization</b>                  | <b>Amount (Rs.)</b> |
|----------------|--------------------------------------|---------------------|
| 1.             | CHOKHANI ENTERPRISES                 | 2628640.00          |
| 2.             | MANSI ELECTRONICS                    | 2620142.00          |
| 3.             | GANESHA ECOSPHERE LTD.               | 1215000.00          |
| 4.             | SIKKA ELASTIC                        | 1075243.00          |
| 5.             | SANMATI PACKAGING PVT. LTD. (UP)     | 915539.00           |
| 6.             | KISHAN TRADING COMPANY               | 568374.00           |
| 7.             | R.L. RASAYAN UDYOG                   | 356833.00           |
| 8.             | S.S. CORPORATE PRINT HOUSE PVT. LTD. | 313217.00           |
| 9.             | T.N.J. INDUSTRIES                    | 312426.00           |
| 10.            | OM TRADERS                           | 234161.00           |
| 11.            | VEEKAY IMPEX                         | 231936.00           |
| 12.            | JAYANTI TRADERS                      | 197152.00           |
| 13.            | J.S. HOSIERY GHAZIABAD               | 187842.00           |
| 14.            | VIDHANI FASHIONS                     | 183714.00           |
| 15.            | GURUDEV KRIPA THREADS COMPANY        | 151774.00           |
| 16.            | SHAGNI LASERPRINTS                   | 134245.00           |
| 17.            | ESKAY TEXTILES                       | 120392.00           |
| 18.            | Chitra Printers                      | 104606.00           |
| 19.            | OM AGENCIES                          | 103005.00           |
| 20.            | UNIVERSAL PACKAGES                   | 102204.00           |

**MATERIAL DEVELOPMENTS**

Except as stated in the chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on page 152 of this Draft Prospectus, no material developments have taken place after March 31, 2015, the date of the latest balance sheet, that would materially adversely affect the performance of Draft prospectus of the Company. In accordance with SEBI requirements, our Company and the Lead Manager shall ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the NSE EMERGE Platform.

We certify that except as stated herein above:

- a. There are no pending proceedings for offences for non-payment of statutory dues by the promoter of the Company.
- b. There are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- c. There are no pending litigation against the Promoter/ Directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
- d. There are no pending proceedings initiated for economic offences against the Directors, Promoter, Companies and firms promoted by the Promoter.
- e. There are no outstanding litigation, defaults etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.
- f. There are no litigations against the Promoter / Directors in their personal capacity.
- g. The Company, its Promoter and other Companies with which promoter are associated have neither been suspended by SEBI nor has any disciplinary action been taken by SEBI.
- h. Following are the creditors as on August 31, 2015 to whom Company owes sum exceeding Rs. 1,00,000 and are outstanding for more than 30 days as certified by the management of Our Company.

| Sr. No. | Organization                         | Amount (Rs.) |
|---------|--------------------------------------|--------------|
| 1.      | CHOKHANI ENTERPRISES                 | 2628640.00   |
| 2.      | MANSI ELECTRONICS                    | 2620142.00   |
| 3.      | GANESHA ECOSPHERE LTD.               | 1215000.00   |
| 4.      | SIKKA ELASTIC                        | 1075243.00   |
| 5.      | SANMATI PACKAGING PVT. LTD. (UP)     | 915539.00    |
| 6.      | KISHAN TRADING COMPANY               | 568374.00    |
| 7.      | R.L. RASAYAN UDYOG                   | 356833.00    |
| 8.      | S.S. CORPORATE PRINT HOUSE PVT. LTD. | 313217.00    |
| 9.      | T.N.J. INDUSTRIES                    | 312426.00    |
| 10.     | OM TRADERS                           | 234161.00    |





***JET KNITWEAVES LIMITED***

---

|     |                               |           |
|-----|-------------------------------|-----------|
| 11. | VEEKAY IMPEX                  | 231936.00 |
| 12. | JAYANTI TRADERS               | 197152.00 |
| 13. | J.S. HOSIERY GHAZIABAD        | 187842.00 |
| 14. | VIDHANI FASHIONS              | 183714.00 |
| 15. | GURUDEV KRIPA THREADS COMPANY | 151774.00 |
| 16. | SHAGNI LASERPRINTS            | 134245.00 |
| 17. | ESKAY TEXTILES                | 120392.00 |
| 18. | Chitra Printers               | 104606.00 |
| 19. | OM AGENCIES                   | 103005.00 |
| 20. | UNIVERSAL PACKAGES            | 102204.00 |

**GOVERNMENT AND OTHER STATUTORY APPROVALS**

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, and no further approvals are required for carrying on our present business or to undertake the Issue. Unless otherwise stated, these approvals are all valid as on the date of the Draft Prospectus.

**I. APPROVALS FOR THE ISSUE****Corporate Approvals**

1. Our Board has, pursuant to a resolution passed at its meeting held on September 18, 2015 authorized the Issue.
2. Our shareholders have pursuant to a resolution passed at their meeting dated September 21, 2015 under Section 62(1)(c) of the Companies Act 2013, authorized the Issue.

**Approvals from Lenders**

1. The Company is enjoying credit facilities from State Bank of India, Kanpur in the form of Term Loan and Working capital limits. The Company has obtained NOC for the proposed IPO wide letter no. [●] from Lenders / Bankers.

**II. INCORPORATION DETAILS**

1. Corporate Identity Number: U19101UP1996PLC019722. Certificate of Incorporation dated April 02, 1996 issued by the Registrar of Companies, Kanpur.
2. Fresh Certificate of Incorporation dated April 01, 2015 issued by the Registrar of Companies National Capital Territory of Delhi and Haryana consequent upon conversion to public limited company.

**III. APPROVALS/ LICENSES IN RELATION TO THE BUSINESS OF OUR COMPANY**

We require various approvals and/ or licenses under various rules and regulations to conduct our business. Some of the material approvals required by us to undertake our business activities are set out below:

**A. Under Direct and Indirect Laws**

| Sr. No. | Nature of License / Approvals                   | Authority                             | Particulars of License / Approvals | Validity Period | Special conditions, if any |
|---------|---|---------------------------------------|------------------------------------|-----------------|----------------------------|
| 1.      | Registration in Income Tax Department           | Income Tax Department, Govt. of India | PAN: AAACJ3534B                    | Perpetual       | -                          |
| 2.      | Allotment of Tax Deduction Account Number (TAN) | Income Tax Department, Govt. of India | TAN: KNPJ00110F                    | Perpetual       | -                          |



| Sr. No. | Nature of License / Approvals  | Authority  | Particulars of License / Approvals | Validity Period | Special conditions, if any |
|---------|--|--|------------------------------------|-----------------|----------------------------|
| 3.      | Importer Exporter Code   | Joint Director General of Foreign Trade, Ministry of Commerce and Industry | IEC Code: 0696000075               | Perpetual       | -                          |
| 4.      | Service Tax Registration   | Central Board of Excise and Customs  | Service Code No.: AAACJ3534BSD001  | Perpetual       | -                          |
| 5.      | Registration under Central Sales Tax Allotment of Taxpayer's Identification Number (TIN) | Deptt. Of Commecial Taxes, Govt. of Uttar Pradesh                          | Code.: 09545300752 C               | Perpetual       |                            |
| 6.      |  |  |                                    |                 |                            |

**B. Other Government/Corporate Approvals**

| Sr. No. | Nature of License / Approvals               | Authority  | Particulars of License / Approvals | Validity Period | Special conditions, if any |
|---------|---|--|------------------------------------|-----------------|----------------------------|
| 1.      | Registration with Distt. Industries Centre. | Office of the General Manager, Distt. Industries Centre, Kanpur Nagar. | Code.: 090341201074                | Perpetual       | -                          |



| <b>Sr. No.</b> | <b>Nature of License / Approvals</b>                   | <b>Authority</b>   | <b>Particulars of License / Approvals</b>   | <b>Validity Period</b> | <b>Special conditions, if any</b>               |
|----------------|--|--|---|------------------------|---|
| 2.             | Registration for Manufacturere Exporter                | Export Promotion Bureau, Govt. of Uttar Pradesh                | Registration No. EPB/UPG/MFG/0563 13111190880010911                                     | 13.07.2015             | Renewal for further five years is awaited.<br>- |
| 3.             | Registration Cum Membership Certificate                | Apparel Export Promotion Council (Sponsored by Govt. of India, | Code.: AEPC/REG/SM/MAF/42176 Registered as Manufacturer Exporter of Readymade Garments. | 31.03.2015             | Applied for renewal.                            |
| 4.             | Registration under Factory Act                         | License under The Factories Act-1948                           | KPR-1621/018892   | December, 2013         | Renewal is awaited.                             |
| 5.             | Permission from Pollution Control Board, Uttar Pradesh | Uttar Pradesh Pollution Control Board, Kanpur.                 | 390/Sahmati Jal/J-33/10/4   | 31.12.2014             | Renewal is awaited.                             |

**We are yet to obtain following approvals/registrations:**

- We are not registered under the provisions of EPF Act 1952 with Provident Fund Regional Office.
- Consolidated Consent to Operate and Authorisation (CCA) was granted by Uttar Pradesh Pollution Control Board till 31.12.2014. Process of renewal has been initiated.
- Application for Renewal of License of our factory in Kanpur was sent to Asst Director of Factories. Acknowledgement of renewal is yet to be received.
- Name of our Company is changed as “Jet Knitwears Limied” from the earlier “Jet Knitwears Pvt. Limited”. Company Following is the list of departments to whom application have been sent to effect the name change:
  - a. The Branch Manager, State Bank of India, Kanpur.
  - b. Deputy Commissioner, Central Excise Division, Kanpur
  - c. The Superintendent, Customs & Central Excise, Kanpur.
  - d. The Member Secretary, Uttar Pradesh Pollution Control Board, Kanpur.




- e. The Managing Director, Kanpur Electric Supply Company Limited, Kanpur
- f. The General Manager, District Industries Centre, Kanpur.
- g. The Asst Director of Factories, Kanpur
- h. The Deputy Commissioner, Sales Tax Deptt, Kanpur.
- i. The Chief Fire Officer, Fire Office, Kanpur
- j. Department of Commercial Taxes, Kanpur.
- k. Apparel Export Promotioin Council, Okhla Industrial Area, Phase I, New Delhi.
- l. Office of the Jt. Director General of Foreign Trade, Kakadeo, Kanpur.
- m. Office of the General Manager, Distt. Industries Centre, Kanpur Nagar.
- n. Office of the Oriental Insurance Co. Limited, The Mall, Kanpur.

## INTELLECTUAL PROPERTY

### Logos and Trademarks:

The company has the following registered logo and trademarks in their name:

| S. No. | Particulars               | Detailed Information   | Product Details  |
|--------|---------------------------|--|--|
| 1.     | Valid upto<br>28.12.2018  | <br>833993-25           | Vest, Underwear Bra & Panties,<br>Socks  |
| 2.     | Valid upto<br>17.09.2024  | <br>1309424-25         | Hosiery undergarments like<br>Vests, Briefs, Brassiere, panties,<br>socks, T-shirts. |
| 3.     | Valid upto<br>28.05.2017  | <br>Reg No. 349697-25 | Vest & Briefs  |
| 4.     | Valid up to<br>10.08.2018 | <br>Reg No. 637004-25 | Vest & Briefs Included In Class-<br>25   |
| 5.     | Valid up to<br>03.08.2018 | <br>Reg No. 813303-25 | Vest Undergarments, Bra &<br>Panties, Socks  |
| 6.     | Valid upto<br>14.12.2018  | <br>Reg No. 667858-25 | Underwears, Banian, Bra &<br>Readymade Garments                                      |



## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **AUTHORITY FOR THE ISSUE**

The Issue has been authorized by a resolution passed by our Board of Directors at its meeting held on September 18, 2015 and by the shareholders of our Company by a special resolution, pursuant to Section 62(1)(c) of the Companies Act, 2013, passed at the Annual General Meeting of our Company held on September 21, 2015 at registered office of the Company.

### **PROHIBITION BY SEBI, RBI OR OTHER GOVERNMENTAL AUTHORITIES**

Our Company, our Promoter, our Directors, our Promoter Group and our Group Entities, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

The companies with which our Promoter, our Directors or persons in control of our Company are/ were associated as promoter, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against any of our Directors or any entity our Directors are associated with as directors.

### **PROHIBITION BY RBI**

Neither our Company, nor our Promoter, or the relatives (as defined under the Companies Act) of our Promoter or Group Entities have been identified as willful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or no proceedings thereof are pending against them.

### **ELIGIBILITY FOR THIS ISSUE**

Our Company is eligible for the Issue in terms of Regulation 106M(1) 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 not more than Rs. 1,000 Lakhs, may issue shares to the public in accordance with the provisions of Chapter XB of the SEBI (ICDR) Regulations, 2009. Our Company also complies with the eligibility conditions laid by the NSE EMERGE Platform for listing of our Equity Shares.

### **We confirm that:**

1. In accordance with regulation 106(P) of the SEBI ICDR Regulations, this Issue will be 100% underwritten and that the LM will underwrite at least 15% of the total issue size. For further details pertaining to underwriting please refer to chapter titled "General Information" beginning on page 36 of this Draft Prospectus.
2. 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, be liable to repay such application money, with interest as prescribed u/s 40 of the Companies Act, 2013
3. In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Draft 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.

4. In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the Lead Manager will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue. For further details of the market making arrangement see chapter titled “General Information” beginning on page 36 of this Draft Prospectus.
5. The Company has Net Tangible assets of at least Rs. 1 crore as per the latest audited financial results.
6. The Net worth (excluding revaluation reserves) of the Company is at least Rs. 1 crore as per the latest audited financial results. Net worth of the Company as on March 31, 2015 is Rs. 646.44 lacs.
7. The Post-issue paid up capital of the Company shall be at least Rs. 1 Crore. The paid up capital shall be Rs. 5802.20 Lakh after the issue.
8. The Company shall mandatorily facilitate trading in demat securities and is in the process of entering in to an agreement with both the depositories.
9. The Company has not been referred to Board for Industrial and Financial Reconstruction.
10. No petition for winding up is admitted by a court of competent jurisdiction or a liquidator has been appointed against the Company.
11. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
12. The Company has a website: [www.jetknit.com](http://www.jetknit.com)
13. There has been no change in the Promoter(s) of the Company in the preceding one year from the date of filling application to NSE EMERGE Platform.

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, SARTHI CAPITAL ADVISORS PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, 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 THIS DRAFT PROSPECTUS, THE LEAD MANAGER, SARTHI CAPITAL ADVISORS PRIVATE LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, SARTHI CAPITAL ADVISORS PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 23.05.2015 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992.

“WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, CIVIL LITIGATIONS, DISPUTES WITH COLLABORATORS, CRIMINAL LITIGATIONS ETC. AND OTHER MATERIAL 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 ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
  - A. THE DRAFT PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - C. THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF





**COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.**

- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S 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 PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956\* AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE 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, SUBJECT TO COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS**
- 10. 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\*\***
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:**
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE**



**ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**

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

- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S 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 BANKERS AS PER FORMAT SPECIFIED BY THE BOARD (SEBI) THROUGH CIRCULAR – DETAILS ARE ENCLOSED IN “ANNEXURE A”**
- 17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTION HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.”**

*\*Section 40(3) of the Companies Act, 2013 has been notified by the Ministry of Corporate Affairs, Government of India.*

*\*\*Section 29 of the Companies Act, 2013 provides inter alia that every company making public offers shall issue securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and the regulations made thereunder.*

**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 HAVE 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. – NOTED FOR COMPLIANCE.**
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION 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 EXCHANGE BOARD 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 Draft Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Draft Prospectus with the Registrar of Companies National Capital Territory of Delhi and Haryana in terms of sections 26, 32 and 33 of the Companies Act, 2013.

**DISCLAIMER STATEMENT FROM OUR COMPANY AND THE LEAD MANAGER**

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, [www.jetknit.com](http://www.jetknit.com) would be doing so at his or her own risk.

**Caution**

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Agreement for Issue Management entered into among the Lead Manager and our Company dated 18.09.2015, the Underwriting Agreement dated [●] entered into among the Underwriter and our Company and the Market Making Agreement dated [●] entered into among the Market Maker, Lead Manager and our Company.

Our Company and the Lead Manager shall make all information available 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 or at collection centers, *etc.*

**Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Lead Manager and their respective directors, officers, agents, affiliates and**



**representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.**

**PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE LEAD MANAGER**

We have not handled any issues in the past.

For details regarding the price information and the track record of the Lead Manager to the Issue, please refer the website of the Lead Manager: [www.mefcom.in](http://www.mefcom.in)

**DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FIIs, Eligible NRIs, QFIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Draft Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft 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 Kanpur only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been filed with NSE for its observations and NSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby 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.

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.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.



## **DISCLAIMER CLAUSE OF THE NSE EMERGE PLATFORM**

As required, a copy of this Draft Prospectus shall be submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Prospectus, shall be included in the Prospectus prior to the RoC filing.

## **FILING**

This Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the Offer Document in term of Regulation 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at the SEBI Northern Regional Office, 5th Floor, Bank of Baroda Building, 16 Sansad Marg, New Delhi - 110001. A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the RoC situated at 10/499 B, Allenganj, Khalasi Line, Kanpur-208002

In terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of obtaining in- principle approval from NSE EMERGE Platform. However application will be made to the NSE EMERGE Platform for obtaining permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The NSE EMERGE Platform has given its in-principal approval for using its name in our Draft Prospectus vide its letter dated [●].

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the NSE EMERGE Platform, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 days from the Issue Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the 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 NSE EMERGE Platform mentioned above are taken within twelve Working Days from the Issue Closing Date.

## **CONSENTS**

Consents in writing of: (a) the Directors, the Promoter, the Company Secretary and Compliance Officer, the Auditors, Secretarial Auditor, the Banker to the Issue; and (b) Lead manager, Underwriters, Market Makers Registrar to the Issue, Banker(s) to the Issue, Legal Advisor to the Issue to act in their respective capacities have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Section 32 of Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC. Our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Prospectus and such consent and report is not withdrawn up to the time of delivery of this Draft Prospectus with NSE.

## **EXPERT TO THE ISSUE**

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

1. Report of the Statutory Auditor on Statement of Tax Benefits.
2. Certificate of Deployment of Fund.



## **EXPENSES OF THE ISSUE**

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. For details of total expenses of the Issue, see the chapter “Objects of the Issue” beginning on page 59 of this Draft Prospectus.

## **DETAILS OF FEES PAYABLE**

### **Fees Payable to the Lead Manager**

The total fees payable to the Lead Manager will be as per the Mandate Letter dated 06.02.2015 issue by our Company to the Lead Manager, the copy of which is available for inspection at our Registered Office.

### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated 17.09.2015, 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 by the Company 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.

### **Fees Payable to Others**

The total fees payable to the Legal Advisor, Auditor and Advertiser, *etc.* will be as per the terms of their respective engagement letters.

## **UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION**

The underwriting commission and selling commission for this Issue is as set out in the Underwriting Agreement entered into between our Company and the Lead Manager. Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

## **PREVIOUS RIGHTS AND PUBLIC ISSUES DURING THE LAST FIVE YEARS**

We have not made any previous rights and/or public issues during the last five years, except the following and are an “Unlisted Issuer” in terms of the SEBI ICDR Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations.

## **PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 44 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

## **COMMISSION AND BROKERAGE ON PREVIOUS ISSUES**

Since this is the initial public offer of the Equity Shares by 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.

## **PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1B) OF THE COMPANIES ACT WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS:**

None of the equity shares of our Group Entities are listed on any recognized stock exchange. None of the group companies have raised any capital during the past 3 years.

## **PROMISE VERSUS PERFORMANCE FOR OUR COMPANY**





Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Therefore, data regarding promise versus performance is not applicable to us.

#### **OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY OUR COMPANY**

As on the date of this Draft Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

#### **STOCK MARKET DATA FOR OUR EQUITY SHARES**

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

#### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES**

The Agreement between the Registrar and our Company provides for retention of records with the Registrar for a period of at least three year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar with a copy to the Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA applicants.

#### **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Applicant shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have constituted the Stakeholders Relationships Committee Shareholders of the Board *vide* resolution passed at the Board Meeting held on 01.09.2015. For further details, please refer to the chapter titled “*Our Management*” beginning on page 97 of this Draft Prospectus.

Our Company has appointed Ms. Parul Gupta as the Company Secretary and Compliance Officer and she may be contacted at the following address:

**Jet Knitwears Limited**

119/410-B-1 Darshanpurwa,

Kanpur- 208012

Tel: 0512-2217553

Fax: 0512-2296128

Website: [www.jetknit.com](http://www.jetknit.com)

E-Mail: [info@jetknit.com](mailto:info@jetknit.com)



Investors can contact the Company Secretary and Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, *etc.*

#### **CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS**

There have been no changes in the statutory auditors of our Company in the last three financial years.

#### **CAPITALISATION OF RESERVES OR PROFITS**

Save and except as stated in the chapter titled “*Capital Structure*” beginning on page 44 of this Draft Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

#### **REVALUATION OF ASSETS**

Our Company has not revalued its assets since incorporation.

#### **PURCHASE OF PROPERTY**

Other than as disclosed in this Draft Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Prospectus.

Except as stated elsewhere in this Draft Prospectus, our Company has not purchased any property in which the Promoter and/or Directors have any direct or indirect interest in any payment made there under.

#### **SERVICING BEHAVIOR**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.





## **SECTION VII – ISSUE INFORMATION**

### **TERMS OF THE ISSUE**

*The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of this Draft Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note ('CAN') and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, NSE EMERGE Platform, 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.*

### **RANKING OF EQUITY SHARES**

The Equity Shares being offered shall be subject to the provisions of the Companies Act, 1956 along with notified provisions of Companies Act, 2013, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details please refer to the section titled, 'Main Provisions of the Articles of Association of the Company' on page 205 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 and recommended by the Board of Directors at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 2013. For further details, please refer to the chapter titled 'Dividend Policy' on page 123 of this Draft Prospectus.

### **FACE VALUE AND ISSUE PRICE**

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Draft Prospectus at the price of Rs. 25/- per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the chapter titled 'Basis for Issue Price' beginning on page 65 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### **RIGHTS OF THE EQUITY SHAREHOLDERS**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;



- 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 and the Memorandum and Articles of Association of the Company.

#### **MINIMUM APPLICATION VALUE, MARKET LOT AND TRADING LOT**

As per the provisions of the Depositories Act, the shares of a body corporate can be in dematerialized form i.e. not in the form of physical certificates, but be fungible and be represented by the statement issued through electronic mode. The trading of the Equity Shares will happen in the minimum contract size of 4,000 Equity Shares and the same may be modified by the NSE EMERGE Platform from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Issue will be done in multiples of 4,000 Equity Shares subject to a minimum allotment of 4,000 Equity Shares to the successful Applicants.

#### **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.

#### **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 72 of the Companies Act 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, 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 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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to 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 moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.



## **MINIMUM SUBSCRIPTION**

In the event our Company does not receive a minimum subscription of 100% of the Issue, subject to the Issue being made for at least 25% of the post-Issue paid up Indian Equity Share capital of our Company, in accordance with Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, including devolvement to the Underwriters within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received not later than 70 days from the Bid/Issue Closing Date. If there is a delay beyond eight days after the expiry of 70 days from the Bid/Issue Closing Date, the Directors of our Company who are officers in default shall jointly and severally be liable to repay the money with such interest as prescriber under section 39(3) of the Companies Act, 2013 and Companies (Prospectus and Allotment of Securities) Rules, 2014. Further Section 39(5) states that in case of default under section 39(3), the Company and its officers who are in default shall be liable to 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 other reason. If a default is made in complying with the provisions of this section the Company shall be punishable with a fine which shall not be less than Rs. 500,000, but 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 with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 300,000 or with both.

## **MIGRATION TO MAIN BOARD**

Our company may migrate to the main board of NSE from the EMERGE Exchange at a later date subject to the following:

- a) If the Paid up Capital of our 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 Promoter 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), our Company shall apply to NSE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- b) If the Paid up Capital of our company is more than 10 crores but below Rs. 25 crores, our Company 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 Promoter 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 offered through this issue are proposed to be listed on the NSE EMERGE Platform (SME Exchange) wherein the Lead Manager to the issue shall ensure compulsory Market Making through registered Market Makers of the SME Exchange for a minimum period of three years from the date of listing of shares offered through this Draft Prospectus. For further details of the Market Making arrangement see chapter titled “General Information” beginning on page 36 of this Draft Prospectus.



### **ARRANGEMENTS FOR DISPOSAL OF ODD LOTS**

The trading of the Equity Shares will happen in the minimum contract size of 4,000 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 NSE EMERGE Platform.

### **RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES OR DEBENTURES AND ON THEIR CONSOLIDATION OR SPLITTING**

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution as detailed in chapter titled "Capital Structure" beginning on page 44 of this Draft Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. Please refer to the section "Main Provisions of the Articles of Association" beginning on page 205 of this Draft Prospectus.

### **ALLOTMENT OF EQUITY SHARES IN DEMATERIALIZED FORM**

Our Company shall issue shares only in dematerialized. Investors making application in dematerialized form may get the specified securities rematerialized subsequent to allotment.

### **NEW FINANCIAL INSTRUMENTS**

The Issuer Company is not issuing any new financial instruments through this Issue.

### **JURISDICTION**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Kanpur, India.

**The Equity Shares have not been and will not be registered under the U.S. 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), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and 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 applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**ISSUE STRUCTURE**

This Issue is being made in terms of Regulation 106(M)(1) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post-issue face value capital is more than Rs. 1,000 Lakhs and upto Rs. 2,500 Lakhs, 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 NSE EMERGE Platform). For further details regarding the salient features and terms of such an Issue please refer to the chapters titled 'Terms of the Issue' and 'Issue Procedure' beginning on page 179 and 185 of this Draft Prospectus.

**FOLLOWING IS THE ISSUE STRUCTURE:**

Public Issue of 28,02,000 Equity shares of face value of Rs. 10/- each fully paid (the 'Equity Shares') for cash at a price of Rs. 25/- per Equity Share aggregating Rs. 700.50 Lakhs ('the Issue') by our Company.

The Issue comprises a Net Issue to Public of 26,58,000 Equity Shares ('the Net Issue') and a reservation of 1,44,000 Equity Shares for subscription by the designated Market Maker ('the Market Maker Reservation Portion').

| Particulars of the Issue                          | Net Issue to Public*   | Market Maker Reservation Portion |
|---|--|----------------------------------|
| Number of Equity Shares available for allocation  | 26,58,000 Equity Shares  | 1,44,000 Equity Shares           |
| Percentage of Issue Size available for allocation | 95.00 % of the Issue size  | 5.00 % of the Issue size         |
| Basis of Allotment                                | Proportionate subject to minimum allotment of 4,000 Equity Shares and further allotment in multiples of 4,000 Equity Shares each. For further details please refer to the "Basis of Allotment" on page 192 of this Draft Prospectus. | 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        |
| Minimum Application Size                          | For QIB and NII:<br>Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Value exceeds Rs. 2,00,000/-  | 1,48,000 Equity Shares           |



| <b>Particulars of the Issue</b> | <b>Net Issue to Public*</b>  | <b>Market Maker Reservation Portion</b>  |
|---------------------------------|--|--|
|                                 | For Retail Individuals:<br>4,000 Equity Shares   |  |
| Maximum Application Size        | For QIB and NII:<br><br>Such number of equity shares in multiples of 4,000 Equity Shares such that the Application Size does not exceed 13,72,000 Equity Shares.<br><br>For Retail Individuals:<br>4,000 Equity Shares | Application size shall be 1,48,000 equity shares since there is a firm allotment   |
| Mode of Allotment               | Dematerialized Form  | Dematerialized Form  |
| Trading Lot                     | 4,000 Equity Shares  | 4,000 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                | The entire Application Amount will be payable at the time of submission of the Application Form.   |  |

\*50% of the shares offered are reserved for applications below Rs. 2 lakh and the balance for higher amount applications.

|                    |     |
|--------------------|-----|
| 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**

This Issue is being made in terms of Regulation 106(M) (1) 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.

As per the provisions 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 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:

| <b>Category</b>   | <b>Color of Application Form</b> |
|---|----------------------------------|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis | White                            |
| Non-Residents and Eligible NRIs 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?**

Persons eligible to invest under all applicable laws, rules, regulations and guidelines:-

- Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
- Hindu Undivided Families or 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;

- Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual under the QIB Portion;
- Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional applicants category;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India

As per the existing regulations, OCBs cannot participate in this Issue.

#### **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, either in the QIB Portion and Non-Institutional Portion 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 NSE limited i.e. [www.nseindia.com](http://www.nseindia.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 From any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

## **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 Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public.

## **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 reserved 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. 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. The Company does not require approvals from FIPB or RBI for the issue of equity shares to eligible NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

**AS PER THE CURRENT REGULATIONS, THE FOLLOWING RESTRICTIONS ARE APPLICABLE FOR INVESTMENTS BY FIIS:**

- The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to our Company, such investment must be made out of funds raised or collected or brought from outside India through normal banking channels and the investment must not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to our Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting. As on the date of this Draft Prospectus, no such resolution has been recommended to the shareholders of our Company for adoption.
- Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 ('SEBI FII Regulations'), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the LM that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation or claim or claim on or an interest in, our Company.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

**APPLICATIONS BY SEBI REGISTERED ALTERNATIVE INVESTMENT FUND (AIF), VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. As per the current regulations, the following restrictions are applicable for SEBI registered venture capital funds and foreign venture capital investors:

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investor can invest only up to 33.33% of the funds available for investment by way of subscription to an Initial Public Offer.



The SEBI (Alternative Investment Funds) Regulations, 2012 prescribes investment restrictions for various categories of AIF's.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF 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).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors on December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

#### **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 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.**

## **MAXIMUM AND MINIMUM APPLICATION SIZE**

### **a) For Retail Individual Applicants**

The Application must be for a minimum of 4,000 Equity Shares. As the Application Price payable by the Applicant cannot exceed Rs. 2,00,000, they can make Application for only minimum Application size i.e. for 4,000 Equity Shares.

### **b) 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 4,000 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 Registrar of Companies, National Capital Territory of Delhi and Haryana 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 payable at New Delhi.

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 NSE Limited i.e. [www.nseindia.com](http://www.nseindia.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 NSE EMERGE Platform (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 4,000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 4,000 equity shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the draw 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 4,000 equity shares, the applicant would be allotted Shares by rounding off to the nearest multiple of 4,000 equity shares subject to a minimum allotment of 4,000 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 4000 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 NSE.

The Executive Director / Managing Director of NSE – 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 s 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. 25/- per 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 drawn on any Bank (including a Co operative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the centre where the Application Form is submitted. 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 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: 'Jet Knitwears Limited – Public Issue – R'.
  - In case of Non Resident Retail Applicants applying on repatriation basis: 'Jet Knitwears Limited – Public Issue – NR'
2. In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupees 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 (1<sup>st</sup> 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 4000;
- 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 4.00 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 [●] and this issue is 100% Underwritten.

## **FILING OF THE PROSPECTUS WITH THE ROC**

The Company will file a copy of the Prospectus with the Registrar of Companies, Kanpur in terms of Section 32 of 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 two 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 s 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 s 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 s 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 demands 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 NSE EMERGE Platform 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 DEMATERIALISED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company will enter into following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- (a) We are in the process of entering tripartite agreement between NSDL, the Company and the Registrar to the Issue;
- (b) We are in the process of entering tripartite agreement between CDSL, the Company and the Registrar to the Issue;

The Company's Equity shares bear an ISIN No. [●].

- 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 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](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, , 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.



## **RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in our Company.

India's current Foreign Direct Investment ("FDI") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI ("DIPP") by circular 1 of 2013, with effect from April 05, 2013 ("Circular 1 of 2013"), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government usually updates the consolidated circular on FDI Policy once every Year and therefore, Circular 1 of 2013 will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a Non-resident does not require the prior approval of the FIPB or the RBI, subject to fulfillment of certain conditions as specified by DIPP / RBI, from time to time. Such conditions include (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and the non-resident shareholding is within the sectoral limits under the FDI policy; and (ii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. Investors are advised to refer to the exact text of the relevant statutory provisions of law before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company.

**The Equity Shares have not been and will not be registered under the U.S Securities Act of 1933, as amended (U.S. 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), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities laws. Accordingly the Equity Shares are being offered and sold only outside the United States in offshore transaction in reliance on Regulation S under the U.S Securities Act and the applicable laws of the jurisdiction where those offers and sale occur. However 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. Our 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 Applications are not in violation of laws or regulations applicable to them.**



**SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

**ARTICLES OF ASSOCIATION  
OF  
JET KNITWEARS LIMITED**

***Interpretation***

**I. (1) In these regulations—**

(a) “the Act” means the Companies Act, 2013,

(b) “the seal” means the common seal of the company.

- (2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

***Share capital and variation of rights***

**II. 1.** Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

**2. (i)** Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be

provided,—

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any 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 for a share to one of several joint holders shall be sufficient delivery to all such holders.

**3. (i)** If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back 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 is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.



(ii) **Permission for sub-division/consolidation of share certificates.**

(iii) **That any amount paid up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits;**

4. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5 (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rule made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further share ranking *pari passu* therewith.

8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

#### ***Lien***

9. (i) The company shall have a first and paramount lien—

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) **That fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares;**

(c) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:



Provided that the Board of directors may at any time declare any share to wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividend bonuses declared from time to time in respect of such shares.

**10.** The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

**11.** (i) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

**12.** (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

#### ***Calls on shares***

**13.** (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call

(ii) **That option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings.**

(iii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iv) A call may be revoked or postponed at the discretion of the Board

**14.** A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.



**15.** The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

**16. (i)** If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.

**(ii)** The Board shall be at liberty to waive payment of any such interest wholly or in part.

**17. (i)** Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

**(ii)** In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

**18.** The Board—

**(a)** may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

**(b)** upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

### ***Transfer of shares***

**19. (i)** That a common form of transfer shall be used;

**(ii)** That registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever;

**(iii)** The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

**(iv)** The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

**20.** The Board may, subject to the right of appeal conferred by section 58 decline to register—

**(a)** the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

**(b)** any transfer of shares on which the company has a lien.

**21.** The Board may decline to recognize any instrument of transfer unless—



(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

**22.** On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

#### ***Transmission of shares***

**23.** (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a shareholder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

**24.** (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

**25.** (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

**26.** A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of



the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have complied with.

**27. In case of a One Person Company—**

(i) on the death of the sole member, the person nominated by such member shall be the person recognized by the company as having title to all the shares of the member;

(ii) the nominee on becoming entitled to such shares in case of the member's death shall be informed of such event by the Board of the company;

(iii) such nominee shall be entitled to the same dividends and other rights and liabilities to which such sole member of the company was entitled or liable;

(iv) on becoming member, such nominee shall nominate any other person with the prior written consent of such person who, shall in the event of the death of the member, become the member of the company.

***Forfeiture of shares***

**28.** If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

**29. The notice aforesaid shall—**

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

**30.** If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect

**31. (i)** A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.





**32.** (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

**33** (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

**34.** The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### ***Alteration of capital***

**35.** The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

**36.** Subject to the provisions of section 61, the company may, by ordinary resolution,—

(a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

**37.** Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.



(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

**38.** The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law,—

- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

#### ***Capitalization of profits***

**39.** (i) The company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
- (C) Partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

**40.** (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) Make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and



(b) Generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(a) To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

#### ***Buy-back of shares***

**41.** Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### ***General meetings***

**42.** All general meetings other than annual general meeting shall be called extraordinary general meeting.

**43. (i)** The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### ***Proceedings at general meetings***

**44 (i)** No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

**45.** The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

**46.** If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

**47.** If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

**48.** In case of a One Person Company—



(i) the resolution required to be passed at the general meetings of the company shall be deemed to have been passed if the resolution is agreed upon by the sole member and communicated to the company and entered in the minutes book maintained under section 118;

(ii) such minutes book shall be signed and dated by the member;

(iii) the resolution shall become effective from the date of signing such minutes by the sole member.

#### ***Adjournment of meeting***

**49.** (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### ***Voting rights***

**50.** Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

**51.** A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

**52.** (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

**53.** A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

**54.** Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

**55.** No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.



**56.** (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

#### ***Proxy***

**57.** The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

**58.** An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

**59.** A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### ***Board of Directors***

**60.** The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.

**61.** (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

**62.** The Board may pay all expenses incurred in getting up and registering the company.

**63.** The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that (section) make and vary such regulations as it may think fit respecting the keeping of any such register.

**64.** All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.



**65.** Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

**66. (i)** Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

**(ii)** Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

#### ***Proceedings of the Board***

**67. (i)** The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

**(ii)** A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

**68. (i)** Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

**(ii)** In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

**69.** The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

**70. (i)** The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

**(ii)** If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

**71. (i)** The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

**(ii)** Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

**72. (i)** A committee may elect a Chairperson of its meetings.

**(ii)** If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

**73. (i)** A committee may meet and adjourn as it thinks fit.



(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

**74.** All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

**75.** Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

**76** In case of a One Person Company—

(i) where the company is having only one director, all the businesses to be transacted at the meeting of the Board shall be entered into minutes book maintained under section 118;

(ii) such minutes book shall be signed and dated by the director;

(iii) the resolution shall become effective from the date of signing such minutes by the director.

***Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer***

**77.** Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

**78.** A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

***The Seal***

**79.** (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.



***Dividends and Reserve***

**80.** (i) The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

**(ii) That there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law;**

**81.** Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

**82.** (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

**83.** (i) 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.

(ii) 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.

(iii) 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.

**84.** The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

**85.** (i) Any dividend, interest or other monies payable in cash in respect of shares maybe paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

**86.** Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

**87.** Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

**88.** No dividend shall bear interest against the company.





### ***Accounts***

**89.** (i) 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 of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

### ***Winding up***

**90.** Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### ***Indemnity***

**91 .** Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.



## **SECTION IX – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of this Draft Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 119/410-B-1, Darshanpurwa, Kanpur-20801(Uttar- Pradesh), India, from date of filing this Draft Prospectus with RoC to Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

#### **MATERIAL CONTRACTS**

1. Mandate letter dated 06.02.2015 issue by our Company to the Lead manager.
2. Issue Agreement dated 18.09.2015 between our Company and the Lead Manager.
3. Agreement dated 17.09.2015 between our Company and the Registrar to the Issue.
4. Escrow agreement dated [●] among our Company, the Lead Manager, the Escrow Collection Banks, and the Registrar to the Issue.
5. Underwriting agreement dated [●] between our Company and Lead Manager.
6. Market Making Agreement dated [●] between our Company, the Lead Manager and the Market Maker.
7. Agreement among NSDL, our Company and the Registrar to the Issue dated [●].
8. Agreement among CDSL, our Company and the Registrar to the Issue dated [●].

#### **MATERIAL DOCUMENTS**

1. Certified true copy of the Memorandum and Articles of Association of our Company, as amended from time to time including certificates of incorporation.
2. Resolution of the Board dated September 18, 2015 authorizing the Issue.
3. Special Resolution of the shareholders passed at the Annual General Meeting dated September 21, 2015 authorizing the Issue.
4. Statement of Tax Benefits dated 15.09.2015, issued by Statutory Auditor, M/s Sushil Gupta & Co., Chartered Accountants, Chartered Accountants.
5. Report of the Statutory Auditor M/s Sushil Gupta & Co., Chartered Accountants, Chartered Accountants, on the Restated Financial Statements for the Financial Year ended as on March 31, 2015, 2014, 2013, 2012 and 2011 of our Company.
6. Consents of Directors, Company Secretary and Compliance Officer, Statutory Auditors, Bankers to our Company, the Lead Manager, Registrar to the Issue, Bankers to the Issue/Escrow Collection Banks, Refund Banker to the Issue, to act in their respective capacities.
7. Copy of approval from NSE *vide* letter dated [●] to use the name of NSE in this offer document for listing of Equity Shares on NSE EMERGE Platform.
8. Due Diligence Certificate dated 23.09.2015 from the Lead Manager.
9. Copy of Managing Director Agreement with Mr. Balram Narula and our Company dated June 01, 2015 for his appointment.
10. Copy of the Special Resolution dated June 27, 2015 for the detailed terms of appointment of Mr. Balram Narula as Managing Director of the Company.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

**DECLARATION**

We, the Directors, hereby certify and declare that, all relevant provisions of the Companies Act, 1956, notified provisions of Companies Act, 2013 and the guidelines issued by the Government of India or the regulations / 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 the Draft Prospectus is contrary to the provisions of the Companies Act, 1956, notified provisions of Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Prospectus are true and correct.

**Signed by the Directors of our Company**

| <b>Name</b>              | <b>DIN</b> | <b>Designation</b>             | <b>Signature</b> |
|--------------------------|------------|--------------------------------|------------------|
| Mr. Balram Kumar Narula  | 00274462   | Executive and Non- Independent |                  |
| Mr. Anil Kumar Narula    | 00274483   | Executive and Non- Independent |                  |
| Mr. Rakesh Kumar Narula  | 00274566   | Executive and Non-Independent  |                  |
| Mr. Ashok Chandra Bajpai | 05358863   | Non-Executive and Independent  |                  |
| Mr. Ramesh Chandra       | 00111716   | Non-Executive and Independent  |                  |
| Mrs. Dinesh Parashar     | 07270662   | Non-Executive and Independent  |                  |

**Signed by Company Secretary**

Ms. Parul Gupta

**Signed by Chief Finance Officer**

Mr. Ankur Narula

**Date:** September 25, 2015**Place:** Kanpur