DRAFT PROSPECTUS
Dated September 29, 2009

ANKITA KNIT WEAR LIMITED

(Company Registration No. - 113372/1998; CIN - U17300MH1998PLC113372; ISIN - INE464K01019)

(The Company was incorporated as "Ankita Knit Wear Private Limited" on February 4, 1998 under the Companies Act, 1956. The name of the Company was changed to "Ankita Knit Wear Limited" and a fresh Certificate of Incorporation consequent to change in name was obtained on June 25, 2007). The Registered Office of the Company was shifted from E-19-C/302, Yogi Nagar, Borivali (W), Mumbai- 400 091 to Plot No. 10 -11, Village - Vadavali, Post - Uchat, Taluka - Wada, Dist. - Thane - 421312 on November 10, 2007.

Registered Office: Plot No. 10 -11, Village Vadavali, Post Uchat, Taluka Wada, Dist. Thane - 421 312, Maharashtra.
Tel. No.: 91-2526-222902; **Fax No.:** 91-2526-222904
Email: info@ankitafashion.com; **Website:** www.ankitafashion.com
Contact Person: Mr. Subodh Kumar Soni, Company Secretary & Compliance Officer

Promoters: Mr. Anil Kumar Jhawar, Mrs. Jayanti Jhawar and Innovation Holdings Private Limited

THE ISSUE

Public Issue of 1,00,00,000 equity shares of Rs.10/- each issued for cash at a premium of Rs. 15 /- per equity share i.e. at a Price of Rs. 25/- (Rupees Twenty-Five Only) per equity share aggregating to Rs. 2500.00 lacs ("the Issue" or "the net Issue") by Ankita Knit Wear Limited ('the Company' or ' the Issuer'). The face value of the share is Rs.10/- each and the issue price is 2.5 times of the face value. The Issue to the Public will constitute 48.52% of the fully diluted Post-Issue Equity Share Capital of the Company.

The Issue is being made in terms of Regulation 26(1) (a), (b), (c) and (d) of SEBI (ICDR) Regulations, 2009. In addition to this, the "Project" has participation by State Bank of India, the Appraiser of the Project, to the extent of 44.44% of the total Project Cost. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is Rs. 10/- and the issue price is '2.5 times' of the face value. The issue price has been determined and justified by the Lead Merchant Banker and the Issuer as stated under the paragraph on "Basis for the Issue Price" should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of the Issuer nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document.

Specific attention of the Investors is invited to the statement of Risk Factors given on Page No. 07 of this Draft Prospectus under the Section "General Risks".

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Offer Document contains all information with regard to the Issuer and the issue, which is material in the context of the issue, that the information contained in this Offer Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

This issue has been graded by **Credit Analysis & Research Limited ("CARE")** and has been assigned the "IPO Grade [●]" indicating ---, through their letter dated --------------------- which is valid for a period of two months. For further details in this regard please refer Page No. 45 of this Draft Prospectus.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the **Bombay Stock Exchange Limited ("BSE")** the Designated Stock Exchange. Our company has received an in-principle approval for listing of the equity shares from BSE vide its letter No ----------------- dated ------------ 2009.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
Aryaman Financial Services Limited 306-307 Mint Chambers, 45/47 Mint Road, Fort, Mumbai - 400 001. Tel No.: 91-22-2261 8264 / 8269 Fax No.: 91-22-2263 0434. Web: www.afsl.co.in Email: aryaman_limited@rediffmail.com / info@afsl.co.in Contact Person: Mr. Amit Kumar SEBI Registration No. INM000011344	**Bigshare Services Pvt. Limited** E-2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East); Mumbai - 400 072. Tel. No.: 91-22-4043 0200 / 2847 0652 Fax No.: 91-22-2847 5207 Web: www.bigshareonline.com Email: ipo@bigshareonline.com Contact Person: Mr. Ashok Shetty SEBI Registration No. INR000001385

ISSUE OPENS ON	ISSUE CLOSES ON
[●]	[●]

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SECTION I: DEFINITIONS AND ABBREVIATIONS

1.1 ABBREVIATIONS	
Abbreviation	**Full Form**
AAPL	Ankita Agro Private Limited
A/c	Account
AOA	Articles of Association
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
ATC	Agreement on Textiles and Clothing
CA	Current Account
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis and Research Limited
CDSL	Central Depository Services (India) Limited
CHS	Co-operative Housing Society
CIN	Corporate Identification Number
EPS	Earning Per Share
EGM	Extraordinary General Meeting
ESIC	Employees State Insurance Corporation
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIIs	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
GoI/Government	Government of India
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
ICDR	Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009
IHPL	Innovation Holdings Private Limited
I.T Act	Income Tax Act, 1961, as amended from time to time
MFA	Multi-Fibre Agreement
MOU	Memorandum of Understanding
MSEDL	Maharashtra State Electricity Distribution Company Limited
MT	Metric Tonnes i.e. 1000 Kilograms
NAV	Net Asset Value
NCR	National Capital Region
NCT	National Capital Territory
NIT	New Industrial Town

NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
P/E Ratio	Price/Earning Ratio
PF	Provident Fund
RBI	The Reserve Bank of India
RoC / Registrar of Companies	Registrar of Companies, Maharashtra, Mumbai
RONW	Return on Net Worth
Rs. / INR	Rupees or Legal Currency of India
SB	Saving Bank Account
SBI	State Bank of India
ST	Sales Tax
TAN	Tax Deduction and Collection Account Number
TPL	Technica (India) Private Limited
TIN	Tax Identification Number
TUFS	Technology Upgradation Fund Scheme
US	United States of America
USD/ US$/ $	United States Dollar
VAT	Value Added Tax

1.2 ISSUE RELATED TERMS	
Terms	**Description**
AFSL	Aryaman Financial Services Limited.
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Allotment	Issue of the Equity Shares pursuant to the Issue to the successful applicants
Allottee	The successful applicant to whom the Equity Shares are being / have been issued.
Banker to the Company	State Bank of India
Bankers to the Issue	[.]
BSE	Bombay Stock Exchange Limited
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant)
Depository Participant	A depository participant as defined under the Depositories Act

Employees	Permanent Employees of Ankita Knit Wear Limited as on August 25, 2009 including both staff and workmen employees.
Issue Price	The final price at which the Equity Shares are being issued by our Company under this Prospectus, in this case being Rs.25/-.
LM/Lead Manager	Lead Manager to the Issue, in this case being Aryaman Financial Services Limited.
Prospectus	The Prospectus, filed with the ROC containing, inter alia, the issue price, the size of the issue and other information
Public Issue / Issue / Initial Public Offering / IPO	Public Issue of 1,00,00,000 equity shares of Rs.10/- each for cash at a premium of Rs. 15/- per equity share (Price of Rs. 25/- per equity share) aggregating to Rs. 2500 lacs (the Issue) by Ankita Knit Wear Limited (The Company' or 'Issuer'). The face value of the share is Rs.10/- each and the issue price is 2.5 times of the face value.
Qualified Institutional Buyers / QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investors registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital funds registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA), Provided Funds with a minimum corpus of Rs. 25 crores and Pension funds with a minimum corpus of Rs. 25 crores
Registrar/ Registrar to the Issue	Registrar to the Issue being Bigshare Services Pvt. Limited
Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009
Retail Individual Investors	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.1,00,000
SCSB	Self Certified Syndicate Bank

1.3 ISSUER RELATED TERMS

Term	Description
"Ankita" or the company or our company or "Ankita Knit Wear" or "Ankita Knit Wear Ltd." or "AKWL"	Ankita Knit Wear Limited a public limited company incorporated under the Companies Act, 1956 with its registered office at Plot No. 10 and 11 Village Vadavali, Post Uchat, Taluka Wada, Dist. Thane - 421 312.
We or "us" or Our	Refers to Ankita Knit Wear Limited

1.4 CONVENTIONAL / GENERAL TERMS

Terms	Description
Articles /Articles of Association	Articles of Association of Ankita Knit Wear Limited
Auditors	The Statutory Auditors of the Company, viz. M. Saboo & Co. Chartered Accountants
Board of Directors / Board	The Board of Directors of Ankita Knit Wear Limited or a committee constituted thereof
Companies Act	The Companies Act, 1956, as amended from time to time

Depositories Act	The Depositories Act, 1996, as amended from time to time
Equity Shares	Equity Shares of Ankita Knit Wear Limited, of face value of Rs. 10/- each unless otherwise specified in the context thereof
Indian GAAP	Generally Accepted Accounting Principles in India
KMP	Key Management Personnel
MOA	Memorandum of Association of Ankita Knit Wear Limited
NCR	National Capital Region
Non Residents	Eligible NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions, who are eligible to apply in the Issue.
NRIs / Non-Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to participate in this Issue.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Promoters	Shri Anil Kumar Jhawar, Smt. Jayanti Jhawar and Innovation Holdings Pvt. Limited
Registered Office	Plot No. 10 and 11 Village Vadavali, Post Uchat, Taluka Wada, Dist. Thane 421 312.
SBI	State Bank of India
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI (ICDR) Regulations, 2009	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

1.5 TECHNICAL AND INDUSTRY TERMS

Terms	Description
Bleaching	Whitening of the fabric
CAD/CAM	Computer Aided Design / Computer Aided Machine
Dobbies	A device in some looms that allows the weaving of small, geometric patterns
Dyeing	To give colour on the fabric
EOU	Export Oriented Unit
Jacquard	A highly figured fabric woven on a Jacquard loom
Jacquard loom	A loom with an attachment for forming openings for the passage of the shuttle between the warp threads; used in weaving figured fabrics
RH	Relative Humidity

SECTION II: RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in the Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2009 included on Page No. 112 of this Prospectus. We have no subsidiaries. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 of every year and ends on March 31st of every next year. In the Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "lacs" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million".

Throughout this Prospectus, all figures have been expressed in lacs. Unless otherwise stated, all references to India contained in this Prospectus are to the Republic of India. Unless stated otherwise, industry data used throughout this Prospectus has been obtained from industry publications, internal company reports, newspaper and magazine articles etc.

Such publications generally state that content therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although, we believe that the industry data used in this Prospectus is reliable, it has not been verified by any independent source. Certain Company and Industry specific information has been taken from the Project Report of the Company, the Appraisal Note of SBI and the Due Diligence Report submitted by the Legal Advisor to the Issuer.

For additional definitions, please refer to "Definitions and Abbreviations" on Page no. 01 of this Prospectus. In the Section titled 'Main Provisions of the Articles of Association' on Page no. 185 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

FORWARD-LOOKING STATEMENTS

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

All forward looking statements are subject to risks, uncertainties and assumptions 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, among others: -

- General economic and business conditions in India and other countries.
- Regulatory changes relating to the textile sector in India and our ability to respond to them.
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Change in political condition in India.

For further discussion of factors that could cause our actual results to differ, see the Section titled "Risk Factors" beginning on Page no. 07 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. Neither the Company nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares allotted pursuant to this Issue.

RISK FACTORS

An investment in equity involves a high degree of risk. Investors should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our equity shares. Any of the following risks as well as other risks and uncertainties discussed in this Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment. In addition, the risks set out in this Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Materiality

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

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

Note:

The risk factors as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.

In this Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors", "Management Discussion and Analysis of financial conditions and operations" and elsewhere in this Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Financial Statements" prepared in accordance with the Indian Accounting Standards.

2.1 INTERNAL RISK FACTORS AND RISKS RELATING TO OUR PROJECT AND BUSINESS

1. We are yet to apply for additional power supply of 940 KW from MSEDCL, for our new project The power supplied to the manufacturing units is subject to norms laid down by MSEDCL (Maharashtra State Electricity Distribution Co. Ltd.), which could affect our manufacturing operations.

We have yet to apply for an additional power supply of 940 KW from MSEDCL, which will be required for the project. In addition to this we have captive DG sets for 600 KW & 50 KW and proposing to add another DG set of 600 KW for future projects. However, our production operations may be hampered due to the power cuts imposed by MSEDCL as per the overall Demand and Supply situation in Maharashtra State and the Western Grid. There may be regular power cuts or abrupt outages of power supply in view of shortage of power, which will hamper our manufacturing operations.

The power required for the manufacturing has to be sanctioned annually and the company has to follow the guidelines laid down by MSEDCL. Supply is governed by the conditions of supply and tariff schedule in force and Indian Electricity Act and Rules as applicable from time to time.

2. We have unsecured loans to the tune of Rs. 235.10 Lac for FY 2008-09, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations.

As per our standalone financial statements, as on March 31, 2009 we have unsecured loan of Rs. 334.07 lacs from Promoters, Promoters' Group members, Banks and other Financial Institutions. Out of which Rs. 235.10 is repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and liquidity. For detailed information please refer "Financial Information".

3. We have entered into a Job Work Agreement with one of the Promoters' Group Company named "Anmol Knit Wears Ltd" for using its 4 high-speed Knitting machines on lease basis

Anmol Knit Wears Limited, a Promoters' Group Company has approached the Company for job work business by using said Machines with all attachments & other accessories for manufacturing of textile knitted fabric from said machines for a period of forty eight months and an Agreement has been signed between AKWL and Anmol Knit Wears Limited on January 1, 2006 for the said job work. All the 4 high-speed Knitting machines of Anmol Knit Wears Ltd. are situated at AKWL premises at Wada. The said Agreement will be renewable by both the parties on their mutual consents. For more details of this Agreement, Please see Page No. 93 of this Draft Prospectus.

4. The Issuer does not have provision for decline in the value of Investments made by the Company

Name of the Investment as on March 31, 2009	Aggregate Book Value (Rs. in Lakhs)	Aggregate Market Value (Rs. in Lakhs)
Units of Mutual Fund	4.00	3.09

The issuer does not have any provision for the same since it is not realised in the books of accounts of the company. The value of the fund depends on the NAV which changes regularly as per the movements of the market.

5. The proposed Project is delayed by one year from its original schedule and any further delay in the implementation of the proposed projects, may lead to cost over-runs.

Implementation of a project involves various stages of planning and execution. We have yet to receive certain quotations. Some of the quotations are old and price variances may be possible. We have also applied for permissions and clearances which are in the pipeline. Any delay in this regard will cause further delays in the trial and commercial production at our plant. Our Project also involves import of plant and machinery therefore, any difficulty in import, clearances at ports, transportation and installation of machinery will increase the delays in implementation.

The construction of building and installation of machineries for the proposed project will be completed in October 2010 and the Company will commence its production subsequently. Any delay in implementation of the same will increase the capital cost and also affect the realization of returns from the project.

Furthermore, co-ordination between the various departments in the company and liaison with external agencies involves a lot of time and effort. Our attempt to resolve these issues will be time consuming because of which we may not be able to stick to the proposed schedule of implementation. This will increase interest costs, and lead to loss of production which will have an adverse impact on the profits of the company.

6. There are Negative Cash Flows in 2 years out of previous 5 years of the Issuer Company

The Cash & Cash equivalents at the beginning of the period for FY 2005-06 was 28.11 Lac which came down to (Rs. 25.16) Lac at the end of that period. Similarly, the Cash & Cash equivalents at the beginning of the period for FY 2007- 08 was 43.55 Lac which came down to (Rs. 21.29) Lac at the end of that period.

7. We are subject to the restrictive loan covenants of Banks in respect of the term loans and working capital facilities availed from them.

We already have existing liabilities and wish to borrow further for this project in the form of Term Loan and Working Capital facilities. The bankers may impose certain restrictions on further borrowings or raising of equity which will affect our current operations and may hinder our plans of expansion and diversification of business.

8. The Company is yet to place orders for the Plant & Machinery worth Rs 2672.00 Lacs constituting 100% of the total plant and machinery. The Company has also not availed of any hedging facility to cover the risk arising out of foreign exchange fluctuations for the plant and machinery proposed to be to be imported which constitutes 75.71% of the total plant and machinery.

The Company is yet to place orders for the entire plant and machinery and other equipments and accessories. The total cost of all these comes to 2672.00 Lac which is 59.38% of the total cost of the Project. We are subject to the risks on account of inflation in the price of machinery and other equipment that we require for the project. Further, in respect of the machinery / equipment / other project related services that we propose to import / procure from overseas; we may be subject to the risks arising out of currency rate fluctuations. Since no orders have been placed as on date, the Company has not availed of any hedging facility to cover the risk arising out of foreign exchange fluctuations in relation to the aforesaid imports. These factors may increase the overall cost of our project and have an adverse effect on our business and results of operations.

Sr. No.	Particulars	Rupees in Lac	% of the Total Project Cost
1	Plant and Machinery – Imported	2023.00	44.96
2	Plant and Machinery – Indigenous; Foundation, Erection and Commissioning	373.00	8.29
3	Transformers, Stabilizer and other Electrical fittings	175.00	3.89
4	D. G. Sets	41.00	0.91
5	Laboratory, Testing and Other Equipments	60.00	1.33
	Total	**2672.00**	**59.38**

9. We have certain contingent liabilities, which have not been provided for. Crystallization of any of these contingent liabilities could affect our financials.

The Contingent liabilities of our Company not provided for, as certified by our statutory auditors are as under:

(Rs. In Lacs)

Sr. No.	Nature of Liability	March 31, 2009
1	Appeal pending before CIT (Appeals)	3.96
2	Appeal Pending before CIT (Appeals)	1.70
3	Bank Guarantee against the export obligations for EOU	2.55

In the event any of these contingent liabilities gets crystallized, our financial condition may be affected. For further information please see section titled "Financial Statements" beginning on Page No. 112 of this Draft Prospectus.

10. We have not undertaken capex of such size and our inability to manage capital expenditure may adversely affect our operations.

We are embarking upon a major expansion to meet the growing demand of domestic and international buyers in the textiles sector. We are incurring capital expenditure of Rs. 3270 lakhs as detailed in the Section titled 'Objects of the Issue' starting on Page 53 of this draft Prospectus, for increasing our capacities of knitting, processing and proposed garment project. In past, we have not undertaken capex of such size and our inability to manage capital expenditure may adversely affect our operations. We cannot assure that we will be able to get the benefits of the generally growing demand in the textile sector and accordingly the benefits accruing to us from the planned capacity expansion and proposed garment project may be less than what is anticipated.

11. For the FY 2008-09, our Company has entered into certain Related Party Transactions with the promoters, promoter group and group entities. The details of these transactions are given below:

(i) Relationship

(a) Individuals Controlling the Enterprise and Key Management Personnel
  1. Mr. Anil Kumar Jhawar - Managing Director
  2. Mrs. Jayanti Jhawar - Director

(b) Relatives of Key Management Personnel
  1. Ms. Ankita Jhawar - Daughter of Managing Director
  2. Anil Kumar Jhawar HUF - Associate of Managing Director

(c) Enterprises in which Key Management Personnel & their relatives are interested.
  1. Anmol Knit Wears Limited - Associate Company
  2. Ankita Agro Products Private Limited - Associate Company
  3. Innovation Holdings Private Limited - Associate Company
  4. Technica (India) Private Limited - Associate Company

Note: Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in i(a), i(b) & i(c) above is pointed out and relied upon by the auditors.

(ii) Transaction with Related Parties

(In Rupees)

Nature of Transaction	2008-09		2007-08	
	Referred in (i) (a & b)	Referred in (i) (c)	Referred in (i) (a & b)	Referred in (i) (c)
Expenses:				
Job Charges	-	82,13,096	-	71,02,134
Remuneration	10,80,000	-	6,00,000	-
Interest	Nil	-	22,92,591	-
Finance & Investment:				
Loan & Advances Recd.	2,31,58,505	1,885	2,38,19,428	10,000
Loan & Advances Repaid	2,31,32,643	1,885	1,87,11,048	61,377
Outstanding:				
Payable (Loans)	98,96,794	-	98,70,932	-
Sundry Creditors	-	14,73,066	-	-

12. There is a common pursuit amongst the Promoters' Group entities which may affect the business of the issuer in long run.

The Promoters / any member of Promoters Group as per their respective main objects do not have interest in any venture that is involved in any activities similar to those conducted by our Company except for Anmol Knit Wears Limited which is in the same line of business as of AKWL and has rented its 4 knitting machines on lease to AKWL and an agreement for the same was entered on January 1, 2006 by both the parties under Section 297 of the Companies Act, 1956.

The Issuer and four of our promoter group entities viz. Anmol Knit Wears Ltd., Ankita Agro Products Pvt Ltd., Innovation Holdings Pvt Ltd. and Techina (India) Pvt Ltd. at present are in the same line of business i.e. Trading of Grey Fabrics. Hence to this extent there exists a potential conflict between us in future.

13. Any inability to manage our growth could disrupt our business and reduce our profitability.

We expect that our growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. In particular, continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficient skilled technical and management personnel and developing and improving our internal administrative infrastructure. Any inability to manage such growth could disrupt our business, reduce our profitability and adversely affect our results of operations and financial condition.

Particulars	As on March 31, 2007	As on March 31, 2008	As on March 31, 2009
Total Income	**4720.59**	**7403.50**	**10835.94**
% Growth Year to Year	-	56.83%	46.32%
EBDITA	**147.91**	**627.66**	**921.89**
% Growth Year to Year	-	324.35%	46.88%
PAT	**28.81**	**173.36**	**191.05**
% Growth Year to Year	-	501.74%	10.20%

14. Our existing manufacturing operations are geographically located at one place at Village Vadavali, Taluka Wada (Maharashtra).

Although we exercise centralised control, being a single point manufacturing facility will prove to be disadvantageous at times because of any disruption on account of labor unrest, power failures, natural calamities, or civic unrest. Our operations will have to be stalled which will impact our production, delivery of goods and financial results.

15. We may not utilize the proposed capacity of Knitting machines, to its maximum, which could have an impact on the production, performance and profitability of the company.

We are currently in the business of Weaving and Knitting and correspondingly we own 84 weaving and 10 knitting machines with an overall capacity to produce 94 Lac Meters of woven and 1,000 MT of Knitted Fabrics annually. We are further purchasing 100 Knitting Machines through the Issue Proceeds with total annualized production capacity of ten times to the present installed capacity of knitting machines.

We are currently able to utilise our capacity to the extent of 66.00% from the weaving machines and 94.00% from the knitting machines. However, due to the substantial increase in capacity we may not be able to utilise the proposed capacity due to various reasons including stabilisation of production processes on account of technical and operational problems or market fluctuations in Indian and Global markets due to changes in fashion trends and market conditions due to inflation, recession and economic conditions which are beyond the control of management.

16. Loading of local / domestic taxes may increase cost of the products, which may in turn affect the profitability of the company in the future.

Taxes imposed by the State Government / Local Government Bodies such as Municipal Bodies etc, might increase the cost of products. Such taxes may not have been imposed in other States, thereby making our products non-competitive, which in turn might lead to our market share being reduced.

17. We are heavily dependent upon the growth prospects of the industries, which consume our products. Any slowdown in the rate of growth of these industries would seriously impact our own growth prospects and may result in decline in profits.

We supply grey cloth to integrated textile mills, processors and traders who in turn may consume those products for their integrated plants or Garment Manufacturing Units. The demand for them will ultimately be from industries or end users, which in turn depends on national and global economic conditions. Due to the lack of demand, the slowdown in these industries will have an adverse impact on our business.

18. Any delay in timely delivery of our products will adversely impact our relations with the clients.

Timely delivery of goods has a positive impact in the textile industry which goes through various processes right from cotton ginning to finished garments. Delays result in customer dissatisfaction, cancellation of existing orders and non-receipt of repeat orders. Though the company puts its best efforts to deliver goods on time, factors beyond the control of management such as timely supply of raw materials, disruption in power supply and labour unrest will affect the timely dispatch of goods to our valued customers and will negatively impact our reputation and relationships with the customers.

19. We have not entered into any long-term supply contracts for raw materials.

The absence of long term raw material supply contracts will affect the regular supply of raw materials and price fluctuations, which will negatively impact our production operations and profitability.

20. We have high capital expenditure and working capital requirements. If we experience insufficient cash flows to meet required payments for our debt, working capital and capital expenditure requirements, there may be an adverse effect on our results of operations.

Though we have secured our current and near future requirement of funds, our nature of business demands constant addition, modification and upgradation of Plant and Machinery facilities. We therefore require increased working capital limits with the expansion of business and higher utilisation of present and future facilities to be created. Insufficient fund requirements in the future will cause delayed payments to creditors and lenders which will affect our business operations and profitability.

21. Failure to comply with the conditions applicable under TUFS, being availed by us, may render our Company ineligible for interest or capital subsidies.

Our Company presently avails of term loan facilities under the TUFS. As on March 31, 2009 the total sanctioned term loan under TUFS is Rs. 822.00 Lacs, of which State Bank of India has granted TUFS subsidy credit of 40.17 Lacs. These loans are eligible for 5% interest subsidy. Such interest or capital subsidies are allowed subject to fulfillment of conditions provided therein. If we fail to comply with the conditions stipulated under the TUFS, our Company might be denied the interest or capital subsidy, making its operations less cost effective.

22. Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds after we commence commercial operations of the Project.

Till date our company has not paid any dividends. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends in the future.

23. Members of our Promoters' Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval in their favour.

After this Issue, members of our Promoter group will beneficially own approximately 51.48% of our post-Issue Equity Share Capital. As a result, our Promoters' Group will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. The Promoters' Group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

24. Our operations may be adversely affected in case of industrial accidents at our manufacturing unit.

Industrial accidents may occur on account of human failure, mechanical breakdowns, power spikes etc. The occurrence of such events will not only damage our labour force, materials and machinery but will also cause disruptions in our production schedules and affect the timely delivery of finished goods, which in turn will adversely affect our business operations.

25. Our expansion plans may not yield the benefits actually intended.

Towards our expansion plans we are committing total outlay of Rs 20.00 Crores through Bank Borrowings and the present Public Issue proceeds. Due to fluctuations in orders on account of seasonal demand, fashion patterns, recessionary trends and slow down in the economy our company may not be in a position to achieve the intended benefits.

Further, Our customers will sell their goods in the Domestic and International markets after processing our grey fabric. The slowdown in the local and international markets due to various internal factors of our customers or external factors in the economy will result in lesser demand for our products. This will affect our sales and profit figures, which will affect our expansion plans and may not deliver the benefits as envisaged.

26. Our business is dependant on the availability/supply and cost of raw materials, which we source from domestic suppliers. Any significant increase in the prices of these raw materials or decrease in the availability of the raw materials, could adversely affect our results of operations.

Raw material cost constitutes significant percentage of our total expenses. Our primary raw material is yarn, which we source from the domestic market. Cotton is an agricultural product and its supply and quality are subject to forces of nature. With changes in rainfall yields of the cotton crop will be affected which will impact the pricing of the cotton yarn procured by us, resulting in cost escalation of our cotton grey fabrics. Because of changes in demand, supply or Foreign Trade fluctuations the prices of synthetic yarn will rise and will force us to increase the sales prices of synthetic grey fabrics. Thus the increase in raw material prices will have a negative impact on our top and bottom line figures.

Any material shortage or interruption in the domestic supply or deterioration in the quality of cotton due to natural causes or other factors could result in increased production costs, which we may not successfully be able to pass on to customers, which in turn would have an material adverse effect on our business. Although domestic cotton prices have been lower than imported, there can be no assurance that the price levels of cotton will remain favorable. Any increase in cotton prices would have a material adverse effect on our business.

Our ability to remain competitive and maintain our market share is dependant upon our ability to source adequate supply of the raw materials. Any delay or disruption in supply of raw material to our plant may affect our operations.

27. Our failure to attract and retain skilled manpower could adversely affect our growth strategy as research and development is a key component of our business model. Our success depends partly upon our senior management and key personnel and our ability to attract and retain them.

Our Company recruits and train personnel in the areas of research & development, process improvements and development of new products. We believe that there is significant demand for personnel who possess the skills needed to perform the services we offer. Our success depends on the continued services and performance of the members of the senior management team and other key employees. Competition for senior and experienced personnel in the industry is intense at present. The loss of the services of our senior management or other key personnel could seriously impair our ability to continue to manage and expand our business, which may adversely affect our financial condition. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave.

28. Changes in technology may render the current technologies obsolete or require us to make substantial capital investments else we can fail to maintain cost competitiveness and the customers due to inability to produce products as per latest trends and fashions.

The business of our Company is largely dependent on the technology adopted by us. The manufacturing process in the Textile industry is prone to technological and process changes, which may render our current processes obsolete. In order to compete successfully with our competitors, our Company may be required to invest substantial sums to adopt newer technologies and processes, which may have an adverse impact on the business and profitability of our Company. Also, timely upgradation of our machines will help us to maintain the cost competitiveness of our business as well as the existing customers since we will be in a position to provide them products as per the latest designs, patterns, trends and fashion. But these up gradations involve investment of substantial funds which the Company may not be in a position to bring in at appropriate time period.

29. Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject to and this may have a material adverse effect on our business.

Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected. There is a risk that our insurance policies may not be sufficient in covering all losses in which we or any third parties may suffer. If we suffer in an event for which we are not adequately insured, there is a risk that it could have a material adverse effect on our business, results of operations and financial condition.

30. We operate in a highly competitive and fragmented industry and our failure to successfully compete could result in a loss of one or more significant customers

The textile industry is highly competitive and fragmented. In the recent past many companies in the textile industry have ramped up their capacities to en cash opportunities arising from abolition of the quota system with effect from January 1, 2005. Huge additional capacities coming up are expected to increase competition amongst players in the textile industry and we may face pressures on pricing, product quality, turnaround time, order size etc., which may reduce our profit margins.

31. Currently we have an aggregate outstanding export obligation of USD 303874.07, which needs to be fulfilled. Failure to meet export obligation would entail payment of the amount of duty saved together with interest.

Currently, we have an outstanding export obligation of USD 303874.07 which needs to be fulfilled. This amount pertains to various EPCG/Advance/DFIA Licenses. The detail of the licenses and outstanding export obligations is as follows:

Details	Licence No.	Issue Date	Duty Saved (Rs. in Lac)	Export Obligation in USD	Export Obligation Completed in USD	Balance Export obligation to be completed in USD	Period to which Export Obligation to be completed
Woven Fabrics	0330020026/2/11/00	May 15, 2008	18.81	371674.07	67800.00	303874.07	8 years from the Issue Date.

2.2 EXTERNAL RISK FACTORS TO THE BUSINESS & PROJECT OF THE ISSUER COMPANY

1. Exchange Rate Fluctuations may have impact on the performance of the Company.

Our Company is exposed to exchange rate fluctuations. Uncertainties in the global financial market may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Such fluctuations can have a serious impact on the revenues from the export business/and our export obligations.

We intend to import equipment / machineries for the expansion of our integrated plant at a cost of Rs. 2023.00 Lakhs. For more details please refer to Page No. 53 in the Section "Objects of the Issue" of this Draft Prospectus. Fluctuations in foreign exchange rates may adversely affect the cost of project. We have not entered into any hedging agreement for minimizing the exchange rate risk and in the event of rates changing adversely the project cost will rise.

2. You will not be able to sell immediately on any Stock Exchanges any of the Equity Shares you purchase in the Issue.

Under the SEBI (ICDR) Regulations, 2009 we are permitted to allot equity shares within 15 days of the closure of the public issue. Consequently, the Equity Shares you purchase in this Issue may not be credited to your demat account, with the Depository Participants until approximately 15 days after the Application/ Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence, within the specified time periods.

3. An active market for the Equity Shares may not develop, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The Equity Shares are new issues of securities for which there is currently no trading market. Application has been made to BSE for the Equity Shares to be admitted for trading on the same. No assurance can be given that an active trading market for the Equity Shares will develop or be sustained after the Issue. The market price of our Equity Shares may vary from the Issue Price after the Issue and may fluctuate significantly due to factors beyond our control, including, but not limited to: volatility in the Indian and global securities markets; external factors affecting our operating results, including the risks outlined in this section; investor perceptions of our future performance; announcements by us or others of significant contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments; political developments or other governmental action or regulation in India or other countries; and recruitments or resignations of key personnel. In addition, the shares listed on the BSE may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of our Equity Shares. There is a risk that you will not be able to sell your Equity Shares at a price at or above the Issue Price.

4. Future sales of Equity Shares by shareholders or any future equity offerings by us may adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our working capital or capital expenditure needs in the future, we may need to raise funds through further equity offerings. As a purchaser of the Equity Shares, you may experience dilution to your shareholding to the extent that we conduct future equity or convertible equity offerings. Such dilutions can adversely affect the market 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 the Equity Shares.

5. Terrorist attacks and other acts of violence or war involving India, could adversely affect the financial markets, result in loss of customer confidence and adversely affect the business of the company.

Any communal disturbances, terrorist attacks and riots, deterioration in the relationship between India and other countries, or any social or civil unrest in the neighboring countries may influence the Indian Economy and could have a material adverse effect on the market for equity shares of the company.

6. Political, economic and social developments in India and acts of violence or war could adversely affect the business of the Company.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the Government’s policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government’s policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

Our performance and the growth of our business are necessarily dependant on the performance of the overall Indian economy. India’s economy could be adversely affected by a general rise in interest rates, currency exchange rates and adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. The Government of India has recently revised its growth projection for fiscal year 2009. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy.

7. A slowdown in economic growth in India could cause our business to suffer.

Our performance and growth are dependent on the health of the Indian 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 significant change may adversely affect our business and financials.

8. A significant change in the Government of India's economic liberalization and deregulation policies or Key Industries Regulations could disrupt our business and cause the price of our Equity Shares to decline.

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. Also, any change in Key Industry Regulations as mentioned on Page No. 89 can cause disruptions to our business and profitability.

9. Fluctuations in prices and availability of raw material, energy, freight and other operating inputs may affect our margins.

Some of our finished products are derived from renewable agricultural raw materials. All of these materials are subject to fluctuations in price due to factors such as harvest and weather conditions, crop disease, crop yields, alternative crops and by-product values. Energy usage in our production facilities represents one of our main production costs. In some cases, due to the basis for pricing in our sales contracts, or due to competitive markets, we may not be able to pass on to our customers the full amount of raw material price increases or higher energy, freight or other operating costs and this could reduce our profitability.

10. Post-issue volatility in prices of the scrip:

The price of our Company's equity shares in Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

a. Volatility in the Indian and Global securities market;
b. The results of operations and performance of our Company;
c. Perceptions about our Company's future performance or the performance of other Indian companies in the same industry;
d. Performance of four Company's competitors in the industry and market perception of investments in the textile sector;
e. Adverse media reports on our Company or on the industry;
f. Change in the estimates of our Company's performance or recommendations by financial analysts;
g. Significant development in India's economic liberalization and deregulation policies; and
h. Significant development in India's fiscal and environmental regulations

2.3 NOTES TO RISK FACTORS

1. Pre and Post Issue Net Worth (assuming full subscription to the Issue)

Pre Issue Net worth (Based on audited accounts as on March 31, 2009)	Rs. 1447.36 Lacs
Post Issue Net worth	Rs. 3947.36 Lacs
Issue Size	Issue of 1,00,00,000 Equity Shares of Rs. 10/- each at Rs. 25/- (including share premium of Rs. 15/-) per Equity Share aggregating to Rs. 25,00,00,000/- (Rupees Twenty Five Hundred Lac only)
Cost Per Share to the Promoters and Promoters' Group	Rs. 8.95
Net Asset Value per share or Book Value (Based on audited accounts as on March 31, 2009) (Face Value of Rs. 10/- per share)	Rs. 13.64

2. The Company its Promoters / Directors, Company's Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Issuer, group companies, associate companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.
3. Investors are advised to refer to the paragraph entitled "Basis for Issue Price" beginning on Page No. 63 of this Draft Prospectus.
4. The Lead Manager and the Company shall update this Draft Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Draft Prospectus and commencement of trading.
5. Investors are free to contact the Lead Manager for any clarification, complaint or information pertaining to the Issue. The Lead Manager and the Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.
6. In the event of over-subscription, allotment shall be made as set out in para titled "Basis of Allotment" beginning on Page No. 165 and shall be made in consultation with the Designated Stock Exchange i.e. BSE. 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. The Directors / Promoters of the Company have no interest in the Company except to the extent of remuneration and reimbursement of expenses (if applicable) and to the extent of any equity shares (of AKWL) held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding.
8. There were no transactions in the securities of Company during preceeding 6 months which were financed directly or indirectly by the Promoters, their relatives, their group companies or associates or by the entities directly or indirectly through other persons.

9. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report. For details please refer "Financial Information of the Company" starting from Page No. 112 of this Draft Prospectus.
10. In the event of Issue being oversubscribed, the allocation shall be on a proportionate basis and for more details please refer "Issue Procedure" on Page 159 of this draft Prospectus.
11. The details of transaction by the issuer with group companies during the last year is disclosed under "Related Party Transactions" in the Financial Information of the company on Page No. 112 of this Draft Prospectus.
12. Anmol Knit Wears Limited, a group company is having a business interest to the extent that it has leased its 4 high-speed knitting machines to the Issuer Company and an Agreement for the same was entered between both the parties on January 1, 2006.

SECTION III: INTRODUCTION

3.1 INDUSTRY SUMMARY

The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the Lead Manager or their respective legal or financial advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources.

Overview of Global Textile

The Global textile and apparel trade is USD 580 billion and is expected to reach USD 805 Billion by 2015. Global textile trade is growing at a CAGR of 5.8% and apparel at 9.6%. China is the leading sourcing base for textile and apparel with a majority share of over 30% of global exports followed by Italy and Hong Kong contributing 8% each. Intra Asia trade is also growing and Asia has 50% share of the global exports.

World Cotton Production **(Millions of 480 lb. Bales)**

Country	2004/ 05	% Share	2005/06	% Share	2006/07	% Share	2007/08	% Share	2008/09	% Share	2009/10 May	% Share	% Variation 08-09 over 07-08
China	30.3	25.0	28.4	24.3	35.5	29.1	37.0	30.7	35.8	33.2	33.0	31.0	-3.2
India	**19.0**	**15.7**	**19.1**	**16.4**	**21.8**	**17.9**	**24.6**	**20.4**	**23.0**	**21.3**	**25.0**	**23.5**	**-6.5**
United States	23.3	19.2	23.9	20.5	21.6	17.7	19.2	15.9	12.8	11.9	13.3	12.5	-33.3
Pakistan	11.1	9.1	10.2	8.7	9.9	8.1	8.9	7.4	9.0	8.3	9.2	8.6	1.1
Brazil	5.9	4.9	4.7	4.0	7.0	5.7	7.4	6.1	5.8	5.4	5.5	5.2	-21.6
Uzbekistan	5.2	4.3	5.6	4.8	5.4	4.4	5.4	4.5	4.9	4.5	4.5	4.2	-9.3
African Franc Zone	4.4	3.6	4.0	3.4	3.4	2.8	2.3	1.9	2.3	2.1	2.2	2.1	0.0
Turkey	4.2	3.5	3.6	3.1	3.8	3.1	3.1	2.6	2.1	1.9	1.9	1.8	-32.3
Turkmenistan	0.9	0.7	1.0	0.9	1.2	1.0	1.3	1.1	1.4	1.3	1.3	1.2	7.7
Australia	3.0	2.5	2.8	2.4	1.4	1.1	0.6	0.5	1.5	1.4	1.9	1.8	150.0
European Union -27	2.3	1.9	2.5	2.1	1.6	1.3	1.7	1.4	1.2	1.1	1.1	1.0	-29.4
Greece	1.8	1.5	2.0	1.7	1.4	1.1	1.6	1.3	1.2	1.1	1.0	0.9	-25.0
Syria	1.4	1.2	1.6	1.4	1.0	0.8	1.2	1.0	1.0	0.9	1.0	0.9	-16.7
Argentina	0.7	0.6	0.6	0.5	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	-14.3
Mexico	0.6	0.5	0.6	0.5	0.7	0.6	0.6	0.5	0.6	0.6	0.4	0.4	0.0
Rest of World	7.4	6.1	6.3	5.4	5.6	4.6	5.0	4.2	4.8	4.4	4.6	4.3	-4.0
World Total	**121.4**		**116.7**		**122.0**		**120.4**		**107.9**		**106.5**		**-10.4**

Source : US Cotton Market Monthly Economic letter May'2009 Data Source : ERMIU/ED Updated on :20-5-09

SOURCE: HTTP://MINISTRYOFTEXTILES.GOV.IN

World Cotton Consumption

(millions of 480-lb. bales)

Country	2004/ 05	% Share	2005/06	% Share	2006/07	% Share	2007/08	% Share	2008/09	% Share	2009/10 May	% Share	% Variation 08-09 over 07-08
China	38.5	*35.4*	45.0	*38.7*	50.0	*40.5*	51.5	*42.0*	45.5	*41.3*	*47.5*	*41.9*	-11.7
India	**14.8**	***13.6***	**16.7**	***14.3***	**18.1**	***14.7***	**18.3**	***14.9***	**17.3**	***15.7***	***18.0***	***15.9***	**-5.5**
Pakistan	10.5	*9.7*	11.5	*9.9*	12.5	*10.1*	12.5	*10.2*	11.5	*10.4*	*12.0*	*10.6*	-8.0
Turkey	7.1	*6.5*	6.9	*5.9*	7.3	*5.9*	6.0	*4.9*	4.8	*4.4*	*4.9*	*4.3*	-20.0
Brazil	4.3	*4.0*	4.5	*3.9*	4.6	*3.7*	4.6	*3.7*	4.2	*3.8*	*4.2*	*3.7*	-8.7
United States	6.7	*6.2*	5.9	*5.1*	4.9	*4.0*	4.6	*3.7*	3.6	*3.3*	*3.5*	*3.1*	-21.7
Bangladesh	1.9	*1.7*	2.2	*1.9*	2.5	*2.0*	2.8	*2.3*	2.9	*2.6*	*3.1*	*2.7*	3.6
Indonesia	2.2	*2.0*	2.2	*1.9*	2.2	*1.8*	2.2	*1.8*	2.0	*1.8*	*2.1*	*1.9*	-9.1
Mexico	2.1	*1.9*	2.1	*1.8*	2.1	*1.7*	2.0	*1.6*	1.8	*1.6*	*1.9*	*1.7*	-10.0
Thailand	2.1	*1.9*	2.1	*1.8*	2.0	*1.6*	2.0	*1.6*	1.8	*1.6*	*1.9*	*1.7*	-10.0
EU - 27	2.3	*2.1*	2.5	*2.1*	1.6	*1.3*	1.7	*1.4*	1.2	*1.1*	*1.3*	*1.1*	-29.4
Russia	1.4	*1.3*	1.4	*1.2*	1.4	*1.1*	1.2	*1.0*	1.0	*0.9*	*0.9*	*0.8*	-16.7
Uzbekistan	0.9	*0.8*	0.8	*0.7*	0.9	*0.7*	1.0	*0.8*	1.0	*0.9*	*0.9*	*0.8*	0.0
Vietnam	0.7	*0.6*	0.8	*0.7*	0.9	*0.7*	1.0	*0.8*	1.1	*1.0*	*1.2*	*1.1*	10.0
Taiwan	1.2	*1.1*	1.2	*1.0*	1.2	*1.0*	1.0	*0.8*	0.8	*0.7*	*0.8*	*0.7*	-20.0
Rest of World	12.0	*11.0*	10.8	*9.3*	11.3	*9.1*	10.3	*8.4*	9.7	*8.8*	*9.6*	*8.5*	-5.8
World Total	**108.7**	**100.0**	**116.4**	**100.0**	**123.5**	**100.0**	**122.7**	**100**	**110.1**	**100**	**113.5**	**100**	**-10.3**

Source : US Cotton Market Monthly Economic letter May'2009 Data Source : ERMIU/ED Updated on :20-5-09

SOURCE: HTTP://MINISTRYOFTEXTILES.GOV.IN

Textiles Exports from 2006-07 to April 2008 - February 2009 (Itemwise)

(Eleventh Five Year Plan Period - 2007-2012)

Value - Rs.Crores

S N	Item	2006-07	2007-08 [P]	% variation	April'07-Feb.'08	April'08-Feb.'09 [P]	% variation
A.	**Cotton Textiles**	**25197.20**	**27585.98**	**9.48**	**23071.53**	**20132.86**	**-12.74**
	% Share	*29.06*	*30.96*		*29.31*	*23.88*	
1	Cotton Raw Incl. Waste	6107.81	8865.39	45.15	6,596.59	2,507.18	-61.99
2	Cotton Yarn, Fabrics & Madeups	19089.39	18720.59	-1.93	16,474.94	17,625.68	6.98
B.	**Manmade Textiles**	**10863.39**	**12785.02**	**17.69**	**11560.43**	**13687.48**	**18.40**
	% Share	*12.53*	*14.35*		*14.68*	*16.24*	
1	Manmade Staple Fibres	888.52	1121.72	26.25	986.39	1,057.90	7.25
2	Mannade Yarn, Fabrics & Madeups	9974.87	11663.3	16.93	10,574.04	12,629.58	19.44
C.	**Silk Textiles**	**3196.89**	**2646.75**	**-17.21**	**2314.85**	**2855.62**	**23.36**
	% Share	*3.69*	*2.97*		*2.94*	*3.39*	
1	Natural Silk Yarn, Fabrics & Madeups	1976.9	1540.93	-22.05	1,361.30	1,528.82	12.31
2	RMG of Silk	1197.21	1093.67	-8.65	942.06	1,321.59	40.29
3	Silk Waste	22.78	12.15	-46.66	11.49	5.21	-54.66
D.	**Wool & Woollen Textiles**	**1919.36**	**1783.13**	**-7.10**	**1481.29**	**2034.93**	**37.38**
	% Share	*2.21*	*2.00*		*1.88*	*2.41*	
1	Wool Yarn, Fabrics & Madeups	385.5	373.58	-3.09	334.59	421.64	26.02
2	RMG Wool	1533.86	1409.55	-8.10	1,146.70	1,613.29	40.69
E.	**Ready Made Garments**	**37506.16**	**36497.79**	**-2.69**	**33001.45**	**39132.52**	**18.58**
	% Share	*43.26*	*40.96*		*41.92*	*46.42*	
1	RMG of Cotton including Accessories	31289.5	30335.79	-3.05	27,139.90	31,577.06	16.35
2	RMG Manmade Fibre	4225.88	3912.26	-7.42	3,550.74	4,257.56	19.91
3	RMG of Other Textile Material	1990.78	2249.74	13.01	2,310.81	3,297.90	42.72
	Total Textiles (A - E)	**78683.00**	**81298.67**	**3.32**	**71429.55**	**77843.41**	**8.98**
	% Share	*90.75*	*91.25*		*90.73*	*92.34*	
F.	**Handicrafts**	**6181.00**	**5841.74**	**-5.49**	**5509.34**	**4574.42**	**-16.97**
	% Share	*7.13*	*6.56*		*7.00*	*5.43*	
1	Carpets (Excluding silk) Handmade	4066.73	3723.42	-8.44	3,520.79	3,251.78	-7.64
2	Handicrafts (Excluding Handmade Carpets)	1981.91	2046.21	3.24	1,918.46	1,272.93	-33.65
3	Silk Carpets	132.36	72.11	-45.52	70.09	49.71	-29.08
G.	**Jute**	**1178.39**	**1312.87**	**11.41**	**1210.28**	**1270.95**	**5.01**
	% Share	*1.36*	*1.47*		*1.54*	*1.51*	
1	Floor Covering of Jute	291.08	317.56	9.10	286.56	235.31	-17.88
2	Other Jute Manufactures	269.18	315.73	17.29	304.92	442.37	45.08
3	Jute Yarn	242.32	215.14	-11.22	195.98	205.64	4.93
4	Jute Hessian	375.81	464.44	23.58	422.82	387.63	-8.32
H.	**Coir & Coir Manufactures**	**660.25**	**644.87**	**-2.33**	**577.81**	**609.07**	**5.41**
	% Share	*0.76*	*0.72*		*0.73*	*0.72*	
	Grand Total Textiles Exports	**86702.64**	**89098.15**	**2.76**	**78726.98**	**84297.85**	**7.08**
	Total Exports	571779.29	655863.52	14.71	577,889.37	696,497.63	20.52
	% Textile Exports	**15.16**	**13.58**		**13.62**	**12.10**	

P - Provisional

SOURCE: HTTP://MINISTRYOFTEXTILES.GOV.IN

TEXTILE INDUSTRY SCENARIO

The textiles and garments industry is one of the largest and most prominent sectors of the Indian economy, in terms of output, foreign exchange earnings and employment generation. The textile industry provides employment to nearly 35 million people and is the second highest employer, next only to agriculture. It accounts for 30% of the country's total export earnings. Indian textile industry is multi-fiber based, using cotton, jute, wool, silk and man-made and synthetic fibers. In the spinning segment, India has an installed capacity of around 40 million spindles (23 per cent of world), 0.5 million rotors (6 per cent of world). In the weaving segment, India is equipped with 1.80 million shuttle looms (45 per cent of world), 0.02 million shuttle less looms (3 per cent of world) and 3.90 million handlooms (85 per cent of world).

The Indian textile industry is one of the oldest and most significant industries in the country. It accounts for around 4 per cent of the gross domestic product (GDP), 14 per cent of industrial production and over 13 per cent of the country's total export earnings. In fact, it is the largest foreign exchange earning sector in the country. Moreover, it provides employment to over 35 million people.

The Indian textile industry is estimated to be around US$ 52 billion and is likely to reach US$ 115 billion by 2012. The domestic market is likely to increase from US$ 34.6 billion to US$ 60 billion by 2012. It is expected that India's share of exports to the world would also increase from the current 4 per cent to around 7 per cent during this period.

India's textile exports have shot up from US$ 19.14 billion in 2006-07 to US$ 22.13 billion in 2007-08, registering a growth of over 15 per cent.

Source - http://www.ibef.org/industry/textiles.aspx

The textile and apparel industry is one of the leading segments of the Indian economy and the largest source of foreign exchange earnings for India. This industry accounts for 4 percent of the gross domestic product (GDP), 20 percent of industrial output, and slightly more than 30 percent of export earnings. The textile and apparel industry employs about 38 million people, making it the largest source of industrial employment in India. Following are the structural characteristics of India’s textile and apparel industry:

- India has the second-largest yarn-spinning capacity in the world (after China), accounting for roughly 20 percent of the world’s spindle capacity. India’s spinning segment is fairly modernized; approximately 35 to 40 percent of India’s spindles are less than 10 years old. During 1989-98, India was the leading buyer of spinning machinery, accounting for 28 percent of world shipments. India’s production of spun yarn is accounted for almost entirely by the “organized mill sector,” which includes 285 large vertically-integrated “composite mills” and nearly 2,500 spinning mills.

- India has the largest number of looms in place to weave fabrics, accounting for 64 percent of the world’s installed looms. However, 98 percent of the looms are accounted for by India’s power loom and handloom sectors, which use mostly outdated equipment and produce mostly low-value unfinished fabrics. Composite mills account for 2 percent of India’s installed looms and 4 percent of India’s fabric output.

- The handloom and power loom sectors were established with government support, mainly to provide rural employment. These sectors benefit from various tax exemptions and other favorable government policies, which ensure that fabrics produced in these sectors are price competitive against those of composite mills.

- The fabric processing (dyeing and finishing) sector, the weakest link in India’s textile supply chain, consists of a large number of small units located in and around the power loom and handloom centers. The proliferation of small processing units is due to India’s fiscal policies, which favor small independent hand- and power-processing units over composite mills with modern processing facilities.

- The production of apparel in India was, until recently, reserved for the small-scale industry (SSI) sector, which was defined as a unit having an investment in plant and machinery equivalent to less than

$230,000. Apparel units with larger investments were allowed to operate only as export-oriented units (EOUs). As a result, India's apparel sector is highly fragmented and is characterized by low levels of technology use.

Source – United States International Trade Commission (USITC)

Textiles and Exports

India's share of global exports of textiles and apparel increased from 1.8 percent in 1980 to 3.3 percent in 1998. However, India's export growth was lower than that of most Asian countries during that period. We identify a number of competitive strengths of the Indian textile and apparel industry:

- India has a large fiber base, and ranks as the world's third-leading producer of cotton, accounting for 15 percent of the world's cotton crop. India produces a wide variety of cotton, providing operational flexibility for domestic textile producers. In the man made fiber sector, India is the world's fifth-largest producer of polyester fibers and filament yarns and the third-largest producer of cellulose fibers and filament yarns.

- India is the world's second-largest textile producer (after China), and is diversified and capable of producing a wide variety of textiles. The spinning segment is fairly modernized and competitive, accounting for about 20 percent of world cotton yarn exports.

- India's textile and apparel industry benefits from a large pool of skilled workers and competent technical and managerial personnel. India's labor is inexpensive; hourly labor costs in the textile and apparel industry average less than 5 percent of those in the U.S. textile and apparel industry.

As per the latest figures available with the Ministry of Textiles, India exported textiles worth US$ 15.27 billion during April-December 2008. Indian textiles, handlooms and handicrafts are exported to more than 100 countries, with the US being the largest buyer. Readymade garments (RMG) are the largest export segment, accounting for almost 41 per cent of total textile exports.

RMG exports from India were worth US$ 9.06 billion in 2007-08. During April 2008-February 2009, RMG exports were worth US$ 8.59 billion, an increase of 4.86 per cent over the corresponding period of 2007-08. Significantly, apparel is the second largest retail category in India. The domestic apparel retailing industry is estimated to be round US$ 2.7 billion and in spite of recession is likely to grow at 5-7 per cent in 2009-10.

The domestic organised garment retailing clocked a growth of 13-14 per cent for year ended March 2009.
The accessories market is pegged between US$ 298.6 million and US$ 597.3 million, which has been growing at 15 to 18 per cent. Within this, the branded accessories segment is growing at 25 per cent.

Source - http://www.ibef.org/industry/textiles.aspx

TREND IN INDIAN TEXTILES EXPORTS

The Indian textile industry contributes significantly to the country's Gross Domestic Product, providing employment to millions and in earning precious foreign exchange. During the year 2005-06, the share of textiles exports in India's total exports was 16.63%. India's textiles exports have registered strong growth in the post quota period. Textiles exports grew from US$ 14 billion in 2004-05 to US$ 17 billion in 2005-06, recording a growth of 21.77%. Therefore, the Government has fixed a higher target of US$ 19.73 billion for the year 2006-07. The growth trends have also continued in the financial year 2007-08. As per Directorate General of Commercial Intelligence and Statistics (DGCI and S), Kolkata provisional data, during the first quarter i.e. April-June 2006, the textile exports have shown a growth of 15.59% in dollar terms and of 20.54% in rupee terms over the exports during the corresponding period of the previous year.

According to the New Textile Policy, 2000 announced by the government of India India's textile exports are expected to grow from the current levels to US $50 billion by 2010, consequent to the removal of the quota system. Apparel exports are expected to be the key drivers of this growth and are expected to reach US $25 billion by 2010. The main markets for Indian textiles and apparels are USA, UAE, UK, Germany, France, Italy, Russia, Canada, Bangladesh and Japan. The main objective of the textile policy 2000 is to provide cloth of acceptable quality at reasonable prices for the vast majority of the population of the country, to increasingly contribute to the provision of sustainable employment and the economic growth of the nation; and to compete with confidence for an increasing share of the global market.

However, developing countries like China and India could not fully exploit the opportunity offered by their low cost structure, because of quotas/restrictions imposed by developed countries. With the removal of quota restrictions on January 1, 2005, the share of developing countries in worldwide apparel trade is rising.

Globally, the apparel market can be segmented into two categories:

a. Basic segment: this includes men's shirts, trousers, suits, coats and innerwear, women's skirts, trousers, tops and innerwear; and infant wear. It accounts for an estimated 70-75 per cent of world trade in garments. Demand Cost is the biggest factor in selecting a supplier. Efficient sourcing, large-scale operations, quality control and efficient supply chain management are required for successful manufacturing.

b. Value added segment: it includes women's dresses, women's coats and jackets and accessories such as ties. It accounts for an estimated share of 25-30 per cent of world trade in garments. Consumer demand is relatively difficult to forecast and orders are usually placed in small lots according to seasonal sales trends. Short lead times, high quality and creative design are critical. An ability to suggest design changes, a skilled workforce, quick turnaround and low cost but high quality production are needed for successful manufacture of these garments.
Readymade Garments account for approximately 45% of the country's total textiles exports. During the year 2004-2005, Readymade Garment exports were US$ 6 billion, recording an increase of 4.1% as compared to the corresponding period of 2003-04. During 2005-2006 the Readymade Garment exports have amounted to US$ 7.75 billion, recording an increase of 28.69 % over the exports during 2004-2005. During the first quarter of 2006-2007 the Readymade Garment exports have amounted to US$ 2.17 billion, recording an increase of 15.70% over the exports during the corresponding period of 2005-2006.

Indian Textile and Clothing Industry

The US$36 billion Indian textile industry is well diversified, both from manufacturing and marketing perspective. It offers the entire gamut of products ranging from fiber to garments and cotton to synthetic. Around two-third (US$ 23 billion) of the total textile and clothing production is consumed in the domestic market and remaining one-third (US$ 13 billion) is merchandised to foreign consumers.

The balanced industry nature is however, to an extent constrained by the unorganized segment with rather limited resources dominates over large-scale players. The biased government policies in favour of SSI sector have constantly discouraged large investments and accordingly growth prospects of the industry have also got restricted. This has also made it prone to import competition.

Removal of quotas in 2005 and its impact on Indian textile and clothing exports

For 40 years, the international trade in textiles and clothing was regulated by special arrangements outside the rules of General Agreement on Tariff and Trade (GATT). The framework of Multi-Fibre Arrangement (MFA) applied to international trade in textiles and clothing for the period 1974 to 1994. This MFA imposed restrictions on exports from low-cost Asian textile/garment producers. Consequent upon the establishment of the World Trade Organisation (WTO) with effect from January 01, 1995, the quantitative restrictions in the bilateral agreements under the MFA were being governed by the Agreement on Textiles and Clothing (ATC) contained in the final Act of the Uruguay Round negotiations.

The ATC was a transitory regime between the MFA and the full integration of textiles and clothing into the multilateral trading system. Four countries carried the MFA restrictions into the ATC (Canada, the EU, Norway and the United States). As per the ATC agreement, the signatory members were to remove all the quantitative restrictions in four phases over a 10-year period.

However, it is important to understand that the ATC agreement gave members choice to remove quota of textile and clothing (T&C) categories as per their preference/competence even though the percentage of quotas to be lifted was prescribed. Hence, by default most of the countries/regions lifted quantitative restrictions on categories in which they were strong to fight foreign competition. In doing this, the weaker categories were postponed for the final deadline — January 01, 2005. Thus on individual country basis, the T&C categories that go off-quota this time are probably the weakest of the lot.

The elimination of quota restriction will open the way for the most competitive developing countries to develop stronger clusters of textile expertise, enabling them to handle all stages of the production chain from growing natural fibres to producing finished clothing, The OECD paper says that while low wages can still give developing countries a competitive edge in world markets, time factors now play a far more crucial role in determining international competitiveness. Countries that aspire to maintain an export-led strategy in textiles and clothing need to complement their cluster of expertise in manufacturing by developing their expertise in the higher value-added service segments of the supply chain such as design, sourcing or retail distribution. To pursue these avenues, national suppliers need to place greater emphasis on education and training of services- related skills and to encourage the establishment of joint structures where domestic suppliers can share market knowledge and offer more integrated solutions to prospective buyers.

Market shares before and after quota elimination, clothing, EU

BEFORE	**PERCENTAGE**
China	18%
Turkey	9%
Other Central and Eastern Europe	9%
Other North Africa	6%
Hongkong China	6%
India	6%
Poland	5%
Morocco	5%
Indonesia	3%
Bangladesh	3%
Rest of the World	30%
AFTER	**PERCENTAGE**
China	29%
Turkey	6%
Other Central and Eastern Europe	6%
Other North Africa	5%
Hongkong China	6%
India	9%
Poland	4%
Morocco	4%
Indonesia	3%
Rest of the World	24%
Bangladesh	4%
SOURCE: STAFF OF THE WTO SECRETARIAT	

Both India and China are expected to almost double their market share, and China is estimated to be the single largest exporter. All the countries listed in Table above with quotas equivalent to an export tax of more than 5 per cent in absolute value are expected to gain market share, while Africa, the United States/Canada, Turkey, Central and Eastern European countries and richer Asian countries and territories such as Republic of Korea and Chinese Taipei are projected to lose market share.

India has the potential to become the second largest exporter among low cost countries (LCCs) India has the potential to grow apparel exports from US$ 6 billion in 2002 to US$25-US$30 billion by 2015 and emerge as the second largest apparel exporter among LCCs, with 8-10 per cent of world trade. This would require growing exports at 12-13 per cent a year, as against a historical average of 6 per cent. This goal may seem ambitious, but it is attainable. China's share of world trade today is already at 20 per cent and its apparel exports amount to US$42 billion. Analysis indicate that China could grow its apparel exports still further and capture 40-50 per cent of world trade if rapid liberalization takes place. This would imply an aspiration of over 20 per cent annual growth for the Chinese apparel sector.

Indian apparel makers and foreign buyers have recognized India's competitiveness in the second category and started producing value-added garments and accessories such as women's tops and embroidered products. But they have been unable to leverage India's potential in basic segments such as men's shirts, and men's and women's trousers. Traditional buyers as well as Indian companies have persisted in seeing India as competitive in skill-intensive products, while China leads in large-scale basic garments.

THE KNITTING INDUSTRY – A BRIEF OVERVIEW

Today, knitting is a complex industry with two main areas, each of which has its subdivisions of specializations. The two main areas of the knitting industry are as follows:

- One area produces knitted goods for apparel manufacturers, for sewing centers, for consumers and others.
- The other area manufactures completed garments like sweaters, hosiery and underwear.

Indian Knitting industry is a growing industry. It has emerged as a premier supplier of value added items. Knitted garments are very popular in the modern fashion scene. Knitted garments are no longer confined to lingerie, underwear and stockings. There has been a revolution in knitwear. The range of styles that can be hand made or purchased is constantly expanding. It is a known fact that knitted garments are popular with kids since time immemorial. Children have always worn knitted garments more than adults. They are especially common for infants. But times have changed today. Knitwear has become popular for all-men, women and kids. The Indian knitting industry is one of the most innovative global producers of knitwear products.

Today, there has been a tremendous change in technology. A large number of sophisticated computerized knitting, embroidery machines, dyeing machines, state of the art sewing lines, CAD/CAM systems, large scale processing machines, and other machinery required in the knitwear manufacturing have been mostly imported are installed and functioning for export orders. The major technological developments provide an essential service to the knitting industry.

The Indian knitting industry is characterized by small scale units which lack adequate facilities for dyeing, processing and finishing. The knitting industry in India is concentrated in Tirupur (Tamilnadu) and Ludhiana (Punjab). Tirupur produces 60 percent of India's total knitwear exports. Knitted garments account for almost 32 percent of all exported garments from India.

The considerable investment in capital equipment made by all companies of all sizes has ensured that India has not been left behind. The investment in this sector has seen the industry becoming one of the most creative users of many of the new types of machinery, which is re-enforcing our position in producing different varieties of knitwear and increasing our competitiveness within the global market. This is indeed a significant contribution to the Indian economy by the knitwear industry which has a bright future.

SCOPE OF GROWTH FOR THE KNITTING INDUSTRY

With the advancement of the knitting technology, the use of knitted fabrics is expanding rapidly all over the world. The Knitwear sector and its markets are constantly evolving worldwide. This segment of the garment industry has experienced many changes in recent years. With improved technology, the limitations like shrinkage and torque in knitted fabrics or garments have been reduced to a great extent and this has opened more opportunities.

Many global players are eyeing the Indian Market with great interest as one of leading markets in the Post Quota Scenario. The Knitwear Exporters from all over India like from Delhi, Mumbai, Bangalore, Chennai and Tirupur have already been equipped with making new designs and collections which complements with the current fashion trend and to meet with International Buyers' requirements. Tirupur is one of the few Indian towns that took advantage of globalization and economic reforms, along with export-led growth. The export of knitwear products from Tirupur is always on the rise every year and the industry continues to show rapid growth.

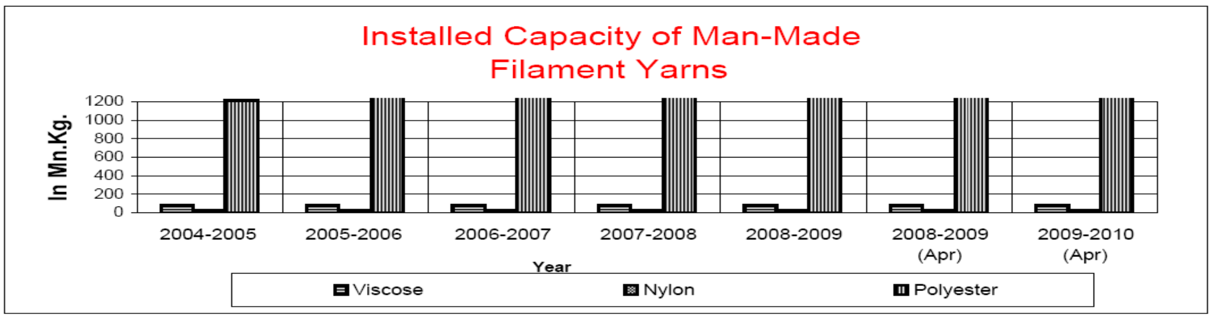
Source - http://www.theknitwear.com/indian-knitting-industry.html

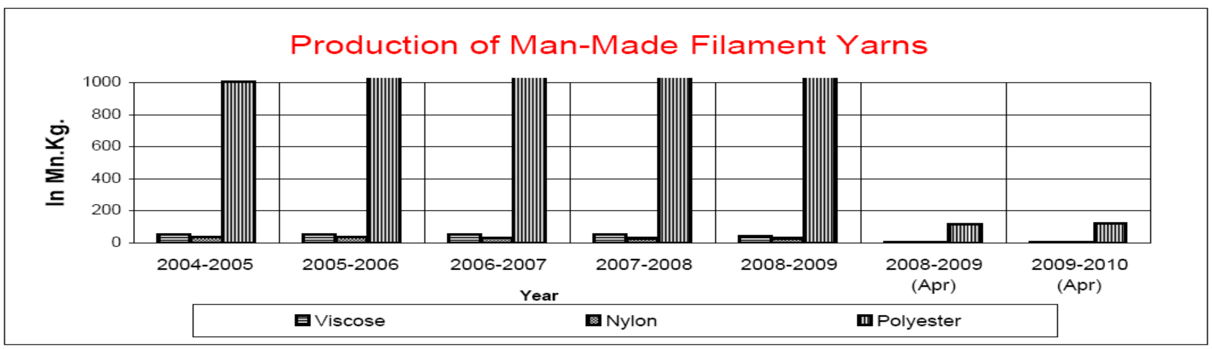
Statement on Availability of Man-Made Filament Yarns

(In Mn.Kg.)

Item Name	Parameters	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2008-2009 (Apr)	2009-2010 (Apr)	%Var.
Viscose	Installed Capacity	78.10	79.70	79.70	79.70	80.10	79.70	79.70	Nil
Filament	Opening Stock	7.42	5.60	3.62	5.31	2.79	2.79	1.72	-38%
Yarn	Production	53.56	53.09	53.99	51.07	42.42	3.68	3.63	-1%
	Import	2.88	2.54	1.98	2.79	4.83	0.47	0.42	-11%
	Export	7.70	9.91	11.92	14.58	4.72	0.48	0.36	-25%
	Availability	56.16	51.32	47.67	44.59	45.32	6.46	5.41	-16%
Nylon	Installed Capacity	24.00	24.00	32.00	32.00	32.00	32.00	32.00	Nil
Filament	Opening Stock	2.34	2.44	2.80	4.06	3.19	3.19	1.71	-46%
Yarn	Production	35.41	36.84	32.25	27.62	28.07	2.29	2.32	1%
	Import	14.86	11.16	9.15	2.57	3.71	0.07	0.24	243%
	Export	7.01	5.01	1.83	2.35	2.92	0.54	0.16	-70%
	Availability	45.60	45.43	42.37	31.90	32.05	5.01	4.11	-18%
Polyester	Installed Capacity	1217.35	1253.35	1924.10	1972.00	2013.49	2013.49	2013.49	Nil
Filament	Opening Stock	51.66	33.27	23.06	48.23	44.87	44.87	20.42	-54%
Yarn	Production	1003.63	1075.82	1270.87	1420.04	1330.26	114.72	120.15	5%
	Import	114.70	92.65	91.34	85.79	71.41	6.56	5.03	-23%
	Export	95.67	105.66	175.40	228.58	90.05	10.49	5.69	-46%
	Availability	1074.32	1096.08	1209.87	1325.48	1356.49	155.66	139.91	-10%

Availability = Opening Stock + Production + Import - Export
Note : Values of Installed Capacity and Opening Stock are taken as a Year Ending Month.
Source : O/o Textile Commissioner, Mumbai





NIC-Textiles

SOURCE: HTTP://MINISTRYOFTEXTILES.GOV.IN

Through the textile sector seemed to have gathered momentum consequent to the termination of the quota regime in December 2004, yet the export performance of the Indian textiles continues to lag substantially behind that of China in the post-quota era in terms of rate of growth of exports and share in world textile exports. Despite steady growth in production, the textile industry has been plagued by factors like high transaction and power costs, technological obsolescence and labour issues.

Company's price of the product is going to be on the lower side due to:

1. A professionally managed group with low overheads.
2. Cost of labour low in the area.
3. Company being located in rural area will have Govt. benefits
4. Company being out of the OCTROI limits

The company has good potential for market penetration of its products in domestic as well as in international markets due to its low cost and high quality. The Company also has capacity to produce the product range and also capable of producing customized products for its customers.

Textile Industry – A Statistical Overview

Item	Unit	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 [P]
Textile Mills (Non - SSI)							
Spinning Mills (Non-SSI)	No.	1564	1566	1570	1608	1597	1651*
Composite Mills (Non-SSI)	No.	223	223	210	200	176	177*
Total	No.	1787	1789	1780	1808	1773	1828*
Exclusive Weaving Mills (Non-SSI)	No.	206	202	204	204	179	184
Spinning Mills (SSI)	No.	1135	1161	1173	1236	1219	1247*
Power loom Units	Lakh No.	4.13	4.26	4.34	4.4	4.69	
Capacity Installed							
Spindles (SSI +Non SSI)	Million No	37.03	37.47	37.51	39.5	39.07	41.3*
Rotors (SSI + Non SSI)	Lakh No.	4.82	5	5.2	6.01	6.21	6.57*
Looms (Organised Sector)	Lakh No.	1.05	1.03	0.92	0.88	0.71	0.56
Powerloom	Lakh No.	18.37	19.03	19.44	19.9	21.06	
Handloom	Lakh No.	38.91	38.91	38.91	38.91	38.91	
Man-Made Fibres	Million Kg	1101	1189	1191	1663	1659	
Man-made Filament	Million Kg	1228	1337	1374	2053	2101	
Worsted Spindles (Woolen)	Thousand No.	604	604	604	604	604	
Non-Worsted Spindles (Woolen)	Thousand No.	437	437	437	437	437	
Production of Fibres							
Raw Cotton	Lakh bales	179	243	241	280	315	218.85*
Manmade Fibre	Million Kg	953	1023	968	1139	1244	869.43*
Raw Wool	Million Kg	48.5	44.6	44.9	45.2	45.2	
Raw Silk	Million Kg	15.74	16.5	17.31	18.76	18.31	
Production of Yarn							
Cotton Yarn	Million Kg	2121	2272	2521	2823	2948	2406*
Other Spun Yarn	Million Kg	931	951	937	990	1055	833*
Manmade Filament Yarn	Million Kg	1118	1109	1179	1370	1509	1161*
Fabric Production							
Cotton	Million Sr.Mtr.	18040	20655	23873	26238	27205	22475*
Blended	Million Sr.Mtr.	6068	6032	6298	6882	6888	5865*
100% Non-Cotton (Including Khadi, Wool and Silk)	Million Sr.Mtr.	18275	18691	19406	20269	21175	17982*
TOTAL		42383	45378	49577	53389	55268	46322*
Per Capita availability of Cloth	Sr.Mtr.	31.01	33.51	36.1	39.6	41.85	
Production of Textile Machinery	Million US $	292.52	375.74	500.64	618.03	747.32	
Textile Exports and Imports							
Exports (Including Jute, Coir and Handicraft)	Million US $	13532.04	14055.36	17553	19146.04	22130.3	15251.38#
Imports	Million US $	2021.96	2239.4	2678.94	3838.98	3332.7	2775.87#

P: Provisional * Figures upto January'09 # Figures April-December'08

Source: www.txcindia.com

Source: Export and Imports: Foreign Trade Statistics of India (Principal Commodities and Countries)

KEY GOVERNMENT INITIATIVES TO PROMOTE GROWTH OF THE INDIAN TEXTILE INDUSTRY

In order to encourage upgradation of textiles sector and to give a fillip to exports of textile products, some of the important initiatives taken are as follows:

i) **Announcement of New Textile Policy:** One of the main objectives of the New Textile Policy (NTxP-2000) announced in November 2000 is to facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The policy endeavours to achieve the target of textile and apparel exports from the present level to US $ 50 billion by 2010, of which the share of garments will be US $ 25 billion. Subsequent to the announcement of NTxP2000, woven segment of readymade garment sector has been de-reserved from SSI and the announcement has been made for de-reservation of knitwear from SSI.

ii) **Technology Up-gradation Fund Scheme (TUFS):** In view of the urgent need for stepping up the process of modernization and technology upgradation of the textile industry in India, Ministry of Textiles launched a Technology Upgradation Fund Scheme (TUFS) for the textile and jute industry for a five years time frame w.e.f. 01-04-1999 to 31-03-2004, providing for 5% interest reimbursement in respect of loans availed thereunder from the concerned financial institutions for investment benchmarked technology for the sectors of the Indian Textile Industries specified thereunder. The Scheme has since been extended till 31.03.2007.

The Budget for 2005-06 also provided an additional incentive of capital subsidy of 10% (over and above 5% interest subsidy under TUFS) for the specified textile processing machinery. The additional 10% capital subsidy will be admissible on the investments made in the specified processing machinery during a period of one year from April 20, 2005 to April 19, 2006.

The Budget for 2006-07 announced an enhancement allocation of Rs.100 crore on TUFS. (Budeget proposals are subject to approval by Parliament.)

(iii) **Duty Exemption Pass Book (DEPB) Scheme:** DEPB credit rates have been prescribed for 83 textiles and clothing products. The nomenclature and rates for DEPB entries pertaining to certain textile products have been rationalized.

However, these export incentives are to be reviewed shortly to make it WTO-compatible.

(iv) **Duty Drawback Scheme:** The exporters are allowed refund of the excise and import duty suffered on raw materials under the scheme so as to make the products more competitive in the international market. From January 19, 2005, the Ministry of Finance restructured the drawback rate from value-based to quantity-based.

New duty drawback rates of 2005-2006: The drawback rates have been determined on the basis of certain broad parameters including, inter alia, the prevailing prices of inputs, standard input/ output norms (SION) published by DGFT, share of imports in the total consumption of inputs and the applied rates of duty. As education cess is being collected as duties of excise/customs, the element of education cess has been factored in the drawback rates. The incidence of duty on HSD/Furnace Oil has also been factored in the drawback calculation. The production, import and price data used for calculation of drawback rates have been obtained from the various sources, such as, the field formations of Central Excise/ Customs, the Export Promotion Councils and trade bodies, Government publications and other reputed journals. The changes in drawback rates reflect the changes in applied duties and changes in prices.

Ready Made Garments: In the ready-made garment segment, the new drawback rate for knitted blouses/shirts/tops of cotton is 6% with a cap of Rs. 19 per piece as against the existing rate of Rs.42/kg. The new rate for knitted blouses/shirts/ tops of man-made fibre is 7.5% with a cap of Rs. 24 per piece as against the existing rate of Rs.53.50/kg. For knitted blouses/ shirts/tops of cotton and man made fibre blend the new drawback rate is 6.8% with a cap of Rs. 21 per piece as against the existing rate of Rs.48/kg. The drawback rates on woven garments have been revised accordingly. As for ready made garments made up of silk, the rate provided is 6% with a cap of Rs. 36/45 per piece as against the existing rate of Rs.130/ kg. The drawback rate on dyed woolen shawls has been revised upwards from Rs.20.50/kg to 6% with a cap of Rs. 30 per piece.

(v) **Human Resource Development:** Attention has also been paid to Human Resource Development in the textile sector. Towards this end, particular mention deserves to be made of National Institute of Fashion Technology (NIFT), which is imparting training to Fashion Designers and Fashion Technologists to cater to the human resource requirements of garment industry. The NIFT has 7 branches at Delhi, Mumbai, Calcutta, Hyderabad, Bangalore, Chennai and Gandhinagar.

The Ministry of Textiles is also concerned over the need to improve the quality of textile training institutes in the country. Therefore, a Nodal Centre for Upgradation of Textile Education has been established at the Indian Institute of Technology, Delhi with funding from the Ministry of Textiles. The Apparel Export Promotion Council has been running Apparel Training and Design Centres (ATDCs) at important apparel centres located at Chennai, Delhi, Kolkata, Hyderabad, Jaipur and Bangalore in order to impart training at shop floor level to meet the growing needs of apparel industry.

(vi) **Construction of Apparel International Mart:** Apparel Export Promotion Council is constructing an Apparel International Mart at Gurgaon with assistance from Government. For this purpose a grant of Rs. 15 Crore was released during the year 2001-02 and of Rs.30 Crore has been released during the year 2003-04.

(vii) **Setting up of modern laboratories:** The Ministry of Textiles has assisted the Textile Committee in setting up of modern textile laboratories to ensure that the textiles exported from the country meet all international environmental standards.

(viii) **Apparel Park for Exports Scheme:** A centrally sponsored scheme titled "Apparel Parks for Exports Scheme" has been launched. The scheme is intended to impart focused thrust to setting up of apparel Manufacturing units of international standards at potential growth centres and to give fillip to exports. Since the inception of scheme in March 2002, eleven Project Proposals has been sanctioned for setting up Apparel Parks at Tronica City and Kanpur (U.P.), Surat (Gujarat), Thiruvananthapuram (Kerala), Visakhapatnam (Andhra Pradesh), Ludhiana (Punjab), Bangalore (Karnataka), Tirupur and Kanchipuram (Tamil Nadu), SEZ, Indore (Madhya Pradesh) and Mahal (Jaipur, Rajasthan).

(ix) **Textile Centres Infrastructure Development Scheme (TCIDS):** Development of infrastructure facilities at pre-dominantly textile/apparel sector areas is one of the thrust areas of NTxP-2000. For attaining this objective, a new scheme (TCIDS) has been launched for upgrading infrastructure facilities at important textile centers. In the last Budget, the government reduced the import duty on textile machinery from 20% to 10%.

FOREIGN TRADE POLICY 2004-2009

In order to provide thrust to exports, foreign trade policy provides for certain schemes for the promotional measures:

1. Assistance to States for Infrastructure Development of Exports (ASIDE)

Ministry of commerce has formulated a scheme called ASIDE, to encourage the State Governments to participate in promoting exports. Whereby suitable provisions have been made for allocation of funds to the States on the twin criteria of gross exports and the rate of growth of exports.

2. Market Access Initiative (MAI) scheme

Market Access Initiative (MAI) scheme is intended to provide financial assistance for medium term export promotion efforts with a sharp focus on a country and product. The financial assistance is available for Export Promotion Councils, Industry and Trade Associations, Agencies of State Governments, Indian Commercial Missions abroad and other eligible entities as may be notified from time to time.

3. Marketing Development Assistance (MDA) Scheme

The Marketing Development Assistance (MDA) Scheme is intended to provide financial assistance for a range of export promotion activities implemented by export promotion councils, industry and trade associations on a regular basis every year. As per the revised MDA guidelines with effect from 1st April, 2004 assistance under MDA is available for exporters with annual export turnover upto Rs 5 crores.

4. Meeting Legal expenses for Trade related matter

Financial assistance would be provided to deserving exporters on the recommendation of Export Promotion Councils for meeting the cost of legal expenses relating to trade related matters.

5. Brand Promotions and Quality

The Central Government aims to encourage manufacturers and exporters to attain internationally accepted standards of quality for their products. The Central Government has recognised the need to support and shall assist Trade and Industry to launch a nationwide programme on quality awareness and to promote the concept of total quality management.

New TUF Policy

- 4 percent interest reimbursement for spinning machinery
- 5 percent interest reimbursement for all the remaining sectors
- 10 percent capital subsidy in addition to 5 percent interest reimbursement for machinery required in manufacturing technical textile and garment.
- The targeted growth rate is 16 percent and makes an investment of Rs 150,600 crore during the five-year period starting this year.

(a) Provision of 4% interest reimbursement for spinning machinery.

(b) Retention of the provision for 5% interest reimbursement for all the remaining sectors.

(c) Retention of the provision to purchase second hand machinery for shuttleless powerlooms.

(d) Margin Money subsidy @ 20% to the powerloom units in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh from Rs. 100 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.

(e) Margin Money subsidy @ 15% for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh from Rs. 100 lakh. A minimum of 15% equity contribution from beneficiaries will be ensured.

(f) 10% capital subsidy in addition to 5% interest reimbursement for machineries required in manufacture of technical textiles and garments will be provided machineries. The same level of assistance will continue for specified processing machinery.

(g) Interest subsidy/capital subsidy/Margin Money subsidy on the basic value of the machineries and exclude the tax component for the purpose of valuation.

(h) 25% capital subsidy on purchase of the new machinery and equipments for the pre-loom and post-loom operations, handlooms/up-gradation of handlooms and testing and Quality Control equipments, for handloom production units in addition investments like land, factory building, pre-operative expenses and margin money for working capital will be assisted with 50% cap.

(i) Investments like land, factory building, pre-operative expenses and margin money for working capital will now be ineligible for benefit of reimbursement under the scheme except meant for apparel sector with existing 50% cap.

The WTO 2005 Initiative

Protection of the textile and clothing sector has a long history in United States and Europe. In the 1950s, Japan, Hong Kong, China, India and Pakistan agreed to voluntary export restrains for cotton textile products to the United States. In 1962 a Long Term Agreement regarding International Trade in Cotton Textiles (LTA) was signed under the auspices of the GATT (replacing a 1-year short-term agreement). The LTA was renegotiated several times until it was replaced by the MFA, which extended restrictions on trade to wool and man-made fibres in addition to cotton. Since 1947, when the General Agreements on Tariff and Trade (GATT) was first signed, an increasing proportion of international trade was regulated by the international agreements, designed to ensure countries could erect or maintain barriers to international trade only under mutually agreed terms.

Apparel / readymade garments were not included in GATT provisions. In 1947, the Multi-Fibre Agreement (MFA) was signed, without reference to GATT, essentially ratifying countries right to impose quotas on textiles and apparel/readymade garment imports from each other. This was intended to be a temporary measure allowing developed countries time to restructure their apparel / ready-made garments and textile industries beyond opening them up to competition from developed countries. In practice the MFA was frequently renewed. In 1994, GATT signatories signed the Agreement on Textiles and Clothing (ATC), committing to phasing out MFA and replacing it by the general systems for agreeing trade barriers and disputes that the GATT has laid down. Almost simultaneously, the GATT was replaced by the World Trade Organisation (WTO).

The most important underlying principles of the ATC are:

- The quotas would be phased out to an agreed timetable (16% of Imports, quota-free by January 11, 1995, further 17% by January 1, 1998, further 18% by January 1, 2002 and the remaining 49% by January 1, 2005)
- There would be no extension date
- The ATC would be binding only on trade between WTO member states

There would be no temporary provisions while the ATC was in force for monitoring progress and managing duties. Accordingly, quota restrictions have been removed with effect from January 1, 2005.

This removal of world trade quota restrictions is expected to bring a change in the global apparel trade. Productivity, labour costs, quality and creativity will determine which countries will determine which countries will eventually emerge as winners.

Liberalisation of FDI Policy

Government has allowed foreign equity participation upto 100% through automatic route, in the textile sector with the only exception in knitwear/knitting sector, which is still reserved for SSI. SSI. SSI investment limit for the knitwear/knitting sector has been increased from Rs. 1 crore to Rs. 5.00 crore.

The Import and Export Policy of India

a) Export Promotion Capital Goods (EPCG) Scheme: The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods is allowed under the EXIM Policy as announced on 31.03.2003.

b) Advance Licensing Scheme : With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

c) Duty Exemption Pass Book (DEPB) Scheme: DEPB credit rates have been prescribed for 82 textiles and clothing products. The nomenclature and rates for DEPB entries pertaining to certain textile products have been rationalised. However, these export incentives are to be reviewed shortly to make it WTO-compatible.

d) Duty Drawback Scheme: The exporters are allowed refund of the excise and import duty suffered on raw materials under the scheme so as to make the products more competitive in the international market. From January 19, 2005, the Ministry of Finance restructured the drawback rate from the value-based to quantity-based.

GOVERNMENT POLICIES AFFECTING THE TEXTILE INDUSTRY

As India steps into an increasingly liberalized global trade regime, the GOI (Government Of India) has implemented several programs to help the textile and apparel industry adjust to the new trade environment. On November 2, 2000, the GOI unveiled its National Textile Policy (NTP) 2000, aimed at enhancing the competitiveness of the textile and apparel industry and expanding India's share of world textile and apparel exports to 10 percent by 2010 from the current level. The study identifies the following measures taken by the GOI to achieve these objectives:

- Under the NTP 2000, the GOI removed ready-made apparel articles from the list of products reserved for the SSI sector. As a result, foreign firms may now invest up to 100 percent in the apparel sector without any export obligation.

- The GOI grants automatic approval within 2 weeks of all proposals involving foreign equity up to 51 percent in the manufacture of textile products in the composite mills and in the manufacture of waterproof textile products.

- On April 1, 1999, the GOI implemented the Technology Upgradation Fund (TUF) to spur investment in new textile and apparel technologies. Under the 5-year $6 billion program, eligible firms can receive loans for upgrading their technology at interest rates that are 5 percentage points lower than the normal lending rates of specified financial institutions in India. According to GOI officials, this interest rate incentive is intended to bring the cost of capital in India closer to international costs.

- The GOI created a $16 million "cotton technology mission" to increase research on improving cotton productivity and quality.

- EOUs and composite mills that produce yarn for captive consumption are exempt from the GOI's hank yarn obligation, which requires each spinning mill to produce 50 percent of its yarn for the domestic market in hank form(80 percent of which must be in counts of 40s and lower) for use in the handloom sector. The GOI plans to reduce the hank yarn obligation from 50 percent to 30 percent for all other spinning units.

- To boost exports and encourage new industry investment, the GOI under the quota entitlement policy increased the share of quotas earmarked for units investing in new machinery and plants.

- To promote modernization of Indian industry, the GOI set up the Export Promotion Capital Goods (EPCG) scheme, which permits a firm importing secondhand capital goods for production of articles for export to enter the capital goods at preferential tariffs, provided that the firm exports at least six times the c.i.f. value of the imported capital goods within 6 years. Any textile firm planning to modernize its operations had to import at least $4.6millionworth of equipment

Source - *http://www.usitc.gov/publications/332/working_papers/pub3401.pdf*

3.2 BUSINESS SUMMARY: OUR BUSINESS

Ankita Knit Wear Limited was originally incorporated on February 4, 1998 as a Private Limited Company under the Companies Act, 1956 in the State of Maharashtra and a Certificate of Incorporation was obtained from the Asstt. Registrar of Companies, Maharashtra, Mumbai having a Certificate No. 11-113372/1998. Later, it was converted into a Public Limited Company by passing the necessary resolution on May 7, 2007 and certificate for the same was obtained from the Registrar of Companies, Maharashtra, Mumbai on June 25, 2007.

The Company presently is engaged in manufacturing of Knitted and Woven Fabrics with its facilities at Plot No. 10 and 11 at Village Vadavli, Taluka Wada, District Thane - 421312. AKWL is a profit making company since its inception. Over the years our company's turnover has grown from Rs. 15.67 crore in 2005 to Rs. 101.92 crore in March 31, 2009.

As a brand, AKWL has succeeded by maintaining pace with the changing demands of the local & global fashion trends and primarily due to the company's innovative approach in continuously developing newer products, using state of the art technology along with highly–skilled workforce, strong logistics by being perpetually quality conscious and thereby creating world class fabrics. These highly ingenious fabrics are available in a wide range of colour, texture and comfort along with contemporary designs. Ankita fabrics are simply an affordable luxury that suits every desire.

The facility consists of 6 machines to manufacture Knitted fabrics and 84 machines to manufacture woven fabrics and an installed capacity of 15 million meters per annum. We intend to install additional 100 machines for manufacturing garments. The company is supplying its knitted & woven fabrics to reputed garment companies and exporters.

The company has an in-house laboratory which is equipped with all the testing facilities to achieve nearly zero defects. The latest testing equipments are installed to meet technical requirements for; Research, Product Development & Quality Control of various incoming raw materials and outgoing finished products. All these tests are carried out in accordance with the relevant International & Industrial Standards.

The main objects of the company as set out in its memorandum and Articles of Association are:- To carry on business as manufacturers, dealers of all types of Knitwear and fabrics of every description made from cotton, Staple fibre, Rayon, Nylon silk, Synthetic materials, Yarns and for that purpose to buy, sell, import, export and generally deal in all type of knit wears and knit wears of every description including readymade garments, hosiery, gloves, lace and any other by-product of the aforesaid and dye, bleach, process and finish the aforesaid products.

AKWL is able to offer diverse customer designed fabrics for the domestic and international textile markets from the middle to the upper-end segments. The shirting collection covers complete range of styles such as; Classic, Formal, Fashion & Casual in plain, dobbies and jacquard with each range having various categories. With the Technology, Machinery, Know-How and equipments installed by AKWL, fabrics created by AKWL will offer various Normal as well as Functional Finishes such as:

- Crispy Finish
- Anti – Crease Finish
- Stain Repellent Finish
- Anti-bacterial Finish
- Soft & Smooth Finish
- Fire Retardant Finish
- Mosquito repellent Finish
- Cool Touch Finish
- Perfume Release Finish
- Water repellent Finish
- Easy care finish
- Enzyme treatment Finish

3.3 ISSUE DETAILS IN BRIEF

PRESENT ISSUE TO THE PUBLIC IN TERMS OF THIS DRAFT PROSPECTUS	
Equity Shares Offered: Present Issue of Equity Shares by our Company	1,00,00,000 Equity Shares of Rs.10 each for cash at a price of Rs 25/- per share aggregating Rs. 2500.00 Lacs
Net Issue to the Public	1,00,00,000 Equity Shares of Rs.10 each for cash at a price of Rs 25/- per share aggregating Rs. 2500.00 Lacs
Equity Shares outstanding prior to the Issue	1,06,08,000 Equity Shares
Equity Shares outstanding after the Issue	2,06,08,000 Equity Shares
Objects of the Issue	Please refer Chapter to the title "Objects of the Issue" on Page No. 53 of this Draft Prospectus

3.4 SUMMARY OF CONSOLIDATED FINANCIAL, OPERATING AND OTHER DATA

The following summary of financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of our Statutory Auditors M/s M. Saboo & Co., Chartered Accountants dated September 4, 2009 in the section titled "Financial Information" of this Draft Prospectus. You should read this financial data in conjunction with our financial statements for each of 31st March 2005, 2006, 2007, 2008 and 2009 including the Notes thereto and the Reports thereon, which appears under the paragraph on "Financial Information" in this Draft Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements" on Page No. 112 of this Draft Prospectus.

A. STATEMENT OF ADJUSTED ASSETS AND LIABILITIES (Rs. in Lacs)

Particulars		As at March 31, 2005	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009
1.	**Fixed Assets:**					
	Gross Block	283.25	283.45	801.62	1778.96	2143.47
	Less: Depreciation	135.71	162.98	186.09	305.80	476.08
	Net Block	147.54	120.47	615.53	1473.16	1667.39
	Add: Capital Work in Progress and Advances on Capital Account	-	-	279.94	43.83	-
	Total	**147.54**	**120.47**	**895.47**	**1516.99**	**1667.39**
2.	**Investments**	**3.91**	**6.91**	**5.01**	**2.01**	**4.01**
3.	**Current Assets, Loans and Advances:**					
	Inventories	172.04	254.04	569.04	535.36	1119.02
	Sundry Debtors	391.83	615.37	1082.23	1836.72	3176.78
	Cash and Bank Balances	28.11	2.95	43.55	22.26	33.95
	Loans and Advances	8.36	9.44	29.05	94.89	123.03
	Other Current Assets	-	-	-	-	-
	Total	**600.34**	**881.80**	**1723.87**	**2489.23**	**4452.78**
4.	**Liabilities and Provisions:**					
	Secured Loans	403.69	481.90	967.32	1718.30	1913.97
	Unsecured Loans	62.38	13.39	48.14	98.70	334.07
	Deferred Tax Liabilities	29.85	26.81	42.13	116.78	187.73
	Current Liabilities and Provisions	39.08	173.83	474.86	813.36	2241.05
		535.00	**695.93**	**1532.45**	**2747.14**	**4676.82**
5.	**Net Worth**	**216.79**	**313.25**	**1091.90**	**1261.09**	**1447.36**
6.	**Represented by**					
	Equity Share Capital	42.00	190.00	265.20	1060.80	1060.80
	Share Application Money Pending Allotment/Refund	100.00	-	-	-	-
	Reserves & Surplus	74.83	124.18	828.00	205.75	396.81
	Less: Revaluation Reserve	-	-	-	-	-
	Reserve (Net of revaluation reserves)	74.83	124.18	828.00	205.75	396.81
	Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	0.04	0.93	1.30	5.46	10.25
7.	**Net Worth**	**216.79**	**313.25**	**1091.90**	**1261.09**	**1447.36**

B. STATEMENT OF ADJUSTED PROFITS AND LOSSES (Rs. in Lacs)

Particulars	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Income					
Sales					
Of Products manufactured by the Issuer	978.90	1667.52	1563.85	2670.93	4358.83
Of Products traded in by the Issuer	588.06	1060.70	3001.43	4709.04	5833.24
Net Sales	**1566.96**	**2728.22**	**4565.28**	**7379.97**	**10192.07**
Other Income (Refer Annexure VII)	6.06	6.77	3.48	2.81	2.73
Increase /(Decrease) in Inventories	(159.85)	(0.05)	151.83	20.72	641.14
Total	**1413.17**	**2734.94**	**4720.59**	**7403.50**	**10835.94**
Expenditure					
Raw Materials consumed	629.16	1142.66	1666.44	6465.45	9496.08
Purchase of finished goods	536.41	1176.61	2708.06	-	-
Staff Costs	18.04	13.09	40.11	73.71	89.81
Stores, spares & packing materials consumed	29.50	16.05	22.18	71.30	78.39
Processing/Job charges	35.60	194.46	57.48	72.80	100.26
Power and fuel	7.08	9.04	12.20	32.24	49.42
Freight, forwarding and other charges	11.85	8.72	10.85	11.94	19.31
Brokerage, Commission & Discounts	18.21	3.65	0.83	0.89	8.18
Directors Remuneration	4.32	4.66	6.00	6.00	10.80
Preliminary expenses written off	0.01	0.11	0.33	1.45	3.00
Other expenses	32.74	35.93	48.20	40.06	58.80
Interest and other finance charges	54.24	62.38	69.38	234.58	441.34
Depreciation	26.69	27.27	28.40	119.72	170.27
Total	**1403.85**	**2694.63**	**4670.46**	**7130.14**	**10525.66**
Net Profit / (Loss) before tax	**9.32**	**40.31**	**50.13**	**273.36**	**310.28**
Taxation	1.40	8.96	21.32	100.01	119.23
Net Profit / (Loss) before extra ordinary items	7.92	31.35	28.81	173.35	191.05
Extra-ordinary items (net of tax)	-	-	-	-	-
Net Profit/(Loss) after tax and extraordinary items	**7.92**	**31.35**	**28.81**	**173.35**	**191.05**

C. ACCOUNTING RATIOS

Particulars	Unit	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Nominal value of shares	Rupees	10.00	10.00	10.00	10.00	10.00
Basic and diluted earnings per Share	Rupees	1.89	7.46	1.31	6.54	1.80
Net Asset Value per share	Rupees	27.81	74.58	49.82	47.55	13.64
Return on net worth	%	6.78	10.01	2.64	13.75	13.20
Weighted average number of shares	No.	4,20,000	4,20,000	21,91,833	26,52,000	1,06,08,000

Definition of ratios

Basic and diluted earnings per Share	=	{Adjusted Profit / (Loss) after tax as per the Statement of Adjusted Profits and Losses}/{Weighted average number of shares}
Net Asset Value	=	{Net worth as per Statement of Adjusted Assets and Liabilities as reduced by share application money pending allotment/refund}/ {Weighted average number of shares}
Return on Net worth	=	{Adjusted Profit / (Loss) after tax as per Statement of Adjusted Profits and Losses} / {Net worth as per Statement of Adjusted Assets and Liabilities as reduced by share application money pending allotment/refund}

3.5 GENERAL INFORMATION

The Company was originally incorporated in the name of "Ankita Knit Wear Private Limited" as a private limited Company on February 4, 1998 under the Companies Act, 1956 and a Certificate of Incorporation was obtained from the Asstt. Registrar of Companies, Maharashtra, Mumbai. The name of the Company was changed to "Ankita Knit Wear Limited" vide Special Resolution adopted by members on May 7, 2007 and a fresh certificate of incorporation consequent to change in name was obtained on June 25, 2007 from the Registrar of Companies, Maharashtra, Mumbai.

The brief information for the company is given below: -

Registered Office and Factory	Plot No. 10 and 11, Village Vadawali, Taluka Wada, District Thane - 421312, Maharashtra. Tel. No. 91-2526-222902; Fax No. 91-2526-222904 Email: info@ankitafashion.com Website: www.ankitafashion.com
Date of Incorporation	February 4, 1998
Marketing Office	Vitthal Sadan, 3rd Floor, Office No.73/3, Above Hindustan Chambers; 342 Kalbadevi Road, Mumbai - 400 002, Maharashtra. Tel. No. 91-22-2205 4828 / 2205 5889; Fax No. 91-22-2200 0897 Email: info@ankitafashion.com Website: www.ankitafashion.com

Company Registration No.: 11 – 113372 / 1998
Company Identification No.: U17300MH1998PLC113372

Address of Registrar of Companies

Registrar of Companies, Maharashtra
100, Everest, Marine Drive,
Mumbai - 400 002
Maharashtra, India.

Name of the Stock Exchange (Designated Stock Exchange)

Bombay Stock Exchange Limited,
P. J. Towers, Dalal Street
Fort, Mumbai – 400 001.

Issue Opens on: [.]
Issue Closes on: [.]

BOARD OF DIRECTORS OF ANKITA KNIT WEAR LIMITED

Sr. No.	Name of the Director	Designation	Status
1	Mr. Anil Kumar Jhawar	Chairman & Managing Director	Executive, Non-Independent
2	Mrs. Jayanti Jhawar	Whole-time Director	Executive, Non-Independent
3	Mr. Rameshwarlal Jhawar	Director	Non-Executive, Non-Independent
4	Mr. Kanhaiyalal Damani	Director	Non-Executive Independent
5	Mr. Jitesh Kumar Rander	Director	Non-Executive Independent
6	Mr. Vinod J. Sarda	Director	Non-Executive Independent

Brief details of the Board Of Directors of Ankita Knit Wear Limited:

The Board of Directors consists of total six Directors, out of which 3 are Promoter-Directors and others are Independent Directors. The brief details of Directors on the Board are as detailed below:

Mr. Anil Kumar Rameshwarlal Jhawar, aged 44 years, HSC, a young and dynamic first generation entrepreneur is the Chairman and Managing Director of the company. He is a member of All India Power Loom Board, Ministry of Textiles, Government of India. He has also acted as a Member of the Managing Committee of ASSOCHAM (The Associated Chambers of Commerce and Industry of India).

Mr. Rameshwarlal Rekhchandji Jhawar, aged 65 years, non-matriculate, is father of Mr. Anil Kumar Jhawar and Non-executive Director of the Company. He was a partner in Rameshwarlal Oil Mills. The firm was engaged in the business of manufacturing edible oil from Oil Seeds. He was also a partner in Jagannath Jaswantmal which was engaged in trading of Jute. He has around 40 years of experience in manufacturing and trading business.

Mrs. Jayanti Anil Kumar Jhawar, aged 41 years, HSC, is wife of Mr. Anil Kumar Jhawar and the Wholetime Director of the Company. She is fully involved in business with her husband and looks after manufacturing operations at Wada. She has around 16 years of experience in manufacturing and trading business. She along with her Husband is leading the Company and is instrumental in the growth of the company.

Mr. Kanhaiyalal Bulakidas Damani, aged 79 years, a commerce graduate, is a retired person. He had earlier worked for 15 years with Sterlite Group as an accountant. He had also supervised the taxation and finance department there. He is having good knowledge of accounts and taxation. He is acting as a Non-executive Independent Director. He is also a member of all the Committees required to comply with the norms of Corporate Governance as per Listing Agreement.

Mr. Jitesh Kumar Rander, aged 26 years, qualified as Master of Management Studies (MMS) and has done Certified Construction Site Management course, is currently working as a freelance consultant. He is experienced in Project Finance and other Capital market related activities. He earlier worked with Karvy Comtrade Limited as a financial advisor. He had also worked with Nakasha Architects Group as a project manager. He is having good knowledge of designing capital structure and global forex market. He is also having experience in fundamental and technical analysis of commodities and currencies. He is acting as a Non-executive Independent Director. He is also a member of Audit Committee, Remuneration Committee and IPO Committee of AKWL.

Mr. Vinod Jaigopal Sarda, aged 32 years, Master of Business Administration (MBA), is currently working as a freelance financial consultant. He is also advisor to various companies related to the field of Finance, Management and Administration. He earlier worked with Hughes Telecom India Limited. He is having good knowledge of financial matters and ability to promote sales process. He is also having good networking skills. He is acting as a Non-executive Independent Director. He is also a member of all the Committees required to comply with the norms of Corporate Governance as per Listing Agreement.

ISSUE MANAGEMENT TEAM

BANKER TO THE COMPANY

State Bank of India,
Backbay Reclamation Branch,
Raheja Chambers,
Free Press Journal Marg,
Nariman Point,
Mumbai- 400021,
Maharashtra, India.
Tel: 022 – 2204 3237/2283 1125
Fax: 022 – 2204 3252
Email: sbi.01593@sbi.co.in

COMPLIANCE OFFICER / COMPANY SECRETARY

Mr. Subodh Kumar Soni,
Vithal Sadan, 3rd Floor,
Office No. 73/3, Above Hindustan Chamber, 342, Kalbadevi Road,
Mumbai – 400 002
Tel: 022 – 2205 4828 / 5889
Fax:022 – 2200 0897
Email: info@ankitafashion.com

LEAD MANAGER TO THE ISSUE

Aryaman Financial Services Ltd.,
306-307 Mint Chambers,
45/47 Mint Road, Fort,
Mumbai – 400 001
Tel: 022 – 2261 8264 / 69
Fax: 022 – 2263 0434
Web: www.afsl.co.in
Email: info@afsl.co.in / aryaman_limited@rediffmail.com
Contact Person: Mr. Amit Kumar
SEBI Regn. No. INM000011344

REGISTRAR TO THE ISSUE

Bigshare Services Pvt. Limited
E/2/3 Ansa Industrial Estate
Sakivihar Road, Sakinaka
Andheri (East)
Mumbai – 400 072
Tel: 022 – 4043 0200 / 2847 0652
Fax: 022 – 2847 5207
Web: www.bigshareonline.com
Email: ipo@bigshareonline.com
Contact Person: Mr. Ashok Shetty
SEBI Regn. No. INR000001385

BANKERS TO THE ISSUE

[To be appointed later]

AUDITORS OF THE COMPANY

M. Saboo & Co.
Chartered Accountants,
D-9/002, Yogi Nagar,
Borivali (W),
Mumbai – 400 091.
Tel: 022 –2898 3624
Telefax: 022 –2898 0943
E-Mail: msaboo898@yahoo.co.in

LEGAL ADVISOR TO THE COMPANY

DAVE & GIRISH & CO.
Advocates

APPRAISING ENTITY TO THE PROJECT

भारतीय स्टेट बैंक
State Bank of India
With you - all the way

Dave & Girish & Co. Advocates, 1st Floor, Sethna Building, 55, Maharshi Karve Road, Marine Lines, Mumbai – 400 002. Tel: 022 – 2206 2132, 2192 Fax: 022 – 2208 5620 E-Mail: admin@davegirish.com Website: www.davegirish.com Contact Person: Ms. Sheeba Ajwani	**State Bank of India, CPC** Mid Corporate Group Mumbai Region, Mumbai Maharashtra, India.
GRADING AGENCY TO THE ISSUE **Credit Analysis & Research Ltd.** 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai – 400 022 Tel: 022 – 6754 3456 Fax: 022 – 6754 3457 E-Mail: care@careratings.com Website: www.careratings.com Contact Person: Ms. Meenal Sikchi	

Note: Investors can contact the Compliance Officer in case of any Pre-Issue or Post-Issue related problems such as non-receipt of letter of allotment or share certificates, credit of securities in depositories beneficiary account or dispatch of refund orders etc.

Broker to the Issue

All members of recognized Stock Exchanges would be eligible to act as brokers to the Issue.

Self Certified Syndicate Banks ("SCSBs")

As on date following banks are registered with SEBI for collection of ASBA forms -

1. Corporation Bank
2. ICICI Bank
3. HDFC Bank
4. State Bank of India
5. Union Bank of India
6. IDBI Bank
7. AXIS Bank
8. Kotak Mahindra Bank
9. State Bank of Bikaner & Jaipur
10. Bank of Baroda
11. Punjab National Bank
12. YES Bank
13. Citi Bank N.A.
14. Bank of India
15. State Bank of Hyderabad
16. HSBC
17. Vijaya Bank
18. State Bank of Travancore
19. Bank of Maharashtra
20. Deutsche Bank
21. Allahabad Bank
22. Andhra Bank

Further to the above-mentioned list of banks, all those banks registered with SEBI from time to time shall act as SCSBs for this Issue. Investors are requested to refer the SEBI website for updated list of SCSBs.

Note:

INTER-SE ALLOCATION

Aryaman Financial Services Ltd., being the sole Merchant Banker to the Issue shall be responsible for carrying out all the issue related responsibilities.

CREDIT RATING

As the Issue is of Equity Shares, credit rating is not required.

IPO GRADING

The Company has appointed Credit Analysis & Research ("CARE") for Grading of this IPO and Grading is awaited from their side. The rationale for the grade awarded by CARE will also be incorporated after receipt of the grade from CARE.

TRUSTEES

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

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 Crore. Since the Issue size is only of Rs. 25.00 Crore, the Company has not appointed any monitoring agency for this Issue.

However, as per the Clause 49 of the Listing Agreement to be entered into with the stock exchanges upon listing of the equity shares and the Corporate Governance Requirements, the Audit Committee of the company, would be monitoring the utilization of the proceeds of the issue.

PROJECT APPRAISAL

The project has been appraised by Manager & Credit Analyst, State Bank of India, CPC, Mid Corporate Group, Mumbai Region, Mumbai, Maharashtra vide their letter dated January 27, 2009.

UNDERWRITING

Underwriting being optional, this Issue is not being underwritten.

3.6 CAPITAL STRUCTURE

The Capital Structure of our Company and related information is set forth below:

Sr. No.	Particulars	Nominal Value (Rs.)	Aggregate Value (Rs.)
A	**Authorised Capital**		
	2,10,00,000 Equity Shares of Rs. 10/- each	21,00,00,000	21,00,00,000
B	**Issued, Subscribed and Paid Up Capital**		
	1,06,08,000 Equity Shares of Rs. 10/- each	10,60,80,000	10,60,80,000
C	**Present Issue**		
	1,00,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 15/- per Equity Share	10,00,00,000	25,00,00,000
D	**Net Offer to the Public in terms of this Prospectus**		
	1,00,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 15/- per Equity Share	10,00,00,000	25,00,00,000
G	**Paid Up Capital after the Issue**		
	2,06,08,000 Equity Shares of Rs. 10/- each	20,60,80,000	20,60,80,000
H	**Share Premium Account**		
	Before the Issue	--	--
	After the Issue	--	15,00,00,000

CLASSES OF SHARES

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

3.7 NOTES TO CAPITAL STRUCTURE

1. Details of change in Authorised Share Capital of the Company

Date	From (Amount in Rs.)	To (Amount in Rs.)
On Incorporation	--	5,00,000
11/09/1998	5,00,000	25,00,000
01/02/2001	25,00,000	50,00,000
13/02/2006	50,00,000	2,00,00,000
31/08/2006	2,00,00,000	3,00,00,000
15/03/2008	3,00,00,000	11,00,00,000
29/09/2008	11,00,00,000	21,00,00,000

2. Build up history of Paid-up Capital of the Company

Date of Allotment / Fully Paid up	Number of Equity Shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Consid-eration	Remarks	Cumulative No. of Equity Shares	Cumulative Paid up Share Capital (Rs.)	Cumulative Share Premium (Rs.)
11/02/1998	200	10	10	Cash	Subscription to memorandum	200	2,000	Nil
05/10/1998	2,49,800	10	10	Cash	Further Allotment	2,50,000	25,00,000	Nil
09/12/2002	1,50,000	10	10	Cash	Further Allotment	4,00,000	40,00,000	Nil
31/03/2003	20,000	10	55	Cash	Further Allotment	4,20,000	42,00,000	9,00,000
31/03/2006	14,80,000	10	10	Cash	Further Allotment	19,00,000	1,90,00,000	9,00,000
01/09/2006	5,00,000	10	100	Cash	Further Allotment	24,00,000	2,40,00,000	4,59,00,000
26/02/2007	2,000	10	10	Cash	Further Allotment	24,02,000	2,40,20,000	4,59,00,000
26/03/2007	2,50,000	10	100	Cash	Further Allotment	26,52,000	2,65,20,000	6,84,00,000
25/03/2008	79,56,000	10	-	-	Bonus out of free reserves	1,06,08,000	10,60,80,000	Nil

Note: The Issuer Company has used its share premium account in FY 2007-08 while issuing Bonus Shares.

3. We have made a Bonus Issue out of share premium account during FY 2007-08 as per details given below, but have not issued any shares out of the revaluation reserves during the last 5 years.

Date of issue	Name of Allottees	Reason for issue	No. of shares issued	Benefits accrued to the company
25/03/2008	To all shareholders as on the Record date	Capitalization of Reserves & Profits through Bonus in the ratio of 3:1	79,56,000	NIL

4. We have not allotted any shares under Section 391 – 394 of the Companies Act, 1956.
5. We do not have any Employee Stock Option Scheme and have not issued any shares under the Employee Stock Option Schemes at any point of time.
6. We have not issued any shares during the last one-year.
7. We have no intention to make a further issue of capital by way of issue of Bonus Shares, Preferential Allotment, Rights issue or Public Issue or in any other manner which will affect the equity capital of the Company during the period commencing from the filing of the draft Prospectus with the SEBI and the date on which the Equity Shares issued under this Prospectus are listed or application moneys are refunded on account of the failure of the Issue.

8. Promoters and Promoters Group Capital Build-up

Name of the Promoter and Promoter Group	Date of Allotment / When made fully paid up	Consideration (Cash, Bonus, Kind, etc.)	No. of Shares	Face Value	Issue Price	% of Post-Issue paid up capital	Lock-in Period
1. Mr. Anil Kumar Jhawar	11/02/1998	Cash	100	10/-	10/-	0.00	3 years
	05/10/1998	Cash	2,19,800	10/-	10/-	1.07	3 years
	30/03/2003	Cash	10,000	10/-	55/-	0.05	3 years
	31/03/2006	Cash	5,00,000	10/-	10/-	2.43	3 years
	26/03/2007	Cash	22,000	10/-	100/-	0.11	3 years
	25/03/2008	Bonus	22,55,700	10/-	--	10.95	3 years
Total 1			30,07,600			14.60	
2. Mrs. Jayanti Jhawar	11/02/1998	Cash	100	10/-	10/-	0.00	3 years
	09/12/2002	Cash	10,000	10/-	10/-	0.05	3 years
	30/03/2003	Cash	10,000	10/-	55/-	0.05	3 years
	31/03/2006	Cash	30,000	10/-	10/-	0.15	3 years
	25/03/2008	Bonus	1,50,300	10/-	--	0.73	3 years
Total 2			2,00,400			0.97	
3. Innovation Holdings Pvt. Limited	31/03/2006	Cash	2,00,000	10/-	10/-	0.97	3 years
	01/09/2006	Cash	2,50,000	10/-	100/-	1.21	3 years
	26/03/2007	Cash	1,23,000	10/-	100/-	0.60	3 years
	25/03/2008	Bonus	3,40,600	10/-	--	1.65	3 years
	25/03/2008	Bonus	13,78,400	10/-	--	6.69	1 year
Total 3			22,92,000			11.12	
4. Ms. Ankita Jhawar	15/01/2003	Cash	40,000	10/-	10/-	0.19	1 year
	25/03/2008	Bonus	1,20,000	10/-	--	0.58	1 year
Total 4			1,60,000			0.78	
5. Mr. Rameshwarlal Jhawar	26/02/2007	Cash	1,000	10/-	10/-	0.00	1 year
	25/03/2008	Bonus	3,000	10/-	--	0.01	1 year
Total 5			4,000			0.02	
6. Mrs. Ushadevi Jhawar	26/02/2007	Cash	1,000	10/-	10/-	0.00	1 year
	25/03/2008	Bonus	3,000	10/-	--	0.01	1 year
Total 6			4,000			0.02	
7. Ankita Agro Products Pvt. Limited	05/10/1998	Cash	30,000	10/-	10/-	0.15	1 year
	09/12/2002	Cash	1,00,000	10/-	10/-	0.49	1 year
	31/03/2006	Cash	5,95,000	10/-	10/-	2.89	1 year
	01/09/2006	Cash	2,50,000	10/-	100/-	1.21	1 year
	01/09/2007	Cash	1,50,000	10/-	10/-	0.73	1 year
	26/03/2007	Cash	1,05,000	10/-	100/-	0.51	1 year

	25/03/2008	Bonus	36,90,000	10/-	--	17.91	1 year
Total 7			49,20,000			23.87	
8. Anil Kumar Jhawar HUF	31/03/2006	Cash	5,000	10/-	10/-	0.02	1 year
	25/03/2008	Bonus	15,000	10/-	--	0.07	1 year
Total 8			20,000			0.10	
Grand Total			1,06,08,000			51.48	

There are no shares pledged by the Promoters and Promoters Group members of the Company.

Note: The total shares allotted on March 31, 2006 were 14,80,000; out of which 13,30,000 equity shares were allotted to the Promoters and Promoters' Group members whereas 50,000 and 1,00,000 equity shares were allotted to Minu Tex Process Pvt. Ltd. and Westline Trading Co. Pvt. Ltd. respectively which were later purchased by Ankita Agro Products Pvt. Limited, a Promoters' Group Company in the year 2007.

9. Share Holding pattern of our Company before and after the Issue

Sr. No.	Name of the Promoters	Pre-IPO No. of Shares	% of Total Shares	Post-IPO No. of Shares	% of Total Shares i.e. 2,06,08,000
1	Shri Anil Kumar Jhawar	30,07,600	28.35	30,07,600	14.60
2	Smt. Jayanti Jhawar	2,00,400	1.89	2,00,400	0.97
3	Innovation Holdings Pvt. Ltd.	22,92,000	21.61	22,92,000	11.12
	Name of the Promoters' Group				
4	Ankita Agro Products Pvt. Ltd.	49,20,000	46.38	49,20,000	23.87
5	Anil Kumar Jhawar HUF	20,000	0.19	20,000	0.10
6	Ms. Ankita Jhawar	1,60,000	1.50	1,60,000	0.78
7	Smt. Usha Jhawar	4,000	0.04	4,000	0.02
8	Shri Rameshwarlal Jhawar	4,000	0.04	4,000	0.02
	Total	**1,06,08,000**	**100.00**	**1,06,08,000**	**51.48**

10. During the past six months, there are no transactions in our Equity Shares, which have been undertaken / financed directly or indirectly by our promoter, his relatives and associates, persons in promoter group and our directors.

11. Promoters and Promoters' Group Holding and Lock-in

    Pursuant to SEBI (ICDR) Regulations, 2009 an aggregate of 20% of the post paid-up capital of the company held by the Promoters and Promoters' Group shall be lock-in for a period of 3 years from the date of allotment in the issue or date of commencement of commercial production, which ever is later. The details of such lock–in are given below:

Name of the Promoters or Promoters' Group	Date of allotment	No. of shares	Face Value	Average Issue Price	% of Post Issue Capital	Lock-in Period
Mr. Anil Kumar Jhawar	Prior to FY 2008-09	30,07,600	10	3.31	14.60	3 years
Mrs. Jayanti Jhawar	Prior to FY 2008-09	2,00,400	10	4.75	0.97	3 years
Innovation Holdings Pvt. Ltd.	Prior to FY 2008-09	9,13,600	10	17.15	4.43	3 years
Total		**41,21,600**			**20.00**	

Note: The above equity shares which are being lock-in are eligible for computation of lock-in shares under Promoters and Promoters' Group category. Other than the above locked in shares, the rest of the Promoters and Promoters Group holding of 64,86,400 equity shares will be lock-in for a period of one year from the date of allotment in the Public Issue or date of commencement of commercial production, which ever is later.

12. The specific written consent has been obtained from the Promoters for inclusion of such number of their existing shares and further subscription in the Issue, if any, to ensure minimum Promoter's contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Equity Share Capital.

13. The Equity Shares forming part of Promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.

14. The securities which are subject to lock-in shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the stock exchanges, where the shares are to be listed, before the listing of the securities.

15. The Equity Shares held by persons other than Promoter may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

16. The Equity Shares to be held by the Promoter under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoter, which are locked in, may be transferred to and among Promoter Group or to a new Promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

17. The Promoters, Directors and Lead Manager to the Issue have not entered into any buy-back, standby or similar arrangements with any person for any of the securities being issued through this Draft Prospectus.

18. An over subscription to the extent of 10% of the net offer to the public can be retained for the purpose of rounding-off while finalizing the Basis of Allotment.

19. Since the entire application money is being called on application i.e. Rs.10/- on Face Value and Rs.15/- towards share premium, all the successful applications, shall be issued fully paid shares only.

20. As on the date of filing of this Draft Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked for 3 years by the Promoters are not pledged to any party/Bank/FI. The Promoters may pledge the Equity Shares with banks or Financial Institutions as additional security for loan whenever availed by them from banks/Financial Institutions, provided that pledge of shares is one of the terms of sanction of loan. However, securities which are locked in for 3 years as minimum promoters' contribution may be pledged, only if, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue.

21. Details of top ten Shareholders of the Company:

a) The top ten shareholders as on August 31, 2009

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of holding
1.	Ankita Agro Products Pvt. Ltd.	49,20,000	46.38
2.	Mr. Anil Kumar Jhawar	30,07,600	28.35
3.	Innovation Holding Pvt. Ltd.	22,92,000	21.61
4.	Mrs. Jayanti A. Jhawar	2,00,400	1.89
5.	Ms. Ankita Jhawar	1,60,000	1.50
6.	Anil Kumar Jhawar HUF	20,000	0.19
7.	Mr. Rameshwarlal Jhawar	4,000	0.04
8.	Mrs. Ushadevi Jhawar	4,000	0.04
9.	--	--	--

10.	--	--	--
	Total	**1,06,08,000**	**100.00**

b) The top ten shareholders two years prior to date i.e. August 31, 2007

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of holding
1.	Ankita Agro Products Pvt. Ltd.	10,80,000	40.72
2.	Mr. Anil Kumar Jhawar	7,51,900	28.35
3.	Innovation Holding Pvt. Ltd.	5,73,000	21.61
4.	Westline Trading Co. Pvt. Ltd.	1,00,000	3.77
5.	Mrs. Jayanti A. Jhawar	50,100	1.89
6.	Minu Tex Process Pvt. Ltd.	50,000	1.88
7.	Ms. Ankita Jhawar	40,000	1.51
8.	Anil Kumar Jhawar HUF	5,000	0.19
9.	Mr. Rameshwarlal Jhawar	1,000	0.04
10.	Mrs. Ushadevi Jhawar	1,000	0.04
	Total	**26,52,000**	**100.00**

c) The top ten shareholders 10 days prior to date i.e. August 21, 2009

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of holding
1.	Ankita Agro Products Pvt. Ltd.	49,20,000	46.38
2.	Mr. Anil Kumar Jhawar	30,07,600	28.35
3.	Innovation Holding Pvt. Ltd.	22,92,000	21.61
4.	Mrs. Jayanti A. Jhawar	2,00,400	1.89
5.	Ms. Ankita Jhawar	1,60,000	1.50
6.	Anil Kumar Jhawar HUF	20,000	0.19
7.	Mr. Rameshwarlal Jhawar	4,000	0.04
8.	Mrs. Ushadevi Jhawar	4,000	0.04
9.	--	--	--
10.	--	--	--
	Total	**1,06,08,000**	**100.00**

22. The Lead Manager and their associates do not hold any shares of the Issuer Company.

23. There is no Employees Stock Option Scheme or Employees Stock Purchase Scheme of Issuer Company.

24. The total number of members of the Company as on date of filing of Draft Prospectus with SEBI is eight (8).

25. The Company has not availed of "bridge loans" to be repaid from the proceeds of the Issue, for incurring expenditure on the Objects of the Issue or for any other purpose.

26. The terms of Issue to Resident / Non-Resident Equity Shareholders have been presented under the "Terms of the Issue" Section of this Draft Prospectus on Page No. 156.

27. The Promoters, Directors and Lead Manager to the Issue will not pay any amount, whether directly or indirectly and in cash or kind, in the nature of discount, commission, allowance or otherwise to any person for the subscription of this Initial Public Issue.

28. At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time shall be complied with.

29. A. The Pre-Issue and Post-Issue Shareholding Pattern of Promoters Group is as under:

Particulars	**Pre-Issue**		**Post-Issue**	
	No. of Shares Rs.10/- each	**% Holding**	**No. of shares Rs.10/- each**	**% Holding**
(a). Promoters	55,00,000	51.85	55,00,000	26.69
(b). Immediate Relatives of the Promoters	1,88,000	1.77	1,88,000	0.92
(c). Companies in which 10% or more of the share capital is held by the Promoters/an immediate relative of the Promoters / a firm or HUF in which the Promoters or any one or more of his immediate relatives is a member	49,20,000	46.38	49,20,000	23.87
(d). Companies in which Company mentioned in (c) above holds 10% or more of the share capital	--	--	--	--
(e). HUF or firm in which the aggregate share of the Promoters and his immediate relatives is equal to or more than 10% of the total	--	--	--	--
(f). All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus as "Shareholding of the Promoters Group".	--	--	--	--
Total	**1,06,08,000**	**100.00**	**2,06,08,000**	**51.48**

30. As on the date of filing this Draft Prospectus with SEBI, the entire share capital has been fully paid up.

3.8 OBJECTS OF THE ISSUE

The objects of the Issue are as stated herein below:

- To increase the volume of production in the Knitting division through capacity expansion by 10,000 M.T. per annum at Village Vadawali, Taluka Wada, District Thane – 421 312, Maharashtra.

- To meet the Issue expenses; and

- To get the Equity Shares of our Company listed on BSE.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

The Cost of Project and Means of Finance as appraised by Manager & Credit Analyst State Bank of India, CPC, Mid Corporate Group, Mumbai Region, Maharashtra is as under:

COST OF THE PROJECT AND MEANS OF FINANCE			
A	**COST OF THE PROJECT**		**Rs. In lakhs**
1	Land		--
2	Factory Building		598.00
	Sub Total 1		**598.00**
3	Plant and Machinery (Imported)	1806.00	
	Custom Duty, CVD and Clearance	217.00	2023.00
4	Plant and Machinery (Indigenous); Foundation, Erection and Commissioning		373.00
5	Transformers, Stabilizer and other Electrical Fittings		175.00
6	D. G. Sets		41.00
7	Laboratory, Testing and Other Equipments		60.00
	Sub Total 2		**2672.00**
8	IPO Expenses		250.00
	Sub Total 3		**250.00**
9	Margin Money for Working Capital		862.00
	Sub Total 4		**862.00**
10	Contingencies		118.00
	Sub Total 5		**118.00**
	Grand Total		**4500.00**
B	**MEANS OF FINANCE**		**Rs. In lakhs**
1	Equity Capital through IPO		2500.00
2	Term Loan from State Bank of India		2000.00
	Grand Total		**4500.00**

The Issuer proposes to undertake only one activity for raising the funds i.e. expansion of its knitting division.

We confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed public issue has been made.

No part of the proceeds of this issue will be paid as consideration to our promoters, directors, key managerial employees or group concerns/companies promoted by our promoters.

APPRAISAL

The project has been appraised by Manager & Credit Analyst State Bank of India, CPC, Mid Corporate Group, Mumbai Region, Maharashtra for the expansion of knitting division as well as for installation of stitching machines for garment.

1. The scope and purpose of the appraisal

The proposed project envisages installation of new brand 153 complete set of stitching machines and 100 TA YU make high speed circular knitting machines with an estimated production capacity of around 10 lacs pieces of garments and 10,000 TPA (approx. 5.00 crore meters) of knitted fabrics. Please note that installation of new brand 153 complete set of stitching machines is not a part of the IPO. The period of loan for garment division and knitting division shall not exceed 72 months and 86 months respectively.

The overall viability and acceptability of the proposal as per Appraisal Report are as follows:

- Industry outlook for Textiles is positive
- The promoter directors have adequate exposure in the line
- The DSCR, Security margin and Sensitivity analysis etc. are satisfactory
- The CRA Rating is SBTL 5
- The Project has been vetted by M/s Girish Pawar & Associates, empanelled consultant.

In view of various other aspects, SBI considered the proposal is having fair banking risk.

2. The cost of the project and means of finance as per the Appraisal report

Cost of the Project	Amount in Crore	Margin (%)	Amount in Crore	Means of Finance	Amount in Crore
Land	-	-	-	Equity Share Capital	25.00
Factory Building Shed	5.98	50	2.99	Term Loan	20.00
Plant & machinery	23.96	37	8.88		
Elec. Installations & Misc. Fixed Assets	2.76	30	0.83		
Preliminary IPO Expenses	2.50	100	2.50		
Margin for Working Capital	8.62	100	8.62		
Contingencies	1.18	100	1.18		
Total	**45.00**		**25.00**	**Total**	**45.00**

Note:

1. Term loan for Garment division will be disbursed first and disbursement of Term loan for knitting project after infusion of equity upfront.

2. There is no revision in the project cost and the means of finance after the date of issue of the appraisal report till date.

3. The risk factors mentioned in the appraisal report are about competition, underutilization of capacity, dependence on govt. policies, low margin and change in technology, which are already disclosed in the Risk Factors starting from Page No. 05 of this Draft Prospectus.

DETAILED COST OF THE PROJECT

1. Land

The company is already having a piece of land where it's Registered Office and the existing production facilities are situated. The company purchased the said land in the year 2006 which is having an area of around 5 acres and there is sufficient land available for the expansion of its knitting division through setting up of factory premises for 100 machines through this project. We therefore do not intend to purchase any land for the proposed expansion project.

2. Factory Building Construction

Sr. No.	Description	Rs. in Lakhs
1	Land Filling excavation, Levelling, internal roads, gardening etc.	22.00
2	Ground plus one storey RCC Framed Structure 65,000 Sq. feet	540.00
3	Lift & other equipment	24.00
4	Water tank, Septic tank, Sanitation etc.	12.00
	Total	**598.00**

A quotation dated September 10, 2009 for the above is obtained from M/s A. N. Raorane & Associates (Architect & Industrial Designers); C/2/22 Navy Colony, Near Liberty Garden, Malad (West), Mumbai – 400 064. The said firm has estimated 250 days time to construct the above.

Sr. No.	Stage	Amount in Lacs	Cumulative Amount	Time Period in Days	Cumulative Time Period
1	Levelling of Plot & Excavation	29.90	29.90	15	15
2	Footings	59.80	89.70	30	45
3	Plinth Beams & Plinth	59.80	149.50	15	60
4	10' ht. 1 Slab	29.90	179.40	15	75
5	16' ht. 1 Slab	59.80	239.20	30	105
6	20' ht. 1 Slab	29.90	269.10	15	120
7	30' ht. 1 Slab	29.90	299.00	15	135
8	32' ht. 2 Slab	59.80	358.80	30	165
9	Brick Work	59.80	418.60	15	180
10	Internal Plaster	59.80	478.40	15	195
11	External Plaster	59.80	538.20	15	210
12	Doors & Windows	29.90	568.10	10	220
13	Finishing	29.90	598.00	30	250
	Total	**598.00**		**250**	

3. Cost of Imported Plant and Machineries for which orders are yet to be placed

Sr. No.	Particulars	Quantity	Total Cost (Rs. in lakhs)
1	TA YU make High Speed Circular Knitting Machines	100	1806.00
Add: Customs Duty, Cess, CAD, CVD, Freight, Clearance etc.			217.00
Total			**2023.00**

A quotation dated July 24, 2009 for the above is obtained from M/s Ruby Textile Machines Pvt. Limited, Bandra (West), Mumbai – 400 050 who will import these machineries from Ta Yu Machine (Xiamen) Co. Limited, Guankou Town, Jimei District, Fujian, China. All the above machines include Side Creel and all the standard accessories.

Description of the imported machineries

Sr. No.	Particulars	Unit Price (In USD)	Quantity in numbers
1	Single Jersey 4 Track – TY S30D	33,800	24
2	Double Jersey 4 Track x 2 Track – TY D2XD	41,800	48
3	Double Jersey Inter-Rib – 4 Track x 2 Track – TY D2XD	38,000	08
4	Double Jersey 4 Track x 2 Track – TY D2XD	42,300	16
5	Single Jersey Mechanical Pattern Wheel Jacquard – TY – SJ D	54,000	04
	Total		**100**

The increase in the cost of imported machineries due to the exchange rate fluctuations will be met through contingencies. Further, in case of shortfall the same will be met through the internal accruals of the company.

4. Cost of proposed Indigenous Plants & Machineries for which orders are yet to be placed

Sr. No.	Particulars	Quantity	Supplier	Cost of Machinery (Rs. in lakhs)
1	Elgi Screw Air Compressor + Refrigerated Air Dryer	1	Bimpex Machines Pvt. Ltd.; Fort, Mumbai – 400001	48.00
2.	Humidification Plant for capacity of 2,80,000 CMH, False Ceiling, Ducting, Roofing etc	1	Manvi Textile Air Engineers Pvt. Ltd.; Goregaon (East), Mumbai – 400 063	95.00
3.	Tubular Knitted Inspection Machine	1	ALMAC (Designers & Manufacturers of Textile Industry), BEI Compound, 78 Chhani Road, Vadodara – 390 024 (Gujarat)	27.00
4.	Tools, Oil Pumps, Knitting Machine Accessories, Spares etc.	--	Various local Suppliers	75.00
Add: Applicable Taxes				23.00
Add: Expenses on transportation, freight, loading, unloading, foundation, erection, commissioning etc.				105.00
Total				**373.00**

A quotation dated July 24, 2009 for Elgi Screw Air Compressor is received from Bimpex Machines Pvt. Ltd., Mumbai and the delivery period for the said machines will be 8 weeks. The prices mentioned above are Ex-Works, Coimbatore and freight will be charged extra.

A quotation dated July 16, 2009 for Humidification Plant & Ducting, Ducting Insulation and False Ceiling is received from Manvi Textile Air Engineers Pvt. Ltd, Mumbai and the delivery period for the said machines will be 12 weeks. The prices mentioned above are Ex-Mumbai and charges will be borne in extra by the said supplier.

A quotation dated July 24, 2009 for Tabular Knitted Inspection Machines is received from ALMAC, Vadodara (Gujarat) and the delivery period for the said machines will be 8 weeks. The prices mentioned above are Ex-Works, Vadodara and freight will be charged in extra.

Other Tools, Oil pumps, Knitting Machine Accessories, Spare Parts cost is estimated by the Board itself and which shall be purchased by AKWL from various local vendors after placing the orders for the above mentioned machineries.

5. Transformer, Stabilizer and Electrical Installations

Sr. No.	Particulars	Date of Quotation	Unit Price Cost in Lakhs	Qty.	Supplier	Cost of Machinery (Rs. in lakhs)
1	1000 KVA, 22 KV/ 433 V Distribution Transformer, Oil cooled Servo controlled Voltage Stabilizer with step down transformer Model: TPOC - 4080, Electrification for 100 Knitting machines, Humidification Plant, Compressor units, Factory & Office lighting	17/07/2009	On Turnkeys Basis		Everest Industrial Enterprises; Ramnagar, Dombivili (East)	175.00
	Total					**175.00**

A quotation dated July 17, 2009 for the above-mentioned machines and installations is received from the said supplier inclusive of all applicable taxes.

6. D. G. Sets

Sr. No.	Particulars	Date of Quotation	Qty.	Supplier	Cost of Machinery (Rs. in lakhs)
1	600 KVA Kirloskar Green DG Set	24/07/2009	1	Goel Power Engineers, Andheri (E), Mumbai - 400069	30.55
2	Synchronizing Panel for 600 KVA		1		5.50
	Sub Total				36.05
	Sales Tax @ 12.50%				4.50
	Others				0.45
	Total				**41.00**

A quotation dated July 24, 2009 for the above-mentioned machines is received from the said supplier at Ex-works Silvassa (Union Territory of Dadra and Nagar Haveli) and the delivery period for the said machines would be 6-8 weeks from the date of placing orders.

7. Cost of Laboratory Testing and Other Equipments

Sr. No.	Description	Rs. in lakhs
1	Weighing Scales	5.00
2	Material Handling Equipments, Hydraulic Trolley	15.00
3	Computer, Printers and Software	20.00
4	Testing, Checking and Mending Department Equipments	10.00
5	Other Equipments	10.00
	Total	**60.00**

Cost of Laboratory Testing and Other Equipments is estimated by our management and shall be purchased by us from local vendors after placing the orders for the above-mentioned equipments.

No second machinery is being purchased by our company from the proceeds of the Issue.

8. IPO Expenses

Sr. No.	Description	Rs. in lakhs	% of Total Issue Expenses	% of Total Issue Size
1	Lead Manager's Fees	37.50	15.00	1.50
2	Registrar's Fees	[.]		
3	Legal Advisor's Fees	[.]		
4	Escrow Banker's Fees	[.]		
5	IPO Grading Expenses	2.00	0.80	0.08
6	Printing, Stationary, Postage and dispatch	[.]		
7	Issue advertisement and Publicity expenses	[.]		
8	Other Expenses including SEBI, BSE etc.	[.]		
9	Contingencies	12.50	5.00	0.50
	Total	**250.00**	**100.00**	**10.00**

9. Margin Money for Working Capital

The working capital margin money requirement for the project is estimated at Rs. 1,862.00 Lacs which is based on the calculation for the first full year of operations i.e. 2010-11E. The working capital requirements has been worked out on the following assumptions given below:

(Rs. in Lacs)

Sr. No.	Particulars	Days	Existing	For Project	Total
1	Inventories	69	1212.00	1076.00	2288.00
2	Sundry Debtors	96	1917.00	1600.00	3517.00
3	Loan, Advances and Deposits		110.00	10.00	120.00
4	Cash & Bank Balance		341.00	36.00	377.00
5	**Total Current Assets**		**3580.00**	**2722.00**	**6302.00**
6	Sundry Creditors	47	762.00	750.00	1512.00
7	Other Liabilities		93.00	110.00	203.00
8	**Total Current Liabilities**		**855.00**	**860.00**	**1715.00**
9	**Working Capital Gap** (5 - 8)		**2725.00**	**1862.00**	**4587.00**

10	**Cash Credit Limit from SBI**		1475.00	1000.00	2475.00
11	**Margin Money for Working Capital**		1250.00	862.00	2112.00
	Total (10 + 11)		**2725.00**	**1862.00**	**4587.00**

Inventory and Receivable level: As per SBI Appraisal Note

(In Days)

Particulars	2008-09 (E)	2009-10 (P)
Raw material		
Imported	-	-
Domestic	15	24
Work in Progress (WIP)	15	22
Finished Goods (FG)	15	23
Receivables (Domestic)	60	96
Receivables (Export)	-	120
Sundry Creditors	30	47

Assessment for Working Capital facilities by SBI

The raw material consists of cotton yarn, viscose yarn and gray fabric. It is generally procured from traders/agents. The estimated holding level at 15 and 24 days for the year 2009 and 2010 respectively and considered reasonable and in line with the past trend.

Stock of finished goods at 2 to 3 weeks approx. is in view of change of pattern of production and dispatch of completed orders. On an average the stock holding of finished goods is hovering around 10 – 25 days and is considered reasonable.

Proposed Book debt level is as per market trend. Level of sundry creditors at 1 – 1.5 months is acceptable in view of company proposes for more credit purchases due to increase in turnover level.

10. Contingencies

A Contingencies provision is made for Rs. 118.00 lacs in case of any eventualities, which amounts to 2.62% of the total cost of the project and 4.42% of the total cost of plant and machinery.

DETAILED MEANS OF FINANCE

The company is planning to raise Rs. 2500.00 Lacs through the proposed Initial Public Offer and the remaining Rs. 2000.00 lac will be financed by the State Bank of India, Backbay Reclamation Branch, Nariman Point, Mumbai – 400 021 after successful completion of the proposed IPO. The said bank has sanctioned the Term loan of Rs. 2000.00 lac vide their letter no. BRB/RM-II/08-09 dated March 4, 2009.

Sr. No.	Cost of the Project	Amount in Crore	Margin (%)	Amount in Crore	Means of Finance	Amount in Crore
1	Land	-	-	-	Equity Share Capital	25.00
2	Factory Building Shed	5.98	50	2.99		
3	Plant & Machinery	23.96	37	8.88	Term Loan from SBI	20.00
4	Electrical Installations & Misc. Fixed Assets	2.76	30	0.83		
5	IPO Expenses	2.50	100	2.50		
6	Margin for Working capital	8.62	100	8.62		
7	Contingencies	1.18	100	1.18		
	Total	**45.00**		**25.00**		**45.00**

The Project Debt-Equity (D/E) Ratio is 0.81 : 1.

PROJECT IMPLEMENTATION SCHEDULE

a. As per a SBI Appraisal Report dated January 27, 2009

Sr. No.	Activities	Starting Date	Completion Date
1	Purchase of Land	Completed	
2	Construction of factory buildings	January 2009	September 2009
3	Placement of Orders for Plant and Machinery	April 2009	September 2009
4	Delivery of Plant and Machinery	September 2009	November 2009
5	Erection and Commissioning	September 2009	December 2009
6	Electrical Installation	September 2009	December 2009
7	Trial Production	December 2009	December 2009
8	Commercial Production	January 2010	

b. Revised as per company management

Sr. No.	Activities	Starting Date	Completion Date
1	Purchase of Land	Completed	
2	Construction of factory buildings	January 2010	September 2010
3	Placement of Orders for Plant and Machinery	April 2010	September 2010
4	Delivery of Plant and Machinery	September 2010	November 2010
5	Erection and Commissioning	September 2010	December 2010
	Electrical Installation	September 2010	December 2010
6	Trial Production	December 2010	December 2010
7	Commercial Production	January 2011	

Note: The schedule of Project is already delayed by one year from its original schedule.

FUNDS DEPLOYED

As on August 31, 2009 the company has incurred a total cost of Rs. 6.92 Lac on the project. The same has been certified by M/s M. Saboo & Co., Chartered Accountants vide their certificate dated September 4, 2009.

Sr. No.	Particulars	Rupees in Lacs
1	To the Lead Manger	2.00
2	To the Registrar and Transfer Agent	0.15
3	To the Legal Advisor	3.00
4	To IPO Grading Agency	1.00
5	For ISIN	0.77
	Total	**6.92**

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

The funds deployed till date on the project is financed by the internal accruals of the company. The IPO expenses which are incurred by the Company are met from internal accruals and are capitalized to a separate account viz. "IPO Expenses". Whenever, the funds are received from the IPO, the amount standing to the debit of IPO Expenses account shall be credited to that extent.

DETAILS OF BALANCE FUND DEPLOYMENT

There is no balance fund for deployment since total Project Cost is financed by the IPO and the Term Loan. The incurring cost is financed by the company through its internal accruals as and when it was required. There is no bridge loan or any other financial arrangement made by the company which will be paid later from the Issue Proceeds.

The quarter-wise break-up of proposed deployment of funds is mentioned below:

(Rs. in lakhs)

Sr. No.	Particulars	Amount incurred till Aug-09	Quarter ended Dec-09	Quarter ended Mar-10	Quarter ended Jun-10	Quarter ended Sep-10	Quarter ended Dec-10	Quarter ended Mar-11	Total
1.	To increase the volume of production in the Knitting division through capacity expansion								
a.	Acquisition of Land	Nil	-	-	-	-	-	-	Nil
b.	Construction of Building	Nil	-	239.20	239.20	119.60	-	-	598.00
c.	Plant & Machinery	Nil	-	-	1068.80	1068.80	534.40	-	2672.00
d.	Contingencies	Nil	-	23.60	23.60	23.60	23.60	23.60	118.00
	Total								3388.00
2.	Meeting working capital requirements	Nil	-	-	-	-	-	862.00	862.00
3.	Issue Expenses	6.92	7.00	236.08	-	-	-	-	250.00
	Total	**6.92**	**7.00**	**498.88**	**1331.60**	**1212.00**	**989.00**	**454.60**	**4500.00**

INTERIM USE OF FUNDS

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft. In case the Issue does not go as planned or there is any shortfall in the issue proceeds, we will make alternative arrangements like availing of fresh loans and/or internal accruals to meet the shortfall, if any.

MONITORING OF ISSUE PROCEEDS

Our Audit Committee will also monitor the utilization of the Issue proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Fiscal 2010 and 2011. Besides, a part of the project cost is funded through term loan lending from banks that will also monitor the utilization of issue proceeds towards the stated objects.

3.9 BASIC TERMS OF ISSUE

The Equity Shares, now being offered, are subject to the terms and conditions of this Prospectus, the Application form, the Memorandum and Articles of Association of the Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, BSE, RBI, ROC and/or other authorities as in force on the date of the Issue and to the extent applicable.

In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the SEBI (ICDR) Regulations, 2009 notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

Pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on July 25, 2008 and the shareholders approval obtained at its AGM dated September 29, 2008 it has been decided to make the following offer to the public.

Face Value	Each Equity Share shall have the face value of Rs. 10/- each.
Issue Price	Each Equity Share is being offered at a price of Rs. 25/- each.
Market Lot and Trading Lot	The Market lot and Trading lot for the Equity Share is 1 (One) and the multiple of 1; subject to a minimum allotment of 200 Equity Shares to the successful applicants.
Terms of Payment	100% of the issue price of Rs. 25/- shall be payable on Application. For more details please refer Page No. 166
Ranking of the Equity Shares	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

MINIMUM SUBSCRIPTION

If we do not receive the minimum subscription of 90% of the Issue to the Public, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act, 1956.

The Company undertakes that:

(i) "If the issuing company does not receive the minimum subscription of ninety per cent of the offer through offer document on the date of closure of the issue, or if the subscription level falls below ninety percent after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the issuing company shall forthwith refund the entire subscription amount received."

(ii) "If the issuing company fails to refund the entire subscription amount within fifteen days from the date of the closure of the issue, it is liable to pay the amount with interest to the subscribers at the rate of fifteen percent per annum for the period of delay."

3.10 BASIS FOR THE ISSUE PRICE

Investors should read the following summary along with the Sections titled "Risk Factors" and "Financial Information" beginning on Page No. 05 and 112 respectively of this draft Prospectus, and other details about the Company included in the Section entitled "History and Corporate Structure of the Issuer Company" beginning on Page No. 92 of this draft Prospectus.

1. Basic Earnings Per Share (EPS)

Financial Year	EPS (Rs)	Weight Used
2006 – 2007	1.31	1.00
2007 – 2008	6.54	2.00
2008 – 2009	1.80	3.00
Weighted Average	**3.30**	

* Source: Auditors Report

2. Price Earning Ratio (P/E Ratio) in relation to the issue price of Rs. 25/- per share.

Particulars	P/E Ratio
Based on year ended March 31, 2009	13.89
Based on Weighted Average EPS	7.58
Industry P/E	
Highest – Sunteck Realty	265.50
Lowest – Kitex Garments	3.30
Average	21.70

* Sources: Capital Market, August 24 – September 06, 2009.

3. Return on Net Worth in the last three years

Financial Year	Return on Net Worth (%)	Weight Used
2006 – 2007	2.64	1.00
2007 – 2008	13.75	2.00
2008 – 2009	13.20	3.00
Weighted Average	**11.62**	

4. Minimum Return on Post-Issue Networth to maintain EPS at Rs. 1.80 (Pre-Issue EPS for March 31, 2009) is 9.40%. Minimum Return on Post-Issue Networth to maintain EPS at Rs. 3.30 (Pre-Issue Weighted Average EPS for March 31, 2009) is 17.23%.

5. Net Asset Value (NAV) Per Share (Pre-Issue)

Financial Year	Net Worth (Rs. in Lacs)	No. of Shares	NAV (Rs.)
2006 – 2007	1091.90	21,91,833	49.82
2007 – 2008	1261.09	26,52,000	47.55
2008 – 2009	1447.36	1,06,08,000	13.64

* Source: Auditors Report

6. **Net Asset Value (NAV) per share and comparison thereof with after issue NAV along with Issue Price**

Net Asset Value	Rs.
As at March 31, 2009	13.64
After Issue	19.15
Issue price	25.00

* Source: Auditors Report

7. **Comparison of accounting ratios of the Company with the accounting ratios of the Peer Group**

Company Name	Equity (Rs. in Crores)	NAV (Rs)	EPS (Rs)	P/E Ratio
Delta Corp.	15.05	10.40	0.60	-
Kewal Kir. Cloth.	12.33	122.7	10.90	10.7
Morarjee Text.	18.17	10.80	-	-
Riba Textiles	9.65	36.40	0.20	-
Ankita Knit Wear Ltd.	10.61	13.64	1.80	13.89

* Sources: Capital Market, August 24 – September 06, 2009.

CONCLUSION

The Lead Manager believes that the issue price of Rs. 25/- per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.

The Face Value of the Equity Shares is Re. 10/- per share and the Issue Price is 2.50 times of the face value i.e. Rs. 25/- per share.

3.11 STATEMENT OF TAX BENEFITS

THE BOARD OF DIRECTORS
Ankita Knit Wear Limited,
Plot No.10 & 11,
Village Vadavali, Post Uchat,
Taluka Wada, Dist Thane,
Thane 421312
(Maharashtra)

Dear Sir,

This has reference to the forth coming IPO of the company and discussion we had with Mr. Anil Kumar Jhawar relating to a certificate for tax benefits available to the company and its shareholders under the current provisions of the Income tax act, 1961 (hereinafter referred to as "The Act") and existing laws for the time being in force. The tax benefits available to the "Company" and its Shareholders under the current tax law presently in force in India are as mentioned below. 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 the Company faces in the future, the Company may or may not choose to fulfill.

A. TO THE COMPANY:

1. In accordance with, and subject to the provisions of Section 32 of the Act, the Company will be entitled to claim depreciation to tangible and specified intangible assets at the rates specified. Besides normal depreciation, the Company shall be entitled in terms of section 32 (1) (iia) to claim additional depreciation of 25% of actual cost of new machinery and plant acquired and installed after 31st March 2005.

2. By virtue of section 10(34) of the Act, any dividend income received by the Company will be exempt from tax.

3. In accordance with and subject to the conditions specified in section 35D of the Income Tax Act, the Company is entitled to amortization, over a period of five years, of all expenditure in connection with the proposed IPO subject to the overall limit prescribed in the said section as the IPO is for the expansion of the business.

4. By virtue of new section 10(35) of the Act, the following income shall be exempt, subject to the certain conditions, in the hands of the Company:

   a) Income received in respect of the units of a Mutual Fund specified under clause (23D); or
   b) Income received in respect of units from the administrator of the specified undertaking; or
   c) Income received in respect of units from the specified Company;

5. By virtue of section 10 (38) of the Act, long term capital gains on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1st October, 2004 shall be exempt from tax.

6. By virtue of Section 80IB of the Act the Company is eligible for deduction in respect of profit and gain derived from the Industrial Undertaking located in industrially backward State subject to fulfillment of necessary conditions.

7. By virtue of Section 111A of the act short-term capital gains on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1st October 2004 shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education Cess).

8. In accordance with, and subject to the conditions and to the extent specified in section 54EC of the Act, long term capital gains arising on transfer of long term capital asset, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase / acquisition of specified assets.

9. In accordance with, and subject to the conditions and to the extent specified in section 54ED of the Act, long term capital gains arising on transfer of long term capital asset, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase / acquisition of specified assets.

10. Under section 48 of the Act, if any shares are sold by the Company after being held for not less than twelve months, the gains (not being exempt gains), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition / improvement.

Under section 112 of the Act and other relevant provisions of the Act, long term capital gains (not being exempt gains) arising on transfer of listed securities or units or zero coupon bonds, shall be taxed at the rate of 20% (plus applicable surcharge and education cess) (after indexation as provided in the second proviso to section 48) or at the rate of 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Company.

B. TO SHAREHOLDERS OF THE COMPANY-UNDER THE ACT.

1. Income received by an assessee as dividend from an Indian Company is exempt under section 10(34) of the Act.

2. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains, (i.e. if shares are held for a period exceeding 12 months) [in cases not covered u/s 10 (38) of the Act], arising on transfer of shares in the company, shall be taxed at a rate of 20% (applicable surcharge and education cess) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

3. By virtue of Section 111A of the Act that short-term capital gains on sale of shares where the transaction of sale is entered into in a recognized stock exchange in India, on or after 1st October, 2004 shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education cess).

4. By virtue of Section 10(38) of the Act that long-term capital gains on sale of shares where the transaction of sale is entered into in a recognized stock exchange in India, on or after 1st October 2004 shall be exempt from tax.

5. In accordance with, and subject to the conditions and to the extent specified in section 54EC of the Act, long term capital gains arising on transfer of the shares of the Company, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase / acquisition of specified assets.

6. In accordance with, and subject to the conditions and to the extent specified in section 54ED of the Act, long term capital gains arising on transfer of shares of the Company, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase / acquisition of specified assets.

   Income by way of short term capital gains or long term capital gains (not being exempt gains) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act:

   I. Short term capital gains – at the rate of 30% (plus applicable surcharge and education cess). However, the income from short-term capital gains referred to under section 111A shall be taxed at the rate of 10% (plus applicable surcharge and education cess).

II. Long term capital gains (not being exempt gains) – at the rate of 10% (plus applicable surcharge and education cess).

7. In accordance with, and subject to the conditions and to the extent specified in section 54F of the Act, long term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided family shall be exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to the condition that the assessee should not own more than one residential house, other than the new asset, on the date of transfer of original asset and the assesee should not purchase or construct any residential house, other than the new asset, in case of purchase within a period of one year after the date of transfer of original asset and in case of construction, within a period of three years after the date of transfer of original asset.

8. In accordance with, and subject to Section 48 of the Act, capital gains arising to non-resident, out of transfer of capital assets being shares in an Indian Company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilized in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency.

9. Non-resident Indian has the option to be governed by the provisions of Chapter XII-A of the Act according to which:

   I. Under section 115E of the Act, any income from investment acquired out of convertible foreign exchange will be taxable at 20% (subject to surcharge as applicable) while income from long term capital gains on transfer of shares of the Company acquired out of convertible foreign exchange shall be taxed at the rate of 10% (subject to surcharge as applicable)

   II. Under section 115F of the Act, subject to the conditions and to the extent, specified therein, long term capital gains arising to a Non-Resident Indian from transfer of shares of a company acquired out of convertible foreign exchange, shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificate referred to in clause (48) of section 10 of the Act.

   III. Under section 115G of the Act, it is not necessary for a Non-Resident Indian to file a Return of Income under section 139(1) of the Act, if his total income consists only of investments income and / or long term capital gains earned on transfer of such investments acquired out of convertible foreign exchange, and the tax has been deducted at source from such Income under the provisions of chapter XVII B of the Act.

C. Under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2 (ea) of the Wealth Tax Act, 1957; hence Wealth Tax Act will not be applicable.

Please note that all the above tax benefits will be available only to the sole / first named holders. in case of the shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this Note.

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 Agreements, if any, between India and country in which the non-resident has fiscal domicile.

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 ordinary shares. The statements made above are based on the tax laws in force as also under the Finance Bill, 2008 and as interpreted by the relevant taxation authorities as on date. The investors in your Company are advised to consult their tax advisors with respect of the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

For M. Saboo & Co.
Chartered Accountants

Sd/-

Mahesh Saboo
Proprietor
M. No. 35914

Date: September 4, 2009.

SECTION IV: ABOUT THE ISSUER COMPANY

4.1 INDUSTRY OVERVIEW

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 17 percent to the country's export earnings. It provides direct employment to over 35 million people, which includes a substantial number of SC/ST, and women. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry have a direct bearing on the improvement of the economy of the nation.
The Indian textiles industry is extremely varied, with the 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 sectors form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The major sub-sectors that comprise the textiles sector include the organized Cotton/ Man-Made Fibre Textiles Mill Industry, the Man-made Fibre/ Filament Yarn Industry, the Wool and Woolen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

SOURCE: MINISTRY OF TEXTILES - HTTP://TEXMIN.NIC.IN/ANNUALREP/AR07-08-01.PDF

SWOT ANALYSIS

Strengths:

- Easy availability of raw material i.e. cotton man-made fibre, viscose fabric etc.
- World class spinning mills.
- Integrated operation.
- Availability of a strong base of skilled and cheap workforce.
- Huge domestic markets that can absorb export shocks.
- Desire of foreign buyer to not put all their eggs in one basket and use India as an alternative for China.
- Access to finance at subsidized rates and improving infrastructural amenities.
- Distinct ability to provide with ornate design work.
- Better infrastructure facilities for transport, electricity etc.

Weakness:

- Fragmented industry.
- Small size companies lack economies of scale.
- Low investment in research and development.
- Poor supply chain causes wastage of resources and increases cost.
- Regressive government policies.
- Undue favor to small-scale enterprises discourages large investment plans.
- Outdated production solutions.
- Lack of proper network between the two ends of the textile value addition chain Fibre through Garments.
- Stringent labour laws.
- Absence of a common body to promote industry interest from one platform

Opportunities:

- Abolition of quantitative restrictions is viewed as a big opportunity and accordingly the government is taking steps to encourage investments in the industry. Textile ministry has set an export target of US$ 50 billion by 2010, which would need a CAGR growth of 25 per cent from the current levels of US$ 13 billion. Share of garments (clothing) in total Textile and clothing exported is expected to increase from US$ 5.8 billion to US$ 25 billion.
- Bulk of the growth is expected to come as the WTO replaced the MFA with the ATC on January 1, 2005. The global textile and clothing industry is estimated to be worth US$ 395 billion with the clothing accounting for 60% of the market and textiles the balance 40%. The Indian textile industry enjoys a strong presence in global markets for fabrics (India produces about 12% of world cotton and 7% of polyester fibre and 14% of total yarn), however structural restrictions in the form of quotas prevented the industry from moving up the value chain. With the phasing out of the quotas, the industry is expected to expand capacities and move into value-added segments to drive exports. Along with the trend towards outsourcing, India can position itself as the second largest outsourcing destination after China in the textiles sector.
- Cotton is one of the major crops cultivated in India. It accounts for more than 75 % of the total fibre consumption in the spinning mills and more than 58 % of the total fibre consumption in the textile sector. The New Textile Policy - 2000 (NTxP— 2000) aims at improving the quality of cotton to that of international standards through the effective implementation of the Technology Mission on Cotton (TMC). Source: Ministry of Textiles Annual Report 2003-04].
- Regular and timely availability of cotton, which is the basic raw material at competitive price will reduce the fluctuations in the price and will bring stability to plan and deliver goods on long-term contract basis.
- Key Government Initiatives to Promote growth of the Indian Textile Industry In order to encourage up gradation of textiles sector and to give a fillip to exports of textile products, some of the important initiatives taken are as follows:
- Announcement of New Textile Policy- setting improved targets for exports and de- reservation of woven and Knitwear from the purview of SSI
- Technology Up-gradation Fund Scheme (TUFS) — to reduce the cost of funds and upgrade the manufacturing facilities in textile sector.
- Duty Exemption Pass Book (DEPB) Scheme — to make our exports competitive in international markets.
- Duty Drawback Scheme
- New duty drawback rates of 2005-2006, which are related to the current market conditions.
- Human Resource Development — establishment of training Institutes such as NIFT, ATDC etc.
- Construction of Apparel International Mart
- Setting up of modern laboratories — to ensure that textile products meet the International Standards.
- Apparel Park for Exports Scheme — to give thrust to garment manufacturing for exports
- Textile Centers Infrastructure Development Scheme (TCIDS) offers various schemes.

Threats

- Abolition of quota system will lead to fluctuations in the export demand.
- Marketing will be the most problematic area where improvements are called for.
- Continuous quality improvement will be the need of the hour for which urgent measures are called for from all stakeholders.
- Increasing competition from China.

Source: AKWL

DEMAND FOR THE PRODUCT

The Indian textiles industry is in a stronger position than it was in the last six decades, the textiles industry, which was growing at 3-4 percent during the last six decades, has now accelerated to an annual growth rate of 16 percent in value terms and will reach the level of US $ 115 billion by 2012. The rationalization of fiscal duties undertaken during the last three years has also provided a level playing field in all segments of the industry, resulting in the holistic growth of the industry. The textiles sector has witnessed a spurt in investment during the last four years and the investments between 2004-08 were Rs. 1,04,506 crore and they are expected to touch Rs. 1,50,600 crore by 2012.

The higher export of raw cotton had an impact on the cotton prices which shot up to historic highs in the current cotton season. Since October-end 2007 till July 2008, the cotton prices had been higher by around 20% to 40% compared to last year. The opening cotton prices during the fiscal 2007-08 had been higher by around 4% to 17% as compared to previous year. This was affecting the viability of textiles mills, and on the persistent demand of the Industry the Government abolished import duty of 14.7%, and drawback benefits on raw cotton w.e.f. July 8, 2008. This has helped to stabilize the prices. The Indian textiles and clothing exports were US$ 21.46 billion in 2007-08, registering a growth of 12.10% in dollar terms. It is expected that in 2008-09 the textiles and clothing exports will be 20% more than what were achieved in 2007-08. The textiles and clothing exports have diversified into new markets like Gulf Cooperation Council, Africa, Latin America, Russia and Oceania, and the buoyancy is reflected in the growth of 22.97% and 24.14% in dollar and rupee terms by textiles and clothing export in April-May 2008 {US $ 3.17 billion (Rs. 15,296 crore)}, compared to April-May 2007.

The Government gave a renewed impetus to the implementation of the Technology Upgradation Fund Scheme (TUFS) and on the persistent demand of the Industry; it has been extended upto March 31, 2012. During its initial years, the progress of the scheme was moderate and it gained momentum from 2004-05 onwards. From its inception till March 31, 2008, 18,773 applications have been sanctioned at an estimated project cost of Rs. 1,22,087 crore. During 2007-08, Rs. 43,700 crore was disbursed, registering a growth of 16.46% on year on year basis. 40 parks are being set up under the Scheme for Integrated Textile Parks (SITP) which will attract an investment of Rs. 21,502 crore, create employment both direct and indirect for 9.08 lakh workers and produce goods worth Rs. 38,115 crore annually.

Textile Industry is providing one of the most basic needs of people and holds importance; maintaining sustained growth for improving quality of life. It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of Processing; it is a major contribution to the country's economy. Textile Industry is ranking second in the world in terms of total production. India has the largest acreage under cotton and is the third largest producer of cotton. It is fourth in the world in terms of staple fibre production and sixth among filament yarn producers.
Textile Industry accounts for 3% GDP, 14% of industrial production, 21% of employment, 27% of exports and 8% of excise revenue and employing 35 million peoples approximately. This indicates the importance of the Industry to the national economy. Recognizing this fact, the Govt. has been giving various incentives to increase production to make the country one of the foremost players in the world.

The industry expects investment of Rs. 1,40,000 crore in this sector in the post-MFA phase. A Vision 2010 for textiles formulated by the government after intensive interaction with the industry and Export Promotion Councils to capitalise on the upbeat mood aims to increase India's share in world's textile trade from the current 4% to 8% by 2010 and to achieve export value of US $ 50 billion by 2010 Vision 2010 for textiles envisages growth in Indian textile economy from the current US $ 37 billion to $ 100 billion by 2010; creation of 12 million new jobs in the textile sector; and modernization and consolidation for creating a globally competitive textile industry.

In view of withdrawal of Quota Restrictions under WTO, the textile industry is likely to get a fillip in terms of both capacities and quality of input. The scale of operations and strong customer relationships in the USA and European Union (EU) markets would thus be key competitive advantages.

India has certain advantages in textiles over the other countries like strong indigenous raw material base, skilled technical manpower and low labour cost. However the Indian Textile Industry presently suffers from severe technological obsolescence and lack of economies of scale. Hence, there is an urgent need for the Indian Textile and Garment Industry to modernize and restructure itself with state-of-the-art, high-tech weaving, knitting, processing and garment making machines and R & D facilities in the shortest possible time to gain full benefit under WTO.

4.2 BUSINESS OVERVIEW

Ankita Knit Wear Limited was originally incorporated on February 4, 1998 as a Private Limited Company under the Companies Act, 1956 in the State of Maharashtra and a Certificate of Incorporation was obtained from the Asstt. Registrar of Companies, Maharashtra, Mumbai having a Certificate No. 11-113372/1998. Later, it was converted into a Public Limited Company by passing the necessary resolution on May 7, 2007 and certificate for the same was obtained from the Registrar of Companies, Maharashtra, Mumbai on June 25, 2007.

The Company presently is engaged in manufacturing of Knitted and Woven Fabrics with its facilities at Plot No. 10 and 11 at Village Vadavli, Taluka Wada, District Thane - 421312. AKWL is a profit making company since its inception. Over the years our company's turnover has grown from Rs. 15.67 crore in 2005 to Rs. 101.92 crore in March 31, 2009.

As a brand, AKWL has succeeded by maintaining pace with the changing demands of the local & global fashion trends and primarily due to the company’s innovative approach in continuously developing newer products, using state of the art technology along with highly–skilled workforce, strong logistics by being perpetually quality conscious and thereby creating world class fabrics. These highly ingenious fabrics are available in a vide range of colour, texture and comfort along with contemporary designs. Ankita fabrics are simply a luxury affordable that suits every desire.

The facility consists of 10 machines to manufacture Knitted fabrics and 84 machines to manufacture woven fabrics and an installed capacity of 15 million meters per annum. We are in the process of installing additional 100 machines for manufacturing garments. The company is supplying its knitted & woven fabrics to reputed garment companies and exporters. Its customers have very well received the company’s products and the company des not foresee any difficulty in selling its entire production.

The company has an in house laboratory which is equipped with all the testing facilities to achieve nearly zero defects. The latest testing equipments are installed to meet technical requirements for; Research, Product Development & Quality Control of various incoming raw materials and outgoing finished products. All these tests are carried out in accordance with the relevant International & Industrial Standards.

AKWL is able to offer diverse customer designed fabrics for the domestic and international textile markets from the middle to the upper-end segments. The shirting collection covers complete range of styles such as; Classic, Formal, Fashion & Casual in plain, dobbies and jacquard with each range having various categories. With the Technology, Machinery, Know-How and equipments installed by AKWL, fabrics created by AKWL will offer various Normal as well as Functional Finishes such as:

- Crispy Finish
- Anti – Crease Finish
- Stain Repellent Finish
- Anti-bacterial Finish
- Soft & Smooth Finish
- Fire Retardant Finish
- Mosquito repellent Finish
- Cool Touch Finish
- Perfume Release Finish
- Water repellent Finish
- Easy care finish
- Enzyme treatment Finish

Ankita Knit Wear Limited (AKWL) was established under the Leadership of Anil Kumar Jhawar to cater to the needs of quality knitted fabric for Indian market. Beginning as a small establishment, with a small initial capital of Rs. 25 lacs, the company has grown as a supplier of knitted and woven fabric and a regular support to exporters of proven quality fabric and garments. Today, the company has successfully placed itself in the field of knitted and woven fabrics. The company is a profit making entity since inception.

We are engaged in the manufacturing of Knitted and Woven Fabrics with installed capacity of around 15 million meters per annum at its Wada factory. To augment the production capacity further, another plant with an investment of Rs. 4500 Lacs is being set up at the existing location at Wada, very close to the textile power loom hub, "Bhiwandi". This will lead to an increase in the total production capacity of Knitted and Woven Fabrics to 65 million meters. In addition to this, we are implementing a garment division which will have a capacity to manufacture around 100 lacs pieces per annum and this division is expected to commence production by December 2009. The textile complex of the company is spread over five acre of land at Wada, Dist. Thane (Maharashtra).

With the removal of quota regime, the company has been provided with an opportunity for growth, as the Indian exporters now do not have a limit on exports quantity. In order to take advantage of the growing market, the company has planned to expand their business activity in the knitwear segment.

Ankita Brand

We are marketing 100% cotton, Synthetic and blended (woven and knitted) fabrics in the domestic market by its own brand named Ankita. The products are marketed to Garment Manufactures and Exporters/Traders through out India. The Company has established its reputation and reliability in the market for its quality products marketed by the brand name "Ankita". With long experience and accumulated technology, AKWL ensures, all the products of the company confirms with all the major specification and customer requirements. The company is supplying its knitted and woven fabrics to reputed garment companies and exporters.

The Technology, Machinery, Know-How and Training at the Wada factory has been conceived as one of the best in the industry, specifically from the customers and machine suppliers of Germany and China. These parameters will address the concerns with respect to the future trends, fashion and committed service to all the customers.

The company has capability to manage multiple and large orders. Large orders require capabilities to manage large workforce, complex sourcing, production planning and ability to ensure timely delivery to the customers. Over the years, the company has developed the expertise to manage multiple large orders.

COMPANY'S MARKET POSITIONING

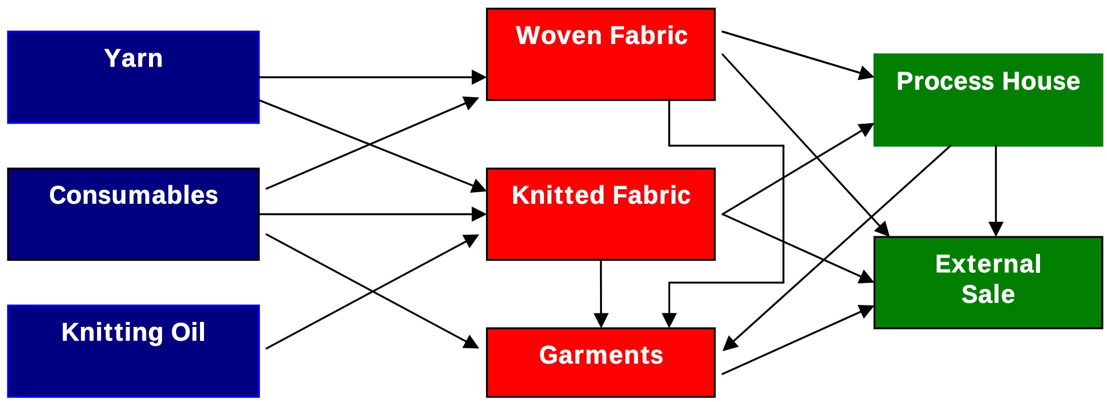
- Strong Brand Image — "Ankita"
- Benchmark in Industry for Product Quality and Business Practices
- Considered as a most preferred Supplier by all Major Customers.
- Widest product range after implementation of new Project.

COMPANY'S OPPORTUNITIES

Robust demand growth in Textile Sector:

- Capture of higher share of market with the booming Textile sector.
- The Company with its Planned New Project is aiming at the lucrative — product range.
- The Textile market is at a mature stage, which will offer opportunities for the Company for a Quantum growth.

BUSINESS MODEL



4.3 MANUFACTURING PROCESS

1. Manufacturing Process: Weaving Division

The process of manufacturing of grey fabric consists of a series of activities at different stages. Input of raw material depends on desired fabric to be manufactured. Manufacturing of grey fabric is performed either by single yarn method or double yarn method depending on the requirement of output. In the single yarn method, yarn is of single count and in the double yarn method; yarn is of double count which are twined together. Double Yarn method gives more strength to the fabric and in the single yarn method yarn is subject to sizing which adds more strength to the fabric and is as good as double yarn fabric. The major steps involved in the manufacturing process are as under:

Collection and Testing of Raw Material
The first step in the manufacturing process is to collect the Yarn, which is the main raw material. Yarn may be Cotton or Polyester Cotton or Blended Yarn depending upon the requirement of the fabric to be manufactured. The Yarn so collected is tested in terms of its count, weft, tenacity, elongation at break, evenness, hairiness, etc. Yarn of different colors as may be required is collected in the form of Paper Cones. These Paper Cones are arranged in a big metallic frame many in number uniformly in order to facilitate uninterrupted flow of yarn over to the Warper Beam.

Warping
Warping is the process of laying the yarn filaments parallel to each other to be wounded around a rotating metallic Beam which is supported by a Warping Machine. Warping of Single Yarn is different from that of the Double Yarn. Direct Warping Takes place in the Single Yarn method whereas Sectional Warping takes place in the Double Yarn method.

Direct Warping
This is the simple method of laying the yarn filaments parallely to each other without any overlapping which flows directly from the Paper Cones to the Metallic Beam. If there are any breaks in the yarn, the warping machine stops automatically so that the attendant can mend by joining the broken ends and the process continues.

Sectional Warping
In the Sectional Warping method double filaments of yarn are twined or twisted together to become single filament with greater strength. After that, these twisted double yarn filaments are laid parallel to each other and rolled accordingly to wind around the Beam. While doing this activity it is ensured that Yarn is reeled on the Sectional Warping machine as per the design, pattern and colors to make sections on the Weavers Beam.

Sizing

The Sizing process is used only in the Single Yarn method. Sizing is nothing but applying Starch and relevant chemicals to make the single yarn more strong and stiff. The warped beam which is made from the Direct Warping Machine is creeled on to the rotating sizing creel. Warp sheets of all direct warping beams are tied together and passed through the Sized Liquor in order to apply the starch uniformly on and around the yarn. Sizing enables the yarn to resist the stress and abrasion during the weaving process on the Loom. Sizing also reduces the hairiness of the yarn on the fabric after its woven. Sizing is not required necessarily for the Double Yarn Warping as it is already strong. In order to get the size dried on the yarn, the sized yarn is subject to the steam of the boiler.

Drawing In

The Warping Beam so prepared is sent to the Drawing Department. In this department, the yarn from the beam is drawn in such a way that it meets the requirement of design, pattern, number of shafts on the fabric, count of reed, width of pattern and colour.

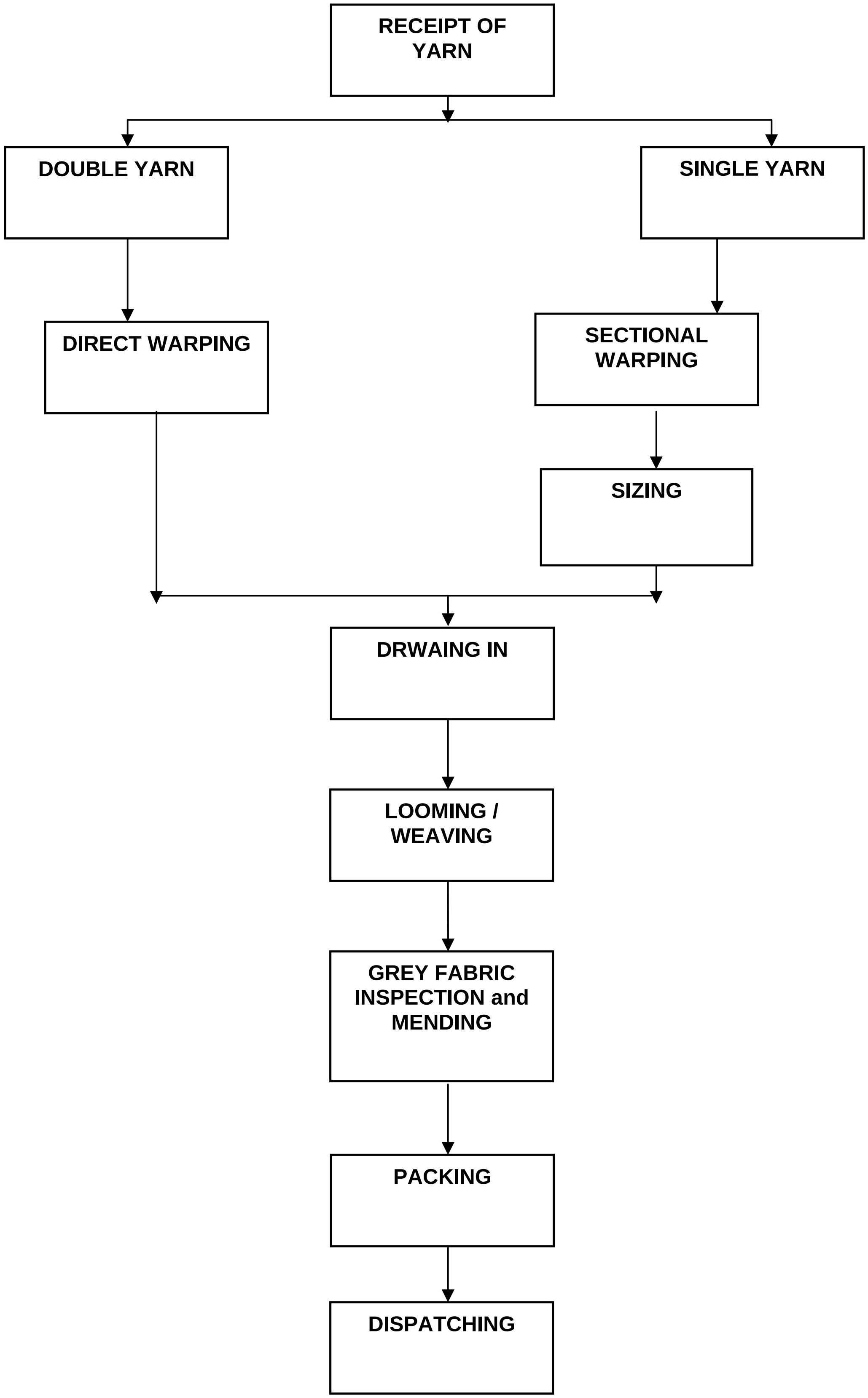
Looming

Looming is nothing but the process of weaving the fabric with the help of power loom by the synchronized movement of weft yarn against the warp yarn drawn in parallelly on the beam. In this process the yarn which is warped according to the design required is passed uniformly and the weft yarn is interlaced in order to build a compact arrangement of filaments to from the grey fabric. The fabric so woven is wound round to form rolls of desired length. These rolls are sent to mending department for the inspection.

Inspection and Mending

After the fabric is woven, it is sent to the Mending Department in which the fabric is thoroughly inspected to find if there are any defects in the weaving process. Defects like extra yarn on the fabric, gaps if any between the filaments, damages if any, etc are identified and small corrections that can be made by cutting off the extra yarn on the fabric. Fabric is cut into different pieces of the desired length and made ready for delivery.

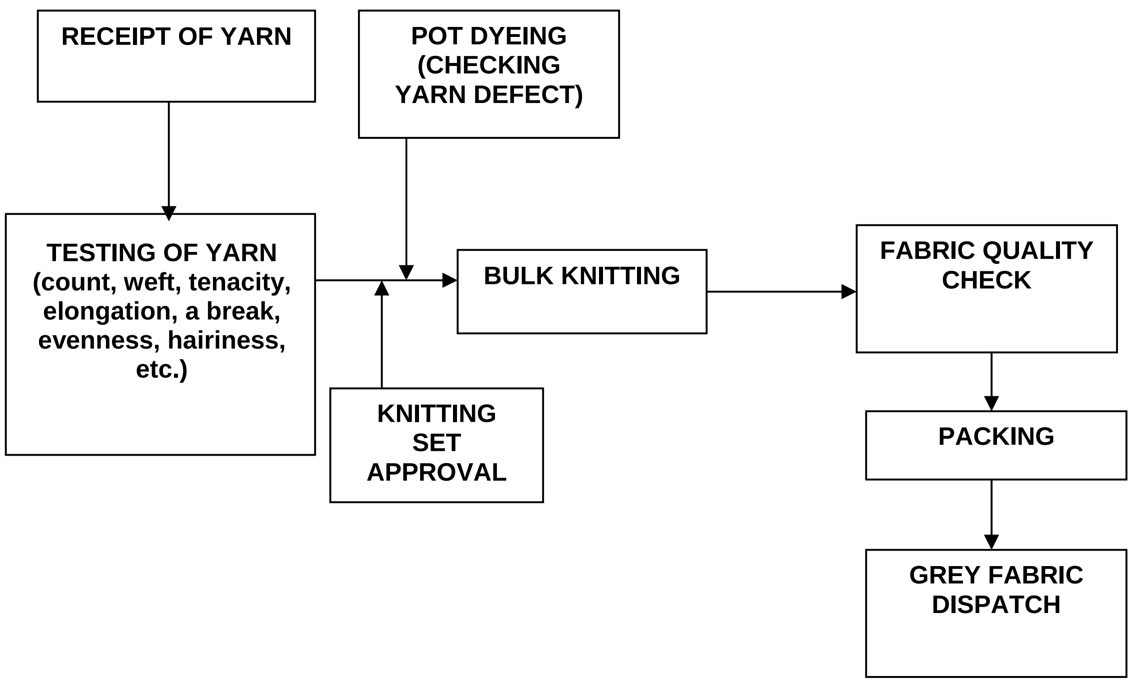
PROCESS FLOW CHART FOR THE WEAVING PROCESS



2. Manufacturing Process: Knitting Division

For knitted fabric production, two types of machines are normally used i.e. circular knitting machine and flat knitting machine. The grey yarn, the main raw material is transformed into fabric via circular knitting. In knitting, yarn is interloped by latched and spring needles i.e. two different loops are mingled together with needle adjustment. We source quality grey yarn from spinning mills in India depending upon the requirement of our customers. Knitting department receives orders from Production, Planning and Control Department (PPC) with style number and quantity of fabric required. The knitting department makes the production planning for all knitting machines based on request from PPC and also calculates and orders required yarn from the purchase department. Planning is usually done for every week. After conversion of grey yarn into knitted fabric, the fabric is checked for any defects by experts in the department. Defects like extra yarn on the fabric, gaps if any between the filaments, damages if any, etc are identified and small corrections that can be made by cutting of the extra yarn on the fabric. Fabric is cut into different pieces of the desired length and made ready for deliveries.

PROCESS FLOW-CHART OF KNITTED GREY FABRIC



3. Manufacturing Process: Garment Division – Proposed through Bank Loan

This division is being exclusively funded by bank loan of Rs. 150.00 Lac from State Bank of India, Backbay Reclamation Branch, Nariman Point, Mumbai – 400 021 vide their sanction letter no. BRB/RM-II/08-09 dated March 4, 2009.

Procurement of fabric

Based on the order and design, the fabric and appropriate fabric source will be identified and the quantity required will be assessed based on the consumption of fabric per garment.

Pattern Making and Grading

The computerized technique viz. CAD will be used for making the patterns according to the various sizes as per order details. These software applications will help us to make accurate markings on the fabric in such a way that the wastage of fabric is minimized resulting in better utilization of fabric. In case of manual designing error rate is more, which can be eliminated completely by electronic designing software. Depending upon the designs and patterns, fabrics are given grades, these patterns and the marker plans are sent to the cutting department for cutting the fabric.

Fabric Laying and Cutting

The fabric is first inspected for any defects on the inspection table. The system used for inspection is 4-point system or 10 point system. The fabric rolls will then be spread on the cutting table manually or by the automatic spreading machine. In this process, fabrics with identical designs and patterns are laid on the cutting table in many layers so that the consumption of time can be minimized. This kind of cutting enables us to ensure required number of pieces of fabric is cut depending on the target set for each category of fabric everyday with no errors in the cutting process. The equipment used in cutting the fabric is straight knife cutting machine. The band knife will be used for cutting the smaller parts. The cut fabric is then bundled according to the sizes and sent to sewing section for stitching.

Sewing or stitching

In the sewing section the machines are set according to the machine layout. The bundles of the fabrics from cutting section are fed in the stitching lines for sewing where each machine is handled by a sewing operator. The fabric which is cut according to the markings made on it is stitched in two different stages. In the initial assembly, individual pieces cut are stitched parts wise and later sent to the final assembly for the final stitch in which all the parts are assembled together and stitched. There are in-line checkers and line supervisors in the stitching department who ensures the process to go smoothly without any interruption due to overlapping or overload. The completely stitched fabric is then sent for thread cutting and end-line checking and finally sent to the finishing department.

Washing and processing after the stitching process is over, the garments are subject to the washing and processing, wherein the garments are washed with various chemicals to give a better feel to the fabric. It also include washing of garments by stone wash, enzyme wash, bleaching, acid washing, sand blasting, etc. Our Company is planning to out-source the washing and processing activities to the processing units located nearby.

Finishing

The garments are pressed by the steam irons and then are sent for final checking, inserting hangtags, price labels, hanger insertion and removal of extra threads coming out of the fabric and ironing.

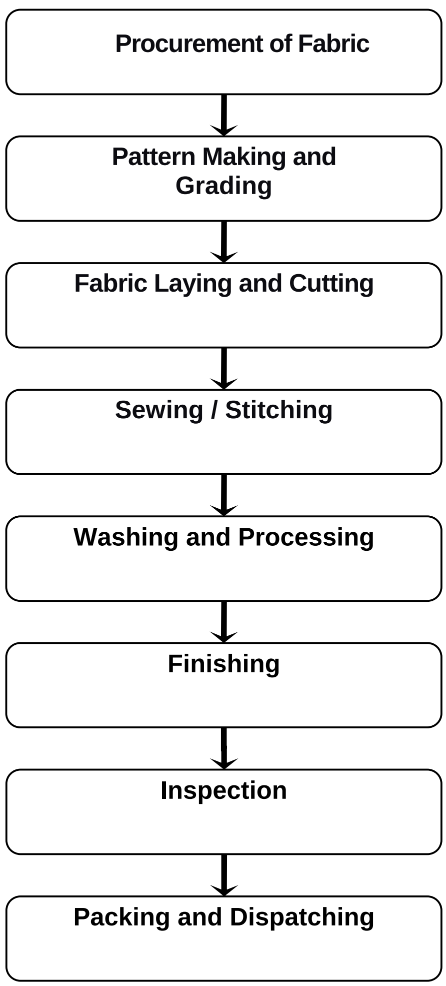
Inspection

The finished garment needs to be checked thoroughly for any defect to ensure the quality standards are maintained. Inspection before dispatching the final garment also involves steps like measuring the garment, and inspection of quality of fabric affected due to handling by persons or for any other reason.

Packing and Dispatching

Once the garment is completely checked by the Quality Control In-charge, garments are segregated according to their sizes and designs. Finally, the garments are ironed and packed in the polythene bags / carton boxes individually. Multiple sets of these individual pieces are arranged in a big carton boxes for easy and bulk transportation and dispatched to the wholesale customers and the warehouses.

PROCESS FLOW-CHART OF GARMENTS MANUFACTURING



4.4 DETAILS OF BUSINESS OF THE ISSUER COMPANY

LOCATION

We are currently operating from the following unit:

Unit	Existing Location	Activity
Unit I	Plot No. 10-11, Village Vadavali, Post Uchat, Taluka Wada, Dist. Thane - 421 312, Maharashtra	Weaving and Knitting Division

Further we are in the process of setting up of the following new units:

Unit	Proposed Location	Activity
Unit II	Plot No. 10-11, Village Vadavali, Post Uchat, Taluka Wada, Dist. Thane - 421 312, Maharashtra	Garment Unit
Unit III	Plot No. 10-11, Village Vadavali, Post Uchat, Taluka Wada, Dist. Thane - 421 312, Maharashtra	Expansion to the Knitting Division to produce 50 million metres of fabric

The registered office, existing and proposed factory is situated at Plot No. 10-11, Village Vadavali, Post Uchat, Taluka Wada, Dist. Thane - 421 312, Maharashtra which is eligible for concessional Power supply from Government of Maharashtra and is already having the basic infrastructure and the related services. This location is well connected by rail, road and is hardly 100 K.M. from Mumbai and Surat which are major textile markets in western part of the country. With only a few hours of drive from Mumbai, the strategic location of the unit at Wada is a great advantage in terms of strong logistics, better connectivity and quicker accessibility via rail and road ensuring on-time procurement of raw materials and deliveries to the customers. Our plant is hardly 10 km. from power loom hub, "Bhiwandi" hence trained labour is available easily at competitive cost. The expertise of the supervisory staff and skilled manpower in the area is available

PLANT & MACHINERY

The proposed project for the expansion of the knitting division requires 100 imported machines and other indigenous machines. The orders for the Plant and Machineries will be placed after receiving the proceeds of the IPO. The details of the plant, machineries and other accessories are mentioned on Page No. 56 of this Prospectus under the head “Objects of the Issue”. The details of existing machineries as on March 31, 2009 are as follows:

Sr. No.	Particulars	Qty.
1.	Weaving Machine 84” Widht, 24 dobbies Make – HANGZHOV HUANONG Machinery Co. Ltd. China with maror & panel board etc. Year – 2007	60
2.	Al – frames 110’ length & 18” width	-
3.	Warping Machine Rabatex Ind. Ahmedabad, India with creel etc. (fully electronic) Year – 2007	2
4.	Warping Machine Make – Prashant Gamatex Ind. Ahemdabad, India with crill etc. (fully Electronic) Year – 2008	1
5.	Compressor Elgi – 40 HP 30 KW Compressor, Storagematic & Dryer etc. full set 2007	1
6.	Compressor Elgi – 5 HP Elgi – 15 HP	1 2

7.	Weaving machine Make – wanly textile machinery Ltd, China WL – 450 Excellent Rapier Loom 1900 mm Length. 16 Dobbies Hi- speed machine 450 RPM, Power – 7 KW DG Keum Bldg. Year – 2008	24
8.	DG set 250 KVA Make- Kirloskar with exhaust piping & ducting Box Conering Year – 2007	1
9.	Servo Stabiliser Make- Airkom, India Capacity – 750 KVA Distribution Year – 2007	2
10.	DG set Cummins – Powerica Capacity – 5 HP	1
11.	DG set Kirloskar Capacity – 7.5 HP Exhaust piping & ducting etc.	1
12.	Spare parts of the machine kept in Store/ Reception	Lot
13.	Rewinding machine assembled Year – 2007	24
	Rewinding machine assembled Year – 2007	12
14.	Bobbin fitting machine Make – Apurva Texmac Year – 2007	1
15.	Circular Knitting machine Make – Mayer & Cie company Germany	6
16.	Humidity control plant 2 Monoblock pumps (Daber) – 15 HPeach in each plant. 2 fans for fresh air & 2 fans for return air with rotory filter, system, panel board & cooling tower etc.	2
17.	Installation & cabling, wiring & entire power network	Lot
18.	Transformer set 750 KVA with all accessories	Set

TECHNOLOGY

Technological Factors of Plant and Machineries

The existing plant and machineries are latest and sound. Our company is importing the modern technology based high speed knitting machines from Ta Yu Knitting Machinery Co. Ltd., China.

TA-YU knitting machines are equipped with auxiliary products from Germany and U.S.A, such as yarn storage unit, yarn support pressured oil lubricator. All the knitting needles are made by GROZ BECKERT from Germany and the power transmission is equipped with frequency converter imported from Japan, which makes easy the acquisition of needed output power. In order to enhance the precision and fluency of knitting part, they have set up the design systems, which can fully utilize the means of CAD/CAM and three-dimensional movement simulation. The flexible manufacturing system and the CNC vertical turning center can ensure the inherent quality of all components.

FACTORY ENVIRONMENT CONTROL

The company has proposed to install air-cleaning systems at its new unit to keep the atmosphere clean and free from heat, dust and dust particles.

COLLABORATIONS

We have not entered into any technical or other collaboration.

INFRASTRUCTRURE FACILITIES FOR RAW MATERIALS AND UTILITIES LIKE WATER, ELECTRICITY ETC.

Raw Material

Weaving and Knitting Division

The basic raw material required for manufacturing of grey fabric is yarn. We procure yarn from the suppliers of Gujarat and Maharashtra for our weaving and Knitting unit, which is easily available. Other raw materials and consumables may be sourced from the local markets.

Garment Division

Raw material required for manufacturing garments are textile fabric. We are planning to source grey fabric from our own weaving and knitting unit by getting it finished for dying from other processing units. Other raw materials required in the garment manufacturing are interlining, buttons, threads, zippers and consumables and they are sourced from the local markets.

The items of Raw materials required for the Project will be the same as those being consumed presently and there is an established network of suppliers and logistics readily available. We are in the same line of activity and enjoy good relations with raw material suppliers. The desired raw materials are easily available throughout the year.

Water

The Weaving and Knitting manufacturing process does not require water. The water requirements for humidification plant and domestic use by staff and workers will be around 7900 Liters Per hour (including 4600 Liters per hour for existing operations) which is/will be sourced from the company's own bore well at site.

At present the company's requirement is fulfilled by bore water and should not be a problem to run the industry.

Power requirement

The total power requirement for the expansion project is 940 KW for running 100 knitting machines; the load factor is considered at 70% for running the machines. The details of power requirements are as under:

Particulars	**KW**
TA YU make 100 high Speed Knitting Machines	550
Checking and Mending	10
Compressor	225
Humidification Plant	125
Stores	02
Office Lighting	10
Godowns	03
Misc. Requirements	15
Total	**940**

The company already has sanction of 724 KW power for its existing operations at Wada which is adequate for the current operations. The additional power requirement shown in the above table for expansion will be applied in due course. The Connected load and the supply from feeder lines and generation from generator set are sufficient to meet the load. In addition to this we have captive DG sets for 600 KW & 50 KW and proposing to add another DG set of 600 KW for future projects.

4.5 PRODUCTS / SERVICES OF THE ISSUER COMPANY

Nature of the products

The nature of existing products are knitted and woven cloths or textiles which is commonly used for making different kinds of garments which in turn are used by people of all age groups and sexes.

Markets

Since the end products are used for people therefore there is always a demand for the products across the globe. The domestic as well as international markets are available for the products of AKWL. With the increased incomes and changing fashion trends, people are stocking much more garments and clothes in their wardrobes. Increased middle class and upper middle class population of India drives up the market demands for our products.

Competition

Textile Industry in India is very much competitive due to large number of players in each region irrespective of their size whether big or small. Also, in a globalised world, there is always a stiff competition in textile industry due to various international players. China, Bangladesh, Sri Lanka are some of the major competitors.

Past Production figures of our Company

Class of Goods	Unit	2008-09	2007-08	2006-07
Knitting	Kilograms	9,41,985	8,91,053	5,48,881
Weaving	Meters	62,08,012	39,70,708	2,89,171

Existing & Proposed Capacity of our Company

Name of the Division	Existing Capacity	Proposed Addition	Capacity after Proposed Expansion
Knitting	1,000 M.T.	10,000 M.T	11,000 M.T.
Weaving	94 Lacs Meters	-	94 Lacs Meters
Garments	-	10 Lacs Pieces	10 Lacs pieces

EXISTING AND FUTURE CAPACITY & CAPACITY UTILISATION OF OUR COMPANY

		Unit	2006-07	2007-08	2008-09	2010-11	2011-12	2012-13
Knitting	**Existing**							
	Installed	MT	600	1000	1000	1000	1000	1000
	Utilised	MT	549	891	941	906	906	906
	% Utilised		92	89	94	90	90	90
	New							
	Installed	MT	-	-	-	10000	10000	10000
	Utilised	MT	-	-	-	1500	7500	9000
	% Utilised		-	-	-	15	75	90
	Overall							
	Installed	MT	600	1000	1000	11000	11000	11000
	Utilised	MT	549	891	941	2406	8406	9906
	% Utilised		92	89	94	22	76	90
Weaving	**Existing**							
	Installed	Meter	900000	9400000	9400000	9400000	9400000	9400000
	Utilised	Meter	289171	3970708	6208012	8466762	8466762	8466762
	% Utilised		32	42	66	90	90	90
	New							
	Installed	Meter	-	-	-	-	-	-
	Utilised	Meter	-	-	-	-	-	-
	% of Utilised		-	-	-	-	-	-

	Overall							
	Installed	Meter	900000	9400000	9400000	9400000	9400000	9400000
	Utilised	Meter	289171	3970708	6208012	8466762	8466762	8466762
	% Utilised		32	42	66	90	90	90

The figures for the FY 2009-10 are not mentioned since for that year the installed capacity will remain as of its previous FY and the commercial production is expected to start from the FY 2010-11.

Exports

The Company has started exporting its products from the last FY 2008-09. As per the audited balance sheet for the FY 2008-09 of the company, AKWL had exported its products worth Rs. 34.25 Lac to Dubai, UAE.

Export Obligations

A bank guarantee has been issued for Rs. 2.55 lac by the Issuer by way of security for fulfillment of export obligations since the Issuer is covered under Export Promotion Capital Goods (EPCG) scheme which allows the import of capital goods at a concessional rate of 3.09% custom duty as against then prevailing rate of 18.64%. The Bank Guarantee shall remain in force till May 14, 2018.

Details	Licence No.	Issue Date	Duty Saved (Rs. in Lac)	Export Obligation in USD	Export Obligation Completed in USD	Balance Export obligation to be completed in USD	Period to which Export Obligation to be completed
Woven Fabrics	0330020026/2/11/00	May 15, 2008	18.81	371674.07	67800	303874.07	8 years from the Issue Date

Demand and Supply forecast

The demand of the products are more than its current production figures. The company is not able to meet the demand of its customers and therefore it is going to increase its production capacity through the proceeds of this Issue. Also, the company is going to foray into garment manufacturing to use its own finished goods after getting them processed in the process houses on outsourcing basis. This will reduce its dependence for products from the other customers and also increases the value addition to the products.

Approach to Marketing and Proposed Marketing Set-up

The company sells its products through wholesalers, manufacturers and garment exporters. The company believes in direct customer approach for its products. AKWL also sells its products through Third Party Agents who procure products for their customers. AKWL is also planning to widen its distribution network through various dealers and agents for its proposed project.

BUSINESS STRATEGY

The company's strategy is to enhance the quality, design and product upgradation in accordance with International Standards and by adding new products through horizontal integration. Emphasis has always been on maintaining long-term customer relationship and customer satisfaction. Need based production is again a strategy which is being followed by the Company. The company's marketing strategy for its products is direct customer approach. Also, the company is going to foray into garment manufacturing which will reduce its dependence from the outside customers for its gray fabrics.

COMPETITIVE STRENGTH

The Company believes that the following are its principal competitive strengths, which differentiate it from other companies in similar line of business:

- **Experience of the Promoters**

The promoters have in-depth knowledge and wide experience in the textile industry and have successfully implemented expansion projects earlier. The Promoters have successfully implemented the expansion of Weaving Unit from 9.00 Lac meter in 2006-07 to 94.00 Lac meter in 2007-08.

- **Experienced Staff**

The Key Managerial personnel of the Company have vast experience in the said industry. The Company has adequate technical, commercial and managerial personnel to handle implementation of the proposed expansion project. The current Key Management Personnel are adequate experienced in their respective fields to carry their responsibilities.

- **Global Sourcing Capability**

The Company has developed capabilities to import raw materials and for which our company is availing of EPCG Licenses to reduce the production cost of their fabrics. Since the requirement of quantities will be large, it has developed an efficient supply chain. Moreover the Company has alternative global suppliers which will help the company to source raw materials at competitive rates. This also will reduce lead-time in sourcing raw materials, which will help in meeting delivery time schedules of the company.

- **Existing Profit Making Company**

The Company is an existing profit making company since inception.

- **Use of efficient technology for increased efficiency**

We would deploy technologically efficient equipments and control instrumentation would enable minimum energy consumption in process of manufacturing, thereby increasing the operational efficiency of the plant. It will be one of the best in the industry, specifically from Germany & China considering the future trends, fashion & committed service to all the clients.

- **Locational advantages to the project**

The site for our proposed expansion project is with only a few hours of drive from Mumbai, the strategic location of the unit at Wada is an advantage in terms of logistics, better connectivity & quicker accessibility via Road, ensuring on-time procurement of raw materials and deliveries to the clients.

- **Capability to manage multiple and large orders**

Large orders require capabilities to manage large workforce, complex sourcing, production planning and ability to ensure timely delivery to the customer. Over the years, our company has developed the expertise to manage multiple large orders. From FY 2008-09, we have moved one-step further and started export of our products and made export sales of Rs. 34,25,387/- in a short span of time.

- **Good labour relations**

By following a proactive labour policy, we have been able to develop a workforce that identifies themselves as part of a family rather than as mere employees. Our units have enjoyed the distinction of never having suffered any labour unrest since inception.

FUTURE PROSPECTS: EXPANSION PLANS

AKWL is set to gain from volume growth coming from capacity expansion in Knitting and Garment division. The expansion plan for knitting division is proposed to be financed by the proceeds of the issue and term loan from bank and the expansion of garment division is likely to be started by the end of the year which is financed by the internal accruals of the company and term loan from the bank. The company will be benefited from backward integration by having an in house fabric process house. The company has future plan to establish a self contained Fabric Process House with an installed capacity of around 60,000 Meters per day in a chemical zone near to existing weaving/knitting division of the company for processing fabrics manufactured by the company. This process house will reduce dependence on outside process houses apart from value addition, confidentiality of designs, improved quality, timely delivery and saving in transportation and stock holding cost will be additional benefits.

The Company believes that capacity expansion along with the captive process house would help to improve margins considerably and should be reflected from FY2011E onwards. The company has already initiated in this direction and this project is expected to cost around Rs. 45.00 crores and be fully operational by 2011E. The funding pattern for the process house is yet to be finalized.

With mounting demand for woven fabrics and as a part of its future plan, we have taken concrete steps to increase our production by investing in a project as Village - Vadavali, Taluka - Wada, District - Thane, based on the western region of India in Maharashta, with facilities for Weaving, Processing and Garment manufacturing.

The upcoming production unit at Wada is spread over a area of 5 acres and is about 80 Kms from Mumbai City. With only a few hours of drive from Mumbai, the strategic location of the unit at Wada is a great advantage in terms of strong logistics, better connectivity and quicker accessibility via Road, ensuring on-time procurement of raw materials and deliveries to the customers.

The Technology, Machinery, Know-How and Training at the upcoming Wada factory has been conceived as one of the best in the global textile arena, considering the future trends, fashion and committed service to all the customers.

We are also proposed to have a laboratory which will provided with the state-of-the-art equipment to meet technical requirements for; Research, Product Development and Quality Control of various incoming raw materials and outgoing finished products. All these tests will be carried out in accordance with the relevant International and Industrial Standards.

Through this new set-up, AKWL will be able to offer diverse customer designed fabrics for the domestic and international textile markets from the middle to the upper-end segment. The shirting collection will cover complete range of styles such as; Classic, Formal, Fashion and Casual in plain, dobbies and jacquard with each range having various categories.

4.6 PROPERTY

AKWL currently own the following properties in its name, which is currently used for the commercial purposes:

Sr. No.	Location	Built up Area and Name of Vendors	Consideration and Stamp Duty & Registration	Purpose
1	Gat No. 10, Village Vadavali, Taluka Wada, Sub-division Jahwar, Sub-Registrar – Bhiwandi.	HRP (1-30-0) Mr. Narendrakumar G. Agarwal and his Power of Attorney holder Mr. Aslam Gafur Bhure	Rs. 30,00,000/- And Rs. 1,20,000/-	Registered Office of the Company and the Factory building and for manufacturing facilities.

2	Gat No. 11, Village Vadavali, Taluka Wada, Sub-division Jahwar, Sub-Registrar – Bhiwandi.	HRP (0-65-0) Mr. Narendrakumar G. Agarwal and his Power of Attorney holder Mr. Aslam Gafur Bhure	Rs. 15,00,000/- And Rs. 60,000/-	Registered Office of the Company and the Factory building and for manufacturing facilities.
3	Survey No./ H. No 27/1, 26/2, 23/5, 28/3/2, Village Shelar, Sub-Registrar- Bhiwandi.	HRP (3-01-8) or 334.44 Sq. mtrs. Mr. Subhash Banwarilal Kedia (Power of Attorney holder for Mr. Sitaram G. Gundolkar and 11 others)	Rs. 59,000/- And Rs. 4720/-	Using the land for storage purpose of manufactured / finished goods

Our Company does not propose to acquire the land for the proposed project . The entities/persons from which our Company has acquired the land or propose to acquire the land are not related to any of the promoters / directors of our company.

Intellectual Property Rights: Certificate of Registration of Trade Mark No. [1276243]

Certificate of registration of trademark under section 23 (2), Rule 62 (1) of the Trade Marks Act 1999 has been granted to AKWL (in its erstwhile name) by the Registrar of Trade Marks on April 2, 2004. The trademark is registered in Class 24 at Mumbai from April 2, 2004 in respect of Textile Piece Goods included under Class 24. The registration is for 10 years from the date of application and may then be renewed for a period of 10 years and also at the expiration of each period of 10 years.

INSURANCE

The Company has the following insurance policies with The New India Assurance Company Ltd. as on date:

(In Rs.)

Sr. No.	Policy No.	Place of Insurance	Type of Risk	Interest Insured	Period	Sum Insured	Premium (p.a.)
1	112700/11/08/ 11/00000195	B-1/2, Wagle Compound, Khoni Gaon, Mithpada Shelar Bhiwandi, Dist. Thane – 421 302	Earthquake (Fire & Shock)	Building	06/10/2008 to 05/10/2009	1,00,00,000	7,570/-

2	112700/11/08/ 11/00000196	Plot No. 10 & 11, Vill-Vadavali, Post-Uchat Tal-Wada, Dist. Thane – 421 303	Earthquake (Fire & Shock)	Building including walls & associated Structure	06/10/2008 to 05/10/2009	6,30,00,000/-	
				Plinth & Foundation		70,00,000/-	
				Plant & Mach.		14,00,00,000/-	
				Furn. & Fix.		2,50,00,000/-	
				Stock of Raw Material		5,50,00,000/-	2,14,671/-
				Semi-finished, finished goods		2,00,00,000/-	11,117/-
				Packing materials		2,50,00,000/-	6,151/-
				Additional Insurance of entire stock		6,00,00,000/-	6,475/-
3	112700/11/08/ 11/00000197	1. B-1/2, Wagal Compound, Khoni Gaon, Mithpada Shelar Bhiwandi, Dist. Thane – 421 302 2. Kothari Transware Pvt. Ltd., Godown Unit No. 1351/1,2,3,4 Manibhai Compound, Bhiwandi Road, Vill-Rehnal, Bhiwandi	Earthquake (Fire & Shock)	Raw material Stock	06/10/2008 to 05/10/2009	1,00,00,000 + 1,00,00,000	16,685/- + 12,251/-
4	111800/46/09/ 04/00000171	Plot No. 10 & 11, Vill-Vadavali, Post-Uchat Tal-Wada, Dist. Thane – 421 303	Burglary I.R.	Stock of Raw Materials, Semi finished, Finished goods, Packing Material	03/06/2009 to 02/06/2010	10,00,00,000	22,060/-
5*	2008-F0000036-FIR-R001	E/19-C-302, Yogi Guru Kripa CHS Ltd., Yogi Nagar, Eksar Road, Borivali (W), Mumbai - 400091	Standard and Special Perils	Building	27/12/2008 to 26/12/2009	10,00,000	472/-

* The last Policy is from Future General India Policy and others are from The New India Assurance Company Ltd.

However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. Further, there are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

4.7 KEY INDUSTRY REGULATIONS

The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

The Government of India has over the years formulated various regulations and policies for the development of the textile sector in India. Some of regulations and policies applicable to our Company are discussed below.

Textile Sector

1. TUFS

TUFS is the "flagship" Scheme of the Ministry of Textiles, Government of India, which aims at making available funds to the domestic textile industry for technology upgradation of existing units as well as to set up new units with state-of-the-art technology to enhance their viability and competitiveness in the domestic as well as international markets. The Government of India launched the TUFS for textiles and jute industries with effect from April 01, 1999 for a period of five (5) years, which was subsequently extended up to March 31, 2007 and further continued the Scheme for a period of five (5) years for the textiles & jute industries making certain further provisions in the financial and operational parameters of the Scheme. The Scheme provides interest reimbursement on spinning machinery at the rate of 4 per cent (4%). However, all the remaining sub-sectors covered under the scheme would get interest reimbursement at the rate of 5 per cent (5%). The Powerloom units under TUFS have an additional option to avail of 20 per cent (20%) margin money subsidy in lieu of 5 per cent (5%) interest reimbursement on investment in TUFS compatible specified machinery subject to a capital ceiling of Rs. 200 Lakh and ceiling on subsidy Rs. 20 Lakh. The specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles will get a 5 per cent (5%) interest reimbursement plus 10 per cent (10%) capital subsidy. The Scheme further provides for 25 per cent (25%) capital subsidy on purchase of the new machinery and equipment for the pre-loom and post-loom operations, handlooms/upgradation of handlooms and testing and quality control equipment, for handloom production units. The main feature of the scheme is a 5% interest reimbursement in respect of loans availed there under from the concerned financial institution on a project of technology upgradation in conformity with this scheme.

2. National Textile Policy

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

3. Cotton Control Order 1986

The Cotton (Control) Order, 1986 ("Cotton Order") prescribes the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a Hindu Undivided Family growing cotton). The Cotton Order establishes the office of the Textile Commissioner as the regulator thereunder. The Cotton Order further specifies the quality standards that have to be met while picking cotton for the purposes of export and domestic consumption as well as the markings that have to be made on the cotton bale before marketing of the same.

4. Provisions related to the Textile Sector in the Finance Act, 2007

The Finance Act, for the financial year 2007, as passed by the Parliament of India, has made certain changes to the existing regulations and policies governing the textile industry in India.

These changes relate to:
- increased allocation for the TUFS and the scheme for integrated textile parks;
- reduction in excise duty on man made fibre yarn and filament yarn from 16% to 8%; and
- Reduction in import duty on man made fibre yarn and filament yarn from 15% to 10%.

TRADE RELATED SUBSIDIES

1. Export Promotion Capital Goods Scheme

The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods without any restriction on age is also allowed under the Foreign Trade Policy, which came into effect on September 01, 2004. The Foreign Trade Policy also permits EPCG licence holders to opt for technological upgradation for their existing capital goods imported under the EPCG licence, subject to certain prescribed conditions.

2. Advance licensing scheme

With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

3. Duty entitlement pass-book ("DEPB") scheme

DEPB credit rates have been prescribed for 83 texiles and clothing products. The scheme aims to neutralise the incidence of basic and special custom duty on the import content of the export product, by way of grant of duty credit against the export product at specified rates. However, these export incentives may be reviewed shortly to make them WTO-compatible.

4. Duty drawback scheme

Exporters are allowed refund of the excise and import duty suffered on inputs of the export products under this scheme. The Ministry of Finance, GoI announced the revised "All Industry Rates of Duty Drawback", which came into effect on May 05, 2005. The drawback rates have been determined on the basis of certain broad parameters including, inter alia, the prevailing prices of input, standard input/output norms published by the Directorate General of Foreign Trade, share of imports in the total consumption of inputs and the applied rates of duty.

REGULATIONS FOR FOREIGN INVESTMENT

1. 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. Presently, investments in companies engaged in the textile sector fall under the RBI's 'automatic route' for FDI/NRI investment of up to 100%. 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 thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, Government of India, which is regulated by the FIPB.

2. Ministry of Industry, Department of Industrial Policy and Promotion, Press Note No. 17 (1998 series) With a view to encouraging investments towards setting up of integrated units and thus achieving value additions, as well as to address the current difficulties of the cotton yarn export oriented units, the Government of India promulgated Press Note No. 17 (1998 Series), which allows export oriented units the operational flexibility of exporting cotton yarn without being subject to domestic cotton sourcing restrictions to the extent provided for within the press note.

OTHER REGULATIONS

Foreign Investment Regulations

The new industrial policy was formulated in 1991 to implement the Government's liberalization programme and consequently, the industrial policy reforms relaxed industrial requirements and restrictions on foreign investment. In subsequent years, the Government has further liberalized the foreign investment regime.

Customs Regulations

All imports to the country or exports from the country are subject to duties under the Customs Tariff Act, 1975. However, the Government has the power to exempt certain specified goods from custom duty, by notification.

Apart from the above, other laws and regulations that may be applicable to the company include the following:

- Contract Labour (Regulation and Abolition) Act, 1970
- Industries (Development and Regulation) Act, 1951
- Factories Act, 1948
- Employees' State Insurance Act, 1948
- Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- Payment of Gratuity Act, 1972
- Payment of Bonus Act, 1965
- Payment of Wages Act, 1936
- Minimum Wages Act, 1948
- Workmen Compensation Act, 1923
- Equal Remuneration Act, 1979
- Child Labour Prohibition and Regulation Act, 1986
- Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957
- Shops and Commercial Establishments Act and
- Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986

4.8 HISTORY AND CORPORATE STRUCTURE OF THE ISSUER COMPANY

Ankita Knit Wear Limited was originally incorporated on February 4, 1998 as a Private Limited Company under the Companies Act, 1956 in the State of Maharashtra and a Certificate of Incorporation was obtained from the Asstt. Registrar of Companies, Maharashtra, Mumbai having a Certificate No. 11-113372/1998. Later, it was converted into a Public Limited Company by passing the necessary resolution on May 7, 2007 and certificate for the same was obtained from the Registrar of Companies, Maharashtra, Mumbai on June 25, 2007.

The Company presently is engaged in manufacturing of Knitted and Woven Fabrics with its facilities at Plot No. 10 and 11 at Village Vadavli, Taluka Wada, District Thane - 421312. The Company was promoted by Mr. Anil Kumar Jhawar and Mrs. Jayanti Jhawar and it is a profit making company since its inception.

MAJOR EVENTS OF THE COMPANY

Sr. No.	Year	Major Events / Achievements
1	1998	The Company was incorporated as Private Limited Company.
2	1998	Started business by installing single imported Knitting machine.
3	2001	Company got the Customer Appreciation Award for its best performance for Mumbai region from the Cosmos Co-Op Bank Ltd.
4	2007	The Company was converted into Public Limited Company.
5	2007	Company started production of Knitted and Woven fabrics from its newly established factory situated at Plot No. 10/11, Village Vadavali, Post Uchat, Taluka Wada, Dist. Thane – 421 312
6	2009	The company is venturing into Garment manufacturing through Term loan and Internal Accruals

The existing production facility consists of 10 machines to manufacture Knitted fabrics and 84 machines to manufacture woven fabrics and an installed capacity of 15 million meters per annum. Since the end products are used by people there is always a demand for the products across the globe. The domestic as well as international markets are available for the products of AKWL. With the increased incomes and changing fashion trends people are stocking much more garments and clothes in their wardrobes. Increased middle class and upper middle class population of India drives up the market demands for our products.

Textile Industry in India is very much competitive due to large number of players in each region irrespective of their size whether big or small. Also, in a globalised world, there is always a stiff competition in textile industry due to various international players. China, Bangladesh, Sri Lanka are some of the major competitors.

AKWL has not been witnessing any strike or lock out or a defaulter till date since inception. For the last 5 years, the issuer has been into similar kind of business activities and from the year 2009 they are foraying into garment manufacturing. There is a time over run due to change in schedule of activities for the proposed project. There are no subsidiaries or holding companies of AKWL. There has not been any merger, amalgamation or revaluation of reserves in the history of the company.

OUR MAIN OBJECTS

THE MAIN OBJECTS OF OUR COMPANY AS STATED IN THE MEMORANDUM OF ASSOCIATION ARE:

To carry on trade or business as manufacturers, dealers of all types of knitwears and fabrics and of every description made from cotton, staple fibre, rayon, nylon, silk, synthetic materials and all other types of fiber materials, yarns and for that purpose to set up, install, purchase and to buy sell import, export and generally deal in all type of knitwears and knitwears of every description including readymade garments, hosiery, gloves, lace and any other by-product of the aforesaid and dye, bleach, process, finish and of the aforesaid product and to design, manufacture, maintain, repair, import, export, hire, buy and sell any of the aforesaid products and for that purpose buy any plant and machinery and equipments used in the aforesaid business or any component parts there-of.

Changes in Registered Office of our Company

The registered office of our company was earlier situated at E-19-C/302, Yogi Nagar, Borivali (West), Mumbai – 400 091. However, with effect from November 10, 2007, the registered office of our company has shifted to Plot No. 10 & 11, Village Vadavali, Post Uchat, Taluka Wada, District Thane - 421312.

CHANGES IN THE MEMORANDUM OF ASSOCIATION

The following changes have been made in the Memorandum of Association of our Company, after approval of the Members, since incorporation:

Sr. No.	Date	Major Events / Achievements
1	11/09/1998	Increase in Authorised Share Capital from 5.00 lac to 25.00 lac
2	01/02/2001	Increase in Authorised Share Capital from 25.00 lac to 50.00 lac
3	13/02/2006	Increase in Authorised Share Capital from 50.00 lac to 200.00 lac
4	31/08/2006	Increase in Authorised Share Capital from 200.00 lac to 300.00 lac
5	07/05/2007	Conversion to Public Limited Company
6	15/03/2008	Increase in Authorised Share Capital from 300.00 lac to 1100.00 lac
7	29/09/2008	Increase in Authorised Share Capital from 1100.00 lac to 2100.00 lac

SUBSIDIARIES OF THE ISSUER COMPANY

We have no subsidiaries.

SHAREHOLDERS AGREEMENTS

There is no agreement between the shareholders and the issuer company.

OTHER AGREEMENTS

There is an agreement with Anmol Knit Wears Limited under Section 297 of the Companies Act, 1956 for the job work for AKWL. Anmol Knit Wears Limited has leased out its 4 knitting machines to AKWL for the job work and an Agreement for the same was entered on January 1, 2006 by both the parties.

Our Company has agreed to get the job work done by Anmol Knit Wears Limited on said Machines upon and subject to terms & conditions which will be as per the negotiated rate which will be decided mutually before sending yarn and as per prevailing market rates.

In case of termination of this Agreement prior to December 31, 2009; Anmol Knit Wears Ltd. has to be compensated for job charges for remaining period @ Rs. 18/- per kilogram for production capacity of said machines at 90% capacity utilization and 25 days working in a month.

STRATEGIC PARTNERS

There are no strategic partners with the Company.

FINANCIAL PARTNERS

There are no financial partners with the Company.

4.9 MANAGEMENT

As per the Articles of Association, our Company cannot have less than 3 directors and more than 12 directors. The Board of Directors comprising of 6 (Six) directors currently manages our Company. Mr. Anil Kumar Jhawar is the Chairman and Managing Director of our Board, who looks after Purchase, Production, Finance and Office administration whereas Smt. Jayanti Jhawar is looking after Sales, subject to the supervision and control of the Board. Our Chairman is ably supported by professional and technically qualified team of executives.

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

BOARD OF DIRECTORS OF OUR COMPANY

Sr. No.	Name, Age, Qualification, Occupation, DIN and PAN	Designation, Date of Appointment and Expiration	No. of Shares held in AKWL	Other Directorship	Residential Address
1	**Mr. Anil Kumar Jhawar;** 44 years HSC Business DIN – 00074029 PAN – AAFPJ6924R	Chairman and Managing Director 04/02/1998 to 31/03/2013	30,07,600	1. Anmol Knit Wears Ltd. 2. Ankita Agro Products Pvt. Ltd. 3. Innovation Holdings Pvt. Ltd. 4. Technica (India) Pvt. Ltd.	E-19/C-302, Gurukripa CHS, Yogi Nagar, Eksar Road, Borivali (West), Mumbai – 400091.
2	**Mrs. Jayanti Jhawar;** 41 years HSC Business DIN – 00368043 PAN – AAKPJ0696B	Whole-time Director 04/02/1998 to 31/01/2014	2,00,400	1. Anmol Knit Wears Ltd. 2. Ankita Agro Products Pvt. Ltd. 3. Innovation Holdings Pvt. Ltd. 4. Technica (India) Pvt. Ltd.	E-19/C-302, Gurukripa CHS, Yogi Nagar, Eksar Road, Borivali (West), Mumbai – 400091.
3	**Mr. Rameshwarlal Jhawar;** 65 years Non-matriculate Business DIN – 01560762 PAN – AFBPJ3257Q	Non-Executive Director 26/02/2007 Liable to retire by rotation	4,000	1. Anmol Knit Wears Ltd.	E-19/C-302, Gurukripa CHS, Yogi Nagar, Eksar Road, Borivali (West), Mumbai – 400091.
4	**Mr. Kanhaiyalal Damani;** 79 years B.Com Retired DIN – 02526172 PAN – AACPD8187F	Non-Executive, Independent Director 27/10/2008 Liable to retire by rotation	--	--	603/C, Dharma Nagar; Link Road, Opp. Yogi Nagar, Borivali (West), Mumbai – 400091.
5	**Mr. Jitesh Kumar Rander;** 26 years Masters of Management	Non-Executive Independent Director 27/10/2008	--	--	12, Ashutosh, Ram Mandir Road, Borivali (West), Mumbai – 400091.

	Studies and Construction Site Management. Consultant DIN – 02739297 PAN – AKDPR7662L	Liable to retire by rotation			
6	**Mr. Vinod J. Sarda;** 32 years M.B.A. Consultant DIN – 02711349 PAN – BDEPS5670L	Non-Executive Independent Director 27/10/2008 Liable to retire by rotation	--	--	273/75, S.V. Road, Panchratna Apts., C-16, First Floor, Borivali (West), Mumbai – 400092.

Brief details of the Board Of Directors of Ankita Knit Wear Limited:

The Board of Directors consists of total six Directors, out of which 3 are Promoter-Director and others are Independent Directors. The brief details of Directors on the Board are as detailed below:

Mr. Anil Kumar Rameshwarlal Jhawar, aged 44 years, HSC, a young and dynamic first generation entrepreneur is the Chairman and Managing Director of the company. He is a member of All India Power Loom Board, Ministry of Textiles, Government of India. He has also acted as a Member of the Managing Committee of ASSOCHAM (The Associated Chambers of Commerce and Industry of India).

Mr. Rameshwarlal Rekhchandji Jhawar, aged 65 years, non-matriculate, is father of Mr. Anil Kumar Jhawar and Non-executive Director of the Company. He was a partner in Rameshwarlal Oil Mills. The firm was engaged in the business of manufacturing edible oil from Oil Seeds. He was also a partner in Jagannath Jaswantmal which was engaged in trading of Jute. He has around 40 years of experience in manufacturing and trading business.

Mrs. Jayanti Anil Kumar Jhawar, aged 41 years, HSC, is wife of Mr. Anil Kumar Jhawar and the Wholetime Director of the Company. She is fully involved in business with her husband and looks after manufacturing operations at Wada. She has around 16 years of experience in manufacturing and trading business. She along with her Husband is leading the Company and is instrumental in the growth of the company.

Mr. Kahaniyalal Bulakidas Damani, aged 79 years, a commerce graduate, is a retired person. He had earlier worked for 15 years with Sterlite Group as an accountant. He had also supervised the taxation and finance department there. He is having good knowledge of accounts and taxation. He is acting as a Non-executive Independent Director. He is also a member of all the Committees required to comply with the norms of Corporate Governance as per Listing Agreement.

Mr. Jitesh Kumar Rander, aged 26 years, qualified as Master of Management Studies (MMS) and has done Certified Construction Site Management course, is currently working as a freelance consultant. He is experienced in Project Finance and other Capital market related activities. He earlier worked with Karvy Comtrade Limited as a financial advisor. He had also worked with Nakasha Architects Group as a project manager. He is having good knowledge of designing capital structure and global forex market. He is also having experience in fundamental and technical analysis of commodities and currencies. He is acting as a Non-executive Independent Director. He is also a member of Audit Committee, Remuneration Committee and IPO Committee of AKWL.

Mr. Vinod Jaigopal Sarda, aged 32 years, Master of Business Administration (MBA), is currently working as a freelance financial consultant. He is also advisor to various companies related to the field of Finance, Management and Administration. He earlier worked with Hughes Telecom India Limited. He is having good knowledge of financial matters and ability to promote sales process. He is also having good networking skills. He is acting as a Non-executive Independent Director. He is also a member of all the Committees required to comply with the norms of Corporate Governance as per Listing Agreement.

Mr. Anil Kumar Jhawar, Mrs. Jayanti Jhawar and Mr. Rameshwarlal Jhawar are related to each other. Mr. Anil Kumar Jhawar is the son of Mr. Rameshwarlal Jhawar and he is also the husband of Mrs. Jayanti Jhawar. Other directors of AKWL are not related to each other.

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

There are no service contracts entered into by the directors with the issuer providing for benefits upon termination of employment.

As per Clause 120 (f) of the Articles of Association of the Company, no qualification share is prescribed for being a Director of the Company.

DETAILS OF BORROWING POWERS

Pursuant to a resolution passed by the shareholders in accordance with the provisions of section 293(1)(d) of the Companies Act, 1956, at the Annual General Meeting (AGM) held on September 29, 2008 our Board has been authorized to borrow sums of money for the purposes of our Company on such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies borrowed together with the monies already borrowed by our Company does not exceed, a sum of Rs. 10000.00 lacs.

COMPENSATION OF MANAGING DIRECTOR / WHOLE TIME DIRECTOR

The Directors shall be entitled to receive a commission to be divided between them in such manner as they shall from time to time determine and in default of determination, equally of one per cent of the net profits of the Company computed in the manner referred to in subsection (1) of Section 198 of the Act in any financial year. All other remuneration, if any, payable by the Company to such Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with the subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending Board and Committee meetings, and otherwise incurred in the execution of their duties as Directors.

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from Bombay for any of the purposes of the Company or in giving (special attention to the business of the Company or as a member of a Committee of the Board then subject to Section 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration to which he may be entitled.

Currently the company has been paying Rs. 50,000/- per month and Rs. 40,000/- per month remuneration to Mr. Anil Kumar Jhawar (Managing Director) and Mrs. Jayanti Jhawar (Whole-Time Director) respectively. No other perquisites, profit sharing, bonus etc. is given to the above-mentioned Directors other than per month salary.

INTEREST OF DIRECTORS

All the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws, and the Articles of Association.

The Directors may also be regarded as interested in the Equity Shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any Company in which they hold Directorships or any partnership firm in which they are partners as may be declared in their respective declarations.

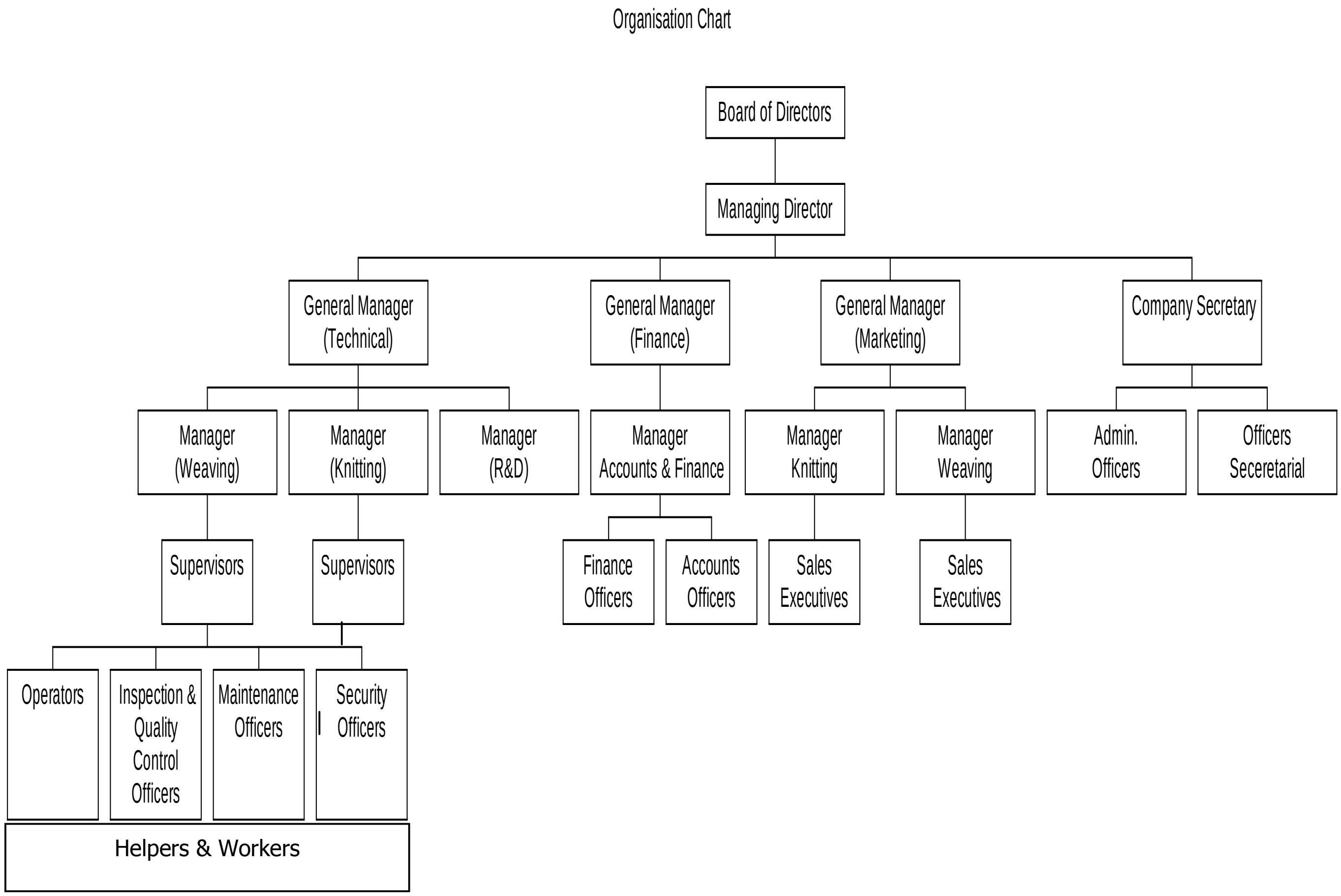
The Managing Director and Whole time Directors of the Company are interested to the extent of remuneration paid to them for services rendered as officer or employee of the Company. Further, the Directors are also interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

CHANGES IN BOARD OF DIRECTORS LAST 3 YEARS

Sr. No.	Name	Nature of Change	Date of Change	Reasons for Change
1.	Shri Anil Kumar Jhawar	Appointed	04/02/1998	Promoter Director of the Company and now Managing Director of the Company
2.	Smt. Jayanti Jhawar	Appointed	04/02/1998	Promoter Director of the Company and now Whole Time Director of the Company
3.	Shri Rameshwarlal Jhawar	Appointed	26/02/2007	Appointed as an Additional Director
4.	Shri Omprakash Somani	Appointed	03/10/2008	Appointed as an Additional Director
5.	Shri Rohit Chandak	Appointed	03/10/2008	Appointed as an Additional Director
6.	Shri Bihari Ladha	Appointed	03/10/2008	Appointed as an Additional Director
7	Shri Rohit Chandak	Resigned	27/10/2008	Resigned due to personal reasons
8	Shri Bihari Ladha	Resigned	27/10/2008	Resigned due to personal reasons
9	Shri Kanhaiyalal Damani	Appointed	27/10/2008	Appointed as an Additional Director
10	Shri Vinod J. Sarda	Appointed	27/10/2008	Appointed as an Additional Director
11	Shri Omprakash Somani	Resigned	27/10/2008	Resigned due to personal reasons
12	Shri Jitesh Kumar Rander	Appointed	27/10/2008	Appointed as an Additional Director

4.10 ORGANIZATION CHART



Compliance with Corporate Governance requirements

Our Company has taken necessary steps to implement the provisions of the Corporate Governance in the spirit of Listing of its equity shares on the Stock Exchange. The issuer has complied with the requirements of Corporate Governance contained in the Equity Listing Agreement, particularly those relating to composition of board of directors, constitution of committees. The issuer company has already constituted the following committees:

a. Audit Committee
b. Shareholders/Investor Grievance Committee
c. Remuneration Committee

4.11 CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with BSE with respect to corporate governance and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges and the Company shall comply with the same. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on listing (Clause 49). The requirements pertaining to broad basing of the Board of Directors and the constitution of the committees such as the Audit Committee, Shareholder/ Investor Grievance Committee have already been complied with. The Board of Directors consists of a total of 6 directors of which 3 are independent directors (as defined under Clause 49), which constitutes 50% of our Board of Directors. This is in compliance with the requirements of Clause 49. In terms of the Clause 49, the Company has already appointed Independent Directors and constituted the following committees:

1. Audit Committee

Our Company had formed the Audit Committee vide Resolution of the Board of Director dated October 27, 2008. The constituted Audit Committee comprises following members and the committee shall meet at least 4 times a year:

Audit Committee		
Name of the Director	**Status in Committee**	**Nature of Directorship**
Shri Vinod J. Sarda	Chairman	Independent Director
Shri Kanhaiyalal Damani	Member	Independent Director
Shri Jitesh Kumar Rander	Member	Independent Director

All the above members of the committees are experienced in finance and accounts. The secretary of the company shall act as a secretary to the Audit Committee. The Chairman of the Audit Committee shall attend the AGM of the Company to furnish clarifications to the shareholders in any matter relating to accounts.

The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement and its terms of reference include the following:

1. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956,

b. Changes, if any, in accounting policies and practices and reasons for the same,

c. Major accounting entries involving estimates based on the exercise of judgment by management,

d. Significant adjustments made in the financial statements arising out of audit findings,

e. Compliance with listing and other legal requirements relating to financial statements,

f. Disclosure of any related party transactions, and

g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. 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.

8. Discussion with internal auditors any significant findings and follow up there on.

9. 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.

10. 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.

11. 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.

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee:

a. Management discussion and analysis of financial condition and results of operations;

b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;

c. Management letters / letters of internal control weaknesses issued by the statutory auditors;

d. Internal audit reports relating to internal control weaknesses; and

e. The appointment, removal and terms of remuneration of the Chief internal Auditor shall be subject to review by the Audit Committee.

2. Shareholders'/ Investors' Grievance Committee

Our Company had formed the Shareholders'/ Investors' Grievance Committee vide Resolution of the Board of Director dated April 17, 2009. The constituted Shareholders'/ Investors' Grievance Committee comprises following members and the Chairman:

Shareholders'/ Investors' Grievance Committee		
Name of the Director	**Status in Committee**	**Nature of Directorship**
Shri Kanhaiyalal Damani	Chairman	Independent Director
Shri Anil Kumar Jhawar	Member	Managing Director
Shri Vinod J. Sarda	Member	Independent Director

Role and Responsibilities of Shareholders'/ Investors' Grievance Committee

This committee is responsible for approving transfer of shares including transmission, splitting of shares into marketable lots, changing joint holding into single holding and vice versa and also for issuing duplicate share certificates in lieu of those torn, destroyed, lost or defaced or where the cases in the reverse for recording transfers have been duly utilized. It is also responsible for reviewing the process and mechanism of redressal of investor complaints and suggesting measures of improving the existing system of redressal of investor grievances.

Also, the Shareholders'/Investors' Grievances Committee is responsible for resolving various complaints of shareholders, resolving complaints of shareholders about transfer of shares, non-receipt of balance sheet non-receipt of interest/dividend payments, non-receipt of duplicate share certificate; any other grievances of the members/investors with company or any officer of the company in performing his official duty; any other task assigned by the Board from time to time. This Committee will also oversee the performance of the Registrars, transfer agents and the depository related services. The Committee also oversees the implementation and compliance of the Code of Conduct adopted by our Company for Prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

The Shareholders'/ Investor's Grievance Committee should meet quarterly in a year and as and when decided by the Board of the Directors of the Company.

3. Remuneration Committee

Our Company had formed the Remuneration Committee vide Resolution of the Board of Directors dated April 17, 2009. The constituted Remuneration Committee comprises following members and the Chairman:

Remuneration Committee		
Name of the Director	**Status in Committee**	**Nature of Directorship**
Shri Vinod J. Sarda	Chairman	Independent Director
Shri Jitesh Kumar Rander	Member	Independent Director
Shri Kanhaiyalal Damani	Member	Independent Director

Role and functions of Remuneration/ Compensation Committee

This committee has been constituted to look into all matters pertaining to remuneration of directors and the administration of the employee stock option scheme.

The scope of Remuneration Committee includes fixation of suitable remuneration package of all the executive directors, i.e., salary, perquisites, bonuses, stock options, pensions etc.; determination of the fixed component and performance linked incentives along with performance criteria to the Directors of the Company; approve security contracts, notice period, severance fees of Directors; determining a suitable remuneration policy of the managing director(s)/officers and appointee(s) based on the criteria such as industry benchmarks, the Company's performance vis-à-vis the industry performance, track records of the Directors etc.; taking decision on the increments in the remuneration of the Directors and officers and to formulate appropriate remuneration policy.

The Remuneration Committee should meet quarterly in a year and as and when decided by the Board of the Directors of the Company.

4. IPO COMMITTEE

Our Company had formed the IPO Committee vide Resolution of the Board of Director dated April 17, 2009. The constituted IPO Committee comprises following members –

IPO Committee		
Name of the Director	**Status in Committee**	**Nature of Directorship**
Mr. Anil Kumar Jhawar	Chairman	Managing Director
Mrs. Jayanti Jhawar	Member	Whole time Director
Mr. Jitesh Kumar Rander	Member	Independent Director

The following are the terms of reference of IPO Committee:

The powers conferred on the IPO Committee include the powers to decide on the timing and all the terms and conditions of the Issue of Equity Shares, number of Equity Shares, price including premium, amount to be paid on application; alter, vary, add or delete any of the terms and conditions of the Issue and to accept such amendments, modifications, variations and alterations as SEBI, the Stock Exchanges and/ or any other concerned authorities may stipulate in that behalf; appoint and enter into arrangements with the Lead Manager(s), Legal Advisors to the Issuer, Registrar to the Issue, Advertising agency and any other agency or persons as required from time to time; pay commission, fees, remuneration, expenses and/ or any other charges to the above agencies/ persons and to give them such directions or instructions as it may deem fit from time to time; make applications to one or more stock exchanges in India for listing of the Equity Shares and to execute and deliver or arrange the delivery of Listing Agreement(s) or equivalent documentation to the concerned stock exchanges; Issue offer document(s) and execute all such deeds, documents and writings as may be necessary in connection with the Issue; do such other acts, deeds, matters and thing as may be required for or in connection with the Issue.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on stock exchanges. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. Subodh Kumar Soni, Compliance Officer will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board

4.12 KEY MANAGEMENT PERSONNEL

Name and Designation	Role in the Company	Qualification	Experience (years)	C.T.C per annum (Rs. In Lacs)	Date of appointment	Details of Previous employment
Shri Sailesh P Kapadia General Manager - Finance	He supervises accounts, finance and taxation related matters of AKWL	Chartered Accountant	22 years	4.80	16/11/2008	Was a practicing Chartered Accountant before joining AKWL
Shri Subodh Kumar Soni Company Secretary & Compliance Officer	He supervises secretarial, compliance and legal matters of the Company	Company Secretary	4 years	3.30	31/08/2009	As a Co. Secy. With Vipul Impex & Infrabuild Ltd. and as an Asstt. Compliance Officer with Arihant Capital Markets Ltd
Shri Sanjay P Jain Sales Manager – Knitting Division	He supervises the sales and promotion of knitted products of AKWL	B. Com	13 Years	3.00	05/01/2005	Worked as Asstt. Vice President (Marketing) with Nufab Industries Limited
Shri Bhagwati Prasad Chandak Sales Manager – Weaving Division	He supervises the sales and promotion of woven products of AKWL	M. Com	10 Years	1.80	18/02/2008	Was Proprietor of M/s Ashish Fabrics and worked there for Manufacturing, Marketing & Sales of fabrics
Shri Sharad Madhukar Parekar Production Manager	He supervises production of knitting and weaving division	Diploma in Textile	10 Years	3.60	01/04/2009	Worked as Production Manager in Glowfab Industries, Umargaon.
Shri Mukesh Bihani Factory Manager	He supervises the day to day Factory Administration	B. Com	7 Years	1.20	01/04/2008	Worked as a Manager with Upkar Trading Company, Bhiwandi.

All the above-mentioned key managerial personnel are permanent employees of the Company. The remuneration of each of key managerial personnel includes salary only. The Company has not offered any profit sharing plan to its key managerial personnel. None of the key managerial personnel holds any shares in the Issuer Company. There are no service contracts or termination / retirement benefits to the Key Managerial Personnel to the Company. No Key Managerial Personnel of the Company held any shares of AKWL.

None of the key managerial personnel mentioned above are related to our Promoters and Directors and none of them have been selected pursuant to any arrangement / understanding with major shareholders / customers / suppliers. There is no Bonus or profit sharing for Key Managerial Persons.

CHANGES IN KEY MANAGEMENT PERSONNEL IN LAST 1 YEAR

There is no change in the Key Management Personnel of the company in the last one year.

EMPLOYEES

As on August 31, 2009 there were 18 employees in the Company. Out of which 1 is General Manager (Finance), 2 are Sales Managers, 1 is Factory Manager, 1 is Company Secretary, 1 is Production Manager, 1 is Asstt. Factory Manager and others are Accounts Executives, Sales Executives and Office Assistances. However, for complete implementation of the project, Company will recruit more employees in future.

Other than above, there are 41 workers who are currently associated with the company. After the expansion of knitting and Garment division the company will require another 130 workers for its projects.

EMPLOYEES STOCK OPTION SCHEME OR STOCK PURCHASE SCHEME / PAYMENT OR BENEFITS TO OFFICER

The Company does not have Employees Stock Option Scheme or Stock purchase Scheme. The Company has not paid any non-salary related payment to employees in the preceding two years.

PAYMENT OR BENEFITS TO THE OFFICES OF THE ISSUER

There are no payment or benefits is given to the officers of the Issuers Company during the immediately preceding two years and nor the Company intents to pay any such non-salary related payments or benefits.

4.13 PROMOTERS/ PRICNIPLE SHAREHOLDERS

Our Core Promoters are as follows:

	**Mr. Anil Kumar Rameshwarlal Jhawar** (Promoter, Chairman and Managing Director) Age: 44 years Qualification: HSC Experience: more than 20 years in Textile Industry Occupation: Business PAN: AAFPJ6924R Driving Licence No.: MH0220090004835 Passport No.: E1232792 Voter ID: KDD2628220 Bank Account No.: SB 091110008357 Name of the Bank & Branch: Dena Bank, Yogi Nagar Branch, Borivali (W), Mumbai - 400091
	**Mrs. Jayanti Anil Kumar Jhawar** (Promoter and Whole Time Director) Age: 41 years Qualification: HSC Experience: more than 16 years in Post-operations activities and General Administration Occupation: Business PAN: AAKPJ0696B Driving Licence No.: MH029757572 Passport No.: E1232794 Voter ID: KDD2628212 Bank Account No.: SB 091110008368 Name of the Bank & Branch: Dena Bank, Yogi Nagar Branch, Borivali (W), Mumbai - 400091
--	**M/s Innovation Holdings Pvt. Limited** (Promoter) Date of Incorporation: January 23, 1998 Registration No: 11-113198/1998 Registrar of Companies: ROC, Maharashtra, Mumbai Board of Directors: Shri Anil Kumar Jhawar and Smt. Jayanti Jhawar Main Object: Investment PAN: AABCI4708F Bank Account No.: CA 010972428141 Name of the Bank & Branch: State Bank of India, Backbay Reclamation Branch, Nariman Point, Mumbai - 400021

The Permanent Account Number, Bank Account details and Passport Number of our Promoters and the Company Registration Number and the address of the Registrar of Companies, where the company has been registered for our corporate promoter have been submitted to Bombay Stock Exchange Limited on which our Company proposes to list its Equity Shares at the time of filing of this Prospectus.

Further, the Promoters have not been identified as a willful defaulter by RBI or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters. The current promoters of AKWL are the original promoters of the Issuer Company.

CORE PROMOTERS OF OUR COMPANY

1. Mr. Anil Kumar Jhawar

Mr. Anil Kumar Jhawar, aged 44 years is one of the core promoters of the company who laid the foundations of AKWL and under his leadership the company has grown so far. He is not very qualified but having sound business acumen and currently resides at E/19/C-302, Yogi Gurukripa CHS; Yogi Nagar, Eksar Road, Borivali (W), Mumbai – 400 091. He is currently acting as the Managing Director of the company and looks after day-to-day activities of the company. He is having more than 20 years of experience in Textile Industry and good knowledge about the market trends of the sector. He was earlier a member of the Managing Committee of ASSOCHAM. He is currently an active member of All India Power Loom Board, Ministry of Textiles, Govt. of India.

Mr. Anil Kumar Jhawar has promoted 4 other companies in which he is also acting as a Director namely

- Ankita Agro Products Pvt. Limited
- Anmol Knit Wears Limited
- Technica (India) Pvt. Limited
- Innovation Holdings Pvt. Limited

2. Mrs. Jayanti Jhawar

Mrs. Jayanti Jhawar, aged 41 years is wife of Mr. Anil Kumar Jhawar and Director of the Company. She is fully involved in business with his husband and looks after post manufacturing operations at Wada. She has around 16 years of experience in trading business. She currently resides at E/19/C-302, Yogi Gurukripa CHS; Yogi Nagar, Eksar Road, Borivali (W), Mumbai – 400 091. She is currently acting as a Whole Time Director of the company and renders her services to post operations activities and general administration of the company.

Mrs. Jayanti Jhawar is acting as a Director in 4 other companies namely

- Ankita Agro Products Pvt. Limited
- Anmol Knit Wears Limited
- Technica (India) Pvt. Limited
- Innovation Holdings Pvt. Limited

3. Innovation Holdings Pvt. Limited ("IHPL")

IHPL was incorporated on January 23, 1998, with the name Innovation Holdings Private Limited with Corporate Identity Number - U67120MH1998PTC113198. The Registered Office of IHPL got shifted from E/19/C-302, Yogi Gurukripa Co-operative Housing Society Ltd, Yogi Nagar, Borivali (West), Mumbai – 400 091 to Vitthal Sadan, 3rd Floor, Office No. 73/3, Above Hindustan Chamber, 342 Kalbadevi Road, Mumbai – 400 002 w.e.f. July 6, 2009.

Main Objects of IHPL are:

To carry on the business as Investment Company and to acquire and hold and otherwise deal in share, stocks, debenture-stock, bonds, obligations and securities issued or guaranteed by any Company and debentures, debenture-stock, bonds, obligation and securities issued or guaranteed by any Government, sovereign ruler, commissioners, public body, or authority supreme, municipal local or otherwise landed property whether in India or elsewhere either through private placement, primary or secondary markets.

Board of Directors of IHPL

(1) Shri Anil Kumar Jhawar
(2) Smt. Jayanti Jhawar

Shareholding Pattern of IHPL as on July 31, 2009

Sr. No.	Name of Shareholders	No. of Shares	Amount (Rs.)	% Holding
1	Shri Anil Kumar Jhawar	4,05,000	40,50,000	47.95
2	Smt. Jayanti Jhawar	200	2,000	0.02
3	Ankita Agro Products Private Limited	2,74,520	27,45,200	32.50
4	Technica (India) Private Limited	1,65,000	16,50,000	19.53
	Total	**8,44,720**	**84,47,200**	**100%**

Mr. Ramawtar Saboo and Mrs. Kalpana Saboo were the original promoters of IHPL. Mr. Anil Kumar Jhawar and family have taken major holdings and control over the company in the year 2006.

Brief audited financial information of IHPL **(Rs. in Lacs)**

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	10.41	15.22	16.71
Profit After Tax	0.53	0.24	0.10
Equity Capital	84.47	84.47	40.52
Reserves and Surplus	396.60	396.07	0.27
Misc. Expenditure not w/o	0.40	0.54	0.07
Networth	480.67	480.00	40.72
Earning per Share (Rs.)	0.06	0.06	0.02
Net Asset Value (Rs.)	56.88	118.46	10.05
Weighted average number of shares (in numbers)	8,44,720	4,05,200	4,05,200

OTHER MEMBERS OF THE PROMOTERS' GROUP

4. Mr. Rameshwarlal Jhawar

Mr. Rameshwarlal Jhawar, aged 65 years is the father of Mr. Anil Kumar Jhawar and one of the shareholders of the company. He is a Non executive Director of the Company and one of the oldest shareowners of the Company. He is having more than 40 years of experience of manufacturing and trading of yarn. He is instrumental in growth and development of the company over the years. He is also a director in Anmol Knit Wears Limited, a promoters' group company. He resides at E/19/C-302, Yogi Gurukripa CHS; Yogi Nagar, Eksar Road, Borivali (W), Mumbai – 400 091.

5. Mrs. Usha Devi Jhawar

Mrs. Ushadevi Jhawar, aged 64 years is the wife of Mr. Rameshwarlal Jhawar and one of the shareholders of the company. She is a housewife and one of the oldest shareowners of the Company. She resides at E/19/C-302, Yogi Gurukripa CHS; Yogi Nagar, Eksar Road, Borivali (W), Mumbai – 400 091.

6. Ms. Ankita Jhawar

Ms. Ankita Jhawar, aged 21 years is the daughter of Mr. Anil Kumar Jhawar and one of the shareholders. She is B.Com from Mumbai University and also one of the employees of our Company. Currently she is working as an accountant. She resides at E/19/C-302, Yogi Gurukripa CHS; Yogi Nagar, Eksar Road, Borivali (W), Mumbai – 400 091.

7. Anil Kumar Jhawar HUF

Mr. Anil Kumr Jhawar, aged 44 years is the Karta of Jhawar family. He is currently an active member of All India Power Loom Board, Ministry of Textiles, Govt. of India and the main promoter of the Issuer.

PROMOTERS' GROUP COMPANIES

1. Ankita Agro Products Pvt. Limited ("AAPPL")

AAPPL was incorporated on of February 20, 1996 with the name "Kuber Yarn Traders Private Limited" under the Companies Act, 1956 in the state of Maharashtra having a registration no 11-97495/1996. The name was subsequently changed to "Ankita Agro Products Private Limited" and a fresh Certificate of Incorporation was issued on December 21, 2001. The Corporate Identity Number of AAPPL is U17100MH1996PTC097495. The Registered Office of AAPPL got shifted from E/19/C-302, Yogi Gurukripa Co-operative Housing Society Ltd, Yogi Nagar, Borivali (West), Mumbai – 400 091 to Vitthal Sadan, 3rd Floor, Office No. 73/3, Above Hindustan Chamber, 342 Kalbadevi Road, Mumbai – 400 002 w.e.f. July 6, 2009.

Main Objects of AAPPL are:

1. To carry on the business of manufacturing, spinning, texturising, twisting, buying, selling, importing, exporting by any and all processes, all types and deniers of cotton, synthetic, polyester, POY, PFY, wool, cotton and wool, cotton and synthetic yarn, other types of blended yarn or staple fibre, cotton and jute or any other substance capable of spinning or manufacturing yarn, DMT chips, polyester chips with any other mixtures of natural and/ or synthetic fibers including silk.

1A. To carry on trade or business of cultivating, growing, farming, producing or otherwise generally dealing in any agricultural, horticultural produce like vegetables, fruits, grains, and nuts kernel, cereals flowers and to carry on all or any of the business of farming, dairy and producing and vending milk, and milk products, condensed milk and powered milk, cream, cheese, butter, butter milk, poultry, fruits, vegetables, cash crop, grower of and dealer of like kinds of crops and plants including cotton, linseeds, rape seeds, mustard seed, maize, wheat, gram, potatoes, sugarcane, brinjals, sugar gourd, guavas, apples, pears, jack fruits, banana, jamuns, mangoes, oranges, lemons, coconuts and the like and deal in hay and straw, seeds, nursery and for that purpose set up, purchase or otherwise acquire farms, orchards, groves, and farm and other buildings for growing storing, curing, processing, warehousing, drying, and otherwise dealing with the same and to design, manufacture, produce, fabricate, maintain, repair hire all plant, machinery, equipments and all related facilities and to deal in the same and in all kinds of manures, chemicals, insecticides, pesticides and instruments and appliances relating thereto and to import, export all such produce, machinery, equipments, and related facilities and to carry on research and development in respect of any of the items of produce or machinery, equipments and facilities as aforesaid and all the tools and implements that are generally used for such purpose or are capable of being so used.

Board of Directors of AAPPL

(1) Shri Anil Kumar Jhawar
(2) Smt. Jayanti Jhawar

Shareholding Pattern of AAPPL as on July 31, 2009

Sr. No.	Name of Shareholders	No. of Shares	Amount (Rs.)	% Holding
1	Shri Anil Kumar Jhawar	1,10,100	11,01,000	15.80
2	Smt. Jayanti Jhawar	6,600	66,000	0.95
3	Ms. Ankita Jhawar	13,300	1,33,000	1.90
4	Innovation Holdings Private Limited	4,47,000	44,70,000	64.13
5	Technica (India) Private Limited	1,20,000	12,00,000	17.22
	Total	**6,97,000**	**69,70,000**	**100%**

The existing directors of AAPPL are the original promoters of the company.

Brief audited financial information of AAPPL (Rs. in Lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	10.58	29.81	14.17
Profit After Tax	0.09	0.45	0.16
Equity Capital	69.70	69.70	32.20
Reserves and Surplus	416.42	416.32	78.37
Misc. Expenditure not w/o	0.47	0.72	0.95
Networth	485.64	485.30	109.62
Earning per Share (Rs.)	0.01	0.13	0.05
Net Asset Value (Rs.)	69.68	137.38	34.04
Weighted average number of shares (in numbers)	6,97,000	3,53,250	3,22,000

2. Anmol Knit Wears Limited

Anmol Knit Wears Limited was incorporated on August 11, 1999, under the name "Anmol Knit Wear Private Limited" in the jurisdiction of Registrar of Companies, Maharashtra, Mumbai. The name was subsequently changed to "Anmol Knit Wears Private Limited" and a fresh Certificate of Incorporation was issued on March 2, 2001. The Corporate Identity Number of AKWPL is U17300MH1999PTC121246. The Registered Office of Anmol Knit Wears Ltd. got shifted from E/19/C-302, Yogi Gurukripa Co-operative Housing Society Ltd, Yogi Nagar, Borivali (West), Mumbai – 400 091 to Vitthal Sadan, 3rd Floor, Office No. 73/3, Above Hindustan Chamber, 342 Kalbadevi Road, Mumbai – 400 002 w.e.f. July 6, 2009.

Anmol Knit Wears Private Limited has been converted to Anmol Knit Wears Limited w.e.f. June 9, 2009 vide special resolution passed at its extraordinary general meeting held on April 22, 2009.

Main Objects of Anmol Knit Wears Limited are:

To carry on trade or business as manufacturers, dealers of all types of knit wears and fabrics and of every description made from cotton, staple fibre, rayon, nylon, silk, synthetic materials and all other types of fiber materials, knitting and weaving of yarns and for that purpose to set up, install, purchase or otherwise acquire all factories plant and machineries equipment and related facilities and to buy sell import, export and generally deal in all type of knit wears and knit wears of every description including readymade garments, hosiery, gloves, lace and any other bye-product of the aforesaid and dye, bleach, process, finish and of the aforesaid product and to design, manufacturer, maintain, repair, import, export, hire, buy and sell any of the aforesaid products and for that purpose buy any plant and machinery and equipments used in the aforesaid business or any component parts thereof.

Board of Directors of Anmol Knit Wears Limited

(1) Shri Anil Kumar Jhawar
(2) Smt. Jayanti Jhawar
(3) Shri Rameshwarlal Jhawar

Shareholding Pattern of Anmol Knit Wears Limited as on July 31, 2009

Sr. No.	Name of Shareholders	No. of Shares	Amount (Rs.)	% Holding
1	Shri Anil Kumar Jhawar	1,69,600	16,96,000	11.69
2	Smt. Jayanti Jhawar	40,200	4,02,000	2.77
3	Shri Rameshwarlal Jhawar	100	1,000	0.01
4	Smt. Ushadevi Jhawar	100	1,000	0.01
5	Ankita Agro Products Private Limited	2,55,000	25,50,000	17.59
6	Innovation Holdings Private Limited	7,95,000	79,50,000	54.83

7	Technica (India) Private Limited	1,90,000	19,00,000	13.10
	Total	**14,50,000**	**1,45,00,000**	**100%**

Mr. Anil Kumar Jhawar, Mr. Mohanlal Kasat and Mrs. Pushpa Devi Mall were the original Promoters of the company.

Brief audited financial information of Anmol Knit Wears Ltd. (Rs. in Lacs)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	1504.89	1356.77	1354.86
Other Income	28.48	2.63	1.26
Increase/Decrease in Inventories	45.28	(83.01)	(11.26)
Total Income	1578.65	1276.39	1344.86
Profit After Tax	4.02	3.26	3.32
Equity Capital	145.00	145.00	145.00
Reserves and Surplus	62.90	58.88	55.60
Misc. Expenditure not w/o	0.30	0.45	0.61
Networth	207.60	203.43	200.00
Earning per Share (Rs.)	0.28	0.23	0.23
Net Asset Value (Rs.)	14.32	14.03	13.79
Weighted average number of shares (in numbers)	14,50,000	14,50,000	14,50,000

3. Technica (India) Private Limited ("TPL")

TPL was incorporated on February 10, 1999 with the name Technica (India) Private Limited with Corporate Identity Number - U51900MH1999PTC118260. The Registered Office of TPL got shifted from E/19/C-302, Yogi Gurukripa Co-operative Housing Society Ltd, Yogi Nagar, Borivali (West), Mumbai – 400 091 to Vitthal Sadan, 3rd Floor, Office No. 73/3, Above Hindustan Chamber, 342 Kalbadevi Road, Mumbai – 400 002 w.e.f. July 6, 2009.

Main Objects of TPL are:

To carry on trade or business as manufacturers, assemblers, fabricators, engineers of all types of structural, mechanical, electrical, engineering, scientific, hydraulic, pneumatic, thermal, sonic, ultrasonic, surgical, electronic, survey, geological or otherwise and instruments of all kind and of every description including all kind of instruments, equipment, electronic control instruments and basic components like transitors, coils condencers, valves, automobile spare parts, magnetic tapes and other magnetic materials and components, microwave components, apparatus and appliances, radiographs, phonographs, Dictaphones, push button telephones, telephone answering service attachments, micro tape for recording, microtape recorders, radio cum tape recorders and cassette recorders, video cassettes, tape decks, dictation systems, electronic directories, subscribers telephone dialing disconnectors, electronic telephones answering machines, dictation system accessories, video cameras, stereos, watches, domestic appliances, wireless sets, television and television screens, micrometres, dial indicators, ampimeteres, insulation and pressure testers, voltmeters, voltage stabilizers, ohmmeters, wattmeters, power factor meters, electric consumption meters, gas consumption meters, frequency meters, watt hour meter, oscillocopes, lactometers, Geiger counters, scientillometers, gauges of all types, stroposcopes, telescopes, microscopes both ordinary and electrical microscopes, temperature controllers, thermometers, thermostats, pyrometers, mining details, instruments panels, instruments for power houses control, functioning instruments for operation of ropeways, automatic control systems for any plant, machinery and equipments of any industry or for household appliances and equipments, dry battery cells checking meters, and for the above purpose to set up, install, purchase or otherwise acquire all plant, machinery, equipment and other related facilites and to buy, sell, import, export all machinery equipment, plant other accessories for the production, fabrication, assembling, maintenance, repairs and up keep of the products, instruments as aforesaid and to design, manufacture, fabricate all such plant and machinery and their accessories thereto in India or otherwise.

Board of Directors of TPL

(1) Shri Anil Kumar Jhawar
(2) Smt. Jayanti Jhawar

Shareholding Pattern of TPL as on July 31, 2009

Sr. No.	Name of Shareholders	No. of Shares	Amount (Rs.)	% Holding
1	Shri Anil Kumar Jhawar	9,000	90,000	90.00
2	Smt. Jayanti Jhawar	1,000	10,000	10.00
	Total	**10,000**	**1,00,000**	**100%**

Mr. Ramawatar Saboo and Mr. Girish Saboo were the original Promoters of the company.

Brief audited financial information of TPL **(Rs. in Lacs)**

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	10.32	1.16	10.02
Profit After Tax	0.80	0.10	0.06
Equity Capital	1.00	1.00	1.00
Reserves and Surplus	1.22	0.41	0.32
Misc. Expenditure not w/o	0.02	0.04	0.05
Networth	2.19	1.37	1.27
Earning per Share (Rs.)	8.10	1.00	0.60
Net Asset Value (Rs.)	21.90	13.70	12.70
Weighted average number of shares (in numbers)	10,000	10,000	10,000

Interest of Promoters and Payment or Benefits to the Promoters of the Issuer Company

All the promoters who are on the board of AKWL, may be deemed to be interested to the extent of remuneration for the services rendered and the reimbursement expenses, if any, payable to them under Articles. The Promoters may also deemed to be interested to the extent of the shares, if any, held by them or relatives or group companies in which they are director or member.

Currency of Presentation

In this Prospectus, unless the context otherwise requires, all references to the word "Lacs" or "Lac", means "One hundred thousand" and the word "million" means "Ten lacs" and the word "Crore" means "ten million" and the word and "billion" means "One thousand million. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding- off.

Throughout this Prospectus, all the figures have been expressed in lacs of Rupees, except when stated otherwise. All references to "Rupees" and "Rs." in this Draft Prospectus are to the legal currency of India.

4.14 Dividend Policy

Dividends may be declared at the Annual General Meeting of the shareholders based on the recommendation by our Board of Directors. Our Articles of Association provide that the dividend declared by the shareholders at the Annual General Meeting shall not exceed the amount recommended by the Board of Directors. Our Board of Directors may recommend dividends, at their discretion, to be paid to the members. Generally, the factors that may be considered by our Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions.

The company has not declared any dividend since incorporation.

SECTION V: FINANCIAL STATEMENTS

5.1 AUDITORS' REPORT

The Board of Directors
Ankita Knit Wear Limited
Plot No.10 & 11, Village Vadawali,
Taluka Wada, District Thane-421312

Dear Sirs,

We have examined the financial information of Ankita Knit Wear Limited (the Company) annexed to this report which has been prepared in accordance with the requirements of:

i. Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the Act);

ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the Regulation') issued by the Securities and Exchange Board of India ('SEBI') and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and

iii. The instructions received from the Company, requesting to examine the financial information referred to above and proposed to be included in the Offer Document of the Company in connection with its proposed initial public offer of equity shares.

Financial information of the Company

1. We have examined the attached Statement of Adjusted Assets and Liabilities of the Company as at March 31, 2005, 2006, 2007, 2008 and 2009 **(Annexure-I)** and the accompanying Statement of Adjusted Profits and Losses of the Company for the financial year(s) ended on March 31, 2005, 2006, 2007, 2008 and 2009 **(Annexure-II)** and the significant accounting policies and major notes to accounts **(Annexure VI)** together referred to as 'Summary Statements' as prepared by the Company and approved by the Board of Directors. These statements reflect the assets and liabilities and profits and losses for each of the relevant periods as extracted from the Financial Statements audited by us, after making therein the disclosures and adjustments required to be made in accordance with the provisions of Schedule **VIII Part A (IX)** of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

2. Based on our examination of these Summary Statements, we confirm that the restated profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate.

3. The Company has not paid or declared any dividend on equity shares in respect of each of the financial year(s) ended March 31, 2005, 2006, 2007, 2008 and 2009.

4. We have examined the following regrouped/rearranged financial information relating to the Company, proposed to be included in the Offer Document, as approved by the Board of Directors of the Company and attached to this report:

i. Statement of Secured Loans taken by the company **(Annexure-III)**.

ii. Statement of principal terms & condition of secured loans & assets charged as security **(Annexure – IV)**.

iii. (a) Statement of Sundry Debtors showing Age-wise analysis **(Annexure – VA)**.

(b) Statement of Investment. **(Annexure – VB)**.

iv. Statement of Other Income **(Annexure-VII)**.

v. Related party disclosures under Accounting Standard 18 **(Annexure – VIII)**.

vi. Summary of Accounting Ratios based on the adjusted profits/losses, relating to earnings per share, net asset value per share and return on net worth, enclosed as **Annexure-IX**.

vii. Statement of Capitalisation as at March 31, 2009 (Pre-Issue) and as adjusted for this issue (Post Issue) subject to reliance being placed on management representation in respect of post issue figures contained in the Statement of Capitalization **(Annexure- X)**.

viii. Statement of Unsecured Loans taken by the company **(Annexure-XI)**.

ix. Statement of Tax Shelter **(Annexure- XII)**.

x. Statement of Loans & Advances **(Annexure – XIII)**.

xi. Statement of Adjusted Cash Flow **(Annexure-XIV)**.

5. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For M. Saboo & Co.
Chartered Accountants,

Mahesh Saboo
Proprietor
Membership No. 35914

Place: Mumbai
Date: September 4, 2009.

ANNEXURE – I

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES (Rs. in Lacs)

Particulars		As at March 31, 2005	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009
1.	**Fixed Assets:**					
	Gross Block	283.25	283.45	801.62	1778.96	2143.47
	Less: Depreciation	135.71	162.98	186.09	305.80	476.08
	Net Block	147.54	120.47	615.53	1473.16	1667.39
	Add: Capital Work in Progress and Advances on Capital Account	-	-	279.94	43.83	-
	Total	**147.54**	**120.47**	**895.47**	**1516.99**	**1667.39**
2.	**Investments**	**3.91**	**6.91**	**5.01**	**2.01**	**4.01**
3.	**Current Assets, Loans and Advances:**					
	Inventories	172.04	254.04	569.04	535.36	1119.02
	Sundry Debtors	391.83	615.37	1082.23	1836.72	3176.78
	Cash and Bank Balances	28.11	2.95	43.55	22.26	33.95
	Loans and Advances	8.36	9.44	29.05	94.89	123.03
	Other Current Assets	-	-	-	-	-
	Total	**600.34**	**881.80**	**1723.87**	**2489.23**	**4452.78**
4.	**Liabilities and Provisions:**					
	Secured Loans	403.69	481.90	967.32	1718.30	1913.97
	Unsecured Loans	62.38	13.39	48.14	98.70	334.07
	Deferred Tax Liabilities	29.85	26.81	42.13	116.78	187.73
	Current Liabilities and Provisions	39.08	173.83	474.86	813.36	2241.05
		535.00	**695.93**	**1532.45**	**2747.14**	**4676.82**
5.	**Net Worth**	**216.79**	**313.25**	**1091.90**	**1261.09**	**1447.36**
6.	**Represented by**					
	Equity Share Capital	42.00	190.00	265.20	1060.80	1060.80
	Share Application Money Pending Allotment/Refund	100.00	-	-	-	-
	Reserves & Surplus	74.83	124.18	828.00	205.75	396.81
	Less: Revaluation Reserve	-	-	-	-	-
	Reserve (Net of revaluation reserves)	74.83	124.18	828.00	205.75	396.81
	Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	0.04	0.93	1.30	5.46	10.25
7.	**Net Worth**	**216.79**	**313.25**	**1091.90**	**1261.09**	**1447.36**

ANNEXURE II

STATEMENT OF ADJUSTED PROFITS AND LOSSES **(Rs. in Lacs)**

Particulars	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Income					
Sales					
Of Products manufactured by the Issuer	978.90	1667.52	1563.85	2670.93	4358.83
Of Products traded in by the Issuer	588.06	1060.70	3001.43	4709.04	5833.24
Net Sales	**1566.96**	**2728.22**	**4565.28**	**7379.97**	**10192.07**
Other Income (Refer Annexure VII)	6.06	6.77	3.48	2.81	2.73
Increase /(Decrease) in Inventories	(159.85)	(0.05)	151.83	20.72	641.14
Total	**1413.17**	**2734.94**	**4720.59**	**7403.50**	**10835.94**
Expenditure					
Raw Materials consumed	629.16	1142.66	1666.44	6465.45	9496.08
Purchase of finished goods	536.41	1176.61	2708.06	-	-
Staff Costs	18.04	13.09	40.11	73.71	89.81
Stores, spares & packing materials consumed	29.50	16.05	22.18	71.30	78.39
Processing/Job charges	35.60	194.46	57.48	72.80	100.26
Power and fuel	7.08	9.04	12.20	32.24	49.42
Freight, forwarding and other charges	11.85	8.72	10.85	11.94	19.31
Brokerage, Commission & Discounts	18.21	3.65	0.83	0.89	8.18
Directors Remuneration	4.32	4.66	6.00	6.00	10.80
Preliminary expenses written off	0.01	0.11	0.33	1.45	3.00
Other expenses	32.74	35.93	48.20	40.06	58.80
Interest and other finance charges	54.24	62.38	69.38	234.58	441.34
Depreciation	26.69	27.27	28.40	119.72	170.27
Total	**1403.85**	**2694.63**	**4670.46**	**7130.14**	**10525.66**
Net Profit / (Loss) before tax	**9.32**	**40.31**	**50.13**	**273.36**	**310.28**
Taxation	1.40	8.96	21.32	100.01	119.23
Net Profit / (Loss) before extra ordinary items	7.92	31.35	28.81	173.35	191.05
Extra-ordinary items (net of tax)	-	-	-	-	-
Net Profit/(Loss) after tax and extraordinary items	**7.92**	**31.35**	**28.81**	**173.35**	**191.05**

ANNEXURE III

Statement of secured loans taken by the Company **(Rs. in lacs)**

Name of the Lender	Nature of Loan	As at March 31, 2005	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009
A. Term Loans						
State Bank of India	Rupee Loan	-	-	209.95	790.32	751.48
Cosmos Co-Op Bank Ltd	Rupee Loan	32.21	-	-	-	-
ICICI Bank	Vehicle Loan	3.12	1.36	2.58	2.16	1.68
HDFC Bank	Vehicle Loan	10.65	8.04	6.06	1.90	1.51
Loan against Key Man Policy		-	-	21.96	21.96	21.96
Total Term Loans		**45.98**	**9.40**	**240.55**	**816.34**	**776.63**
B. Working Capital Facilities						
State Bank of India	Cash Credit	357.71	472.50	651.77	901.96	1137.34
	Standby Line of Credit	-	-	75.00	-	-
Total Working Capital Facilities		**357.71**	**472.50**	**726.77**	**901.96**	**1137.34**
Total Secured Loans		**403.69**	**481.90**	**967.32**	**1718.30**	**1913.97**

ANNEXURE IV

Statement of principal terms & conditions of secured loans outstanding as at March 31, 2009

(Rs. in lacs)

Name of the Lender/Date of Sanction	Nature of Loan	Loan Sanctioned	Loan Outstanding As at 31.03.2009	Rate of Interest As at 31.03.2009	Repayment Schedule	Security Offered
State Bank of India 23/10/2007	Term Loan	900.00	751.48	At 0.50% below SBAR, minimum 10.50% p.a with monthly rests.	Refer Foot Note A(1)	Refer Foot Notes B (1) & (3)
State Bank of India 04/03/2009 (last sanctioned)	Term Loan	822.00	751.48	At 0.50% above SBAR, i.e. 12.75% p.a with monthly rests.	Refer Foot Note A(1)	Refer Foot Notes B (1) & (3)
ICICI Bank 05.03.2007	Vehicle Loan	2.67	1.68	10.10%	Refer Foot Note A(2)	Refer Foot Note B (4)

HDFC Bank 07/04/2007	Vehicle Loan	2.26	1.51	13.41	Refer Foot Note A (2)	Refer Foot Note B (4)
Loan against Key man Policy	Loan against Policy	21.96	21.96	9.50%	N.A.	Refer Foot Note B (5)
State Bank of India 04/03/2009 (last sanctioned)	Cash Credit	1475.00	1137.34	At SBAR, i.e. minimum 12.25% p.a with monthly rests	N.A.	Refer Foot Note B (2) & (3)

A. Repayment Schedule

1. The repayment schedule is as under: (Rs. in lacs)

Period	Monthly Installments	Total
01.10.07 to 31.03.08	8.00	48.00
01.04.08 to 31.03.09	8.50	102.00
01.04.09 to 31.03.10	8.50	102.00
01.04.10 to 31.03.11	12.00	144.00
01.04.11 to 31.03.12	12.00	144.00
01.04.12 to 31.03.13	12.00	144.00
01.04.13 to 31.03.14	12.00	144.00
01.04.14 to 31.09.14	12.00	72.00
Total	**--**	**900.00**

2. There are two Vehicle loans, from ICICI Bank and HDFC Bank which were outstanding as on 31.03.2009. The terms of repayment are as detailed below:

   (a) ICICI Bank:-
   Rs. 2.67 lacs repayable in 60 monthly installments (EMI) of Rs.5,695/- each started from 05/03/2007 till 05/02/2012

   (b) HDFC Bank
   Rs.2.26 lacs repayable in 60 monthly installments (EMI) of Rs.5,132/- each started from 03/05/2007 till 03/04/2012

B. Security

1. Term loan from State Bank of India is secured by Equitable mortgage of Land Building at Bhiwandi & Wada and Hypothecation of all Plant & Machineries & other fixed assets created out of bank finance.
2. Working Capital Facilities are secured by hypothecation of stock of raw materials, semi-finished goods, finished goods, packing materials, stores and spares, book-debts & other current assets and further secured by way of extension of charge over immovable properties of the Company.
3. All credit facilities are further secured by personal guarantees of two Promoter Directors and personal properties of Directors.
4. Vehicle Loans are secured against the hypothecation of respective vehicles financed.
5. Loan against Key man policy is secured by the pledge of the Key man policy to the Insurance Company.

ANNEXURE V-A

(a) Statement of Sundry Debtors showing age-wise analysis

(Rs. in lacs)

Particulars	As at March 31, 2005	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009
Debt outstanding for a period exceeding six months					
- Considered good	58.36	17.57	12.56	22.57	390.00
- Considered doubtful	-	-	-	-	-
Less: Provision for doubtful debts	-	-	-	-	-
Other debts considered good	333.47	597.80	1069.67	1814.15	2786.78
Total	**391.83**	**615.37**	**1082.23**	**1836.72**	**3176.78**

The sundry debtors are not related to the directors or promoters in any manner.

ANNEXURE V-B

(b) Quoted Investments made by the Company

As on the immediate period preceding the filing of the offer document (as on March 31, 2009)

Name	Aggregate Book Value Amount (Rs. Lakhs)	Aggregate Market Value Amount (Rs. Lakhs)
Units of Mutual Fund	4.00	3.09

ANNEXURE VI

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ADJUSTED ASSETS AND LIABILITIES AND STATEMENT OF ADJUSTED PROFITS AND LOSSES.

A. SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of preparation of financial statements**
The financial statements have been prepared under historical cost convention, in accordance with the generally accepted accounting principles and accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

2. **Revenue recognition**
   a. The Company generally follows mercantile system of accounting and recognises items of income and expenditure on accrual basis, except in case of significant uncertainties.
   b. Sales are recognized upon the delivery of products and are recorded net of Excise duties, VAT, Trade discount & returns etc, wherever applicable.

3. **Fixed assets**
Fixed Assets are stated at cost including taxes, freight and other incidental expenses incurred in relation to acquisition & installation of the same.

4. **Depreciation**
The Depreciation is provided on fixed assets on Straight -Line method at the rates specified in Schedule XIV of the Companies Act, 1956 on pro-rata basis for additions/deductions.

5. Investments

Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

6. Inventories

a. Raw Materials, Stores & Spares, and Packing Materials are valued at cost under the FIFO method.
b. Stocks in Process are valued at lower of cost or net realizable value under the FIFO method. The cost is arrived at on full absorption basis as per Accounting Standard AS 2 – Valuation of Inventories.
c. Finished Goods are valued at lower of cost or net realizable value, under the FIFO method. The cost is arrived at on full absorption basis as per Accounting Standard AS 2 – Valuation of Inventories.

7. Retirement benefits and leave wages

a. Company's contribution to Provident Fund, Pension Scheme & Employees' State Insurance Corporation Funds are charged to the Profit & Loss Account on an accrual basis.
b. Gratuity benefit payable at the time of retirement is charged to Profit & Loss Account on the basis of actuarial valuation.
c. Provision for accrued leave encashment is made on accrual basis and charged to Profit & Loss Account of the year.

8. Miscellaneous expenditure

Preliminary Expenses & Share Issue Expenses are amortised over a period of Five years.

9. Foreign currency transactions

Foreign Currency Loan, Current Assets and Current Liabilities outstanding at the close of the financial year are revalued at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease/increase in rupee liability on account of fluctuations in the rate of exchange is adjusted to the cost of assets, if it relates to acquisition of assets, and is charged to Profit & Loss Account in other cases.

10. Taxation

a. Provision for Current Tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred Tax for Timing differences between the tax profit and book Profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised to the extent there is reasonable certainty that these assets can be realised in future wherever applicable.

11. Research & Development Expenses

Research & Development expenditure is charged to revenue account in the period in which it is incurred.

12. Borrowing Costs

Borrowing cost attributable to acquisition and/or construction of qualifying assets is capitalised as cost of such assets up to the date when such asset is ready for its intended use. Borrowing cost on working capital is charged to Profit & Loss Account.

B. NOTES TO ACCOUNTS

1. The outstanding balances of Debtors, Creditors, Deposits and advances are subject to confirmation.

2. **Auditors remuneration** **(in Rupees)**

Particulars	**2008-09**	**2007-08**
Audit Fees	60,665	73,034
Tax Audit Fees	11,030	11,236
Total	**71,695**	**84,270**

3. **Remuneration to Directors** **(In Rupees)**

Particulars	2008-09	2007-08
Salary & Allowances	10,80,000	6,00,000
Total	**10,80,000**	**6,00,000**

4. There are no delays in payments to Micro and Small enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

The above information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the company.

5. **Contingent Liabilities** **(Rs. in lacs)**

Particulars	2008-09	2007-08
Disputed income tax liability under appeal	5.67	3.96
Bank Guarantee	2.55	-

6. Installed Capacity, Production, Purchases, Sales, Stocks & Consumption

(i) Installed Capacity, Production, Purchase & Sales

Class of Goods	Unit	Installed Capacity		Actual Production		Trade Purchases / Contract Mfg.		Sales	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Knitting	Kgs.	10,00,000	10,00,000	9,41,985	8,91,053	18,37,721	22,42,164	28,67,520	31,73,276
Weaving	Mtrs.	94,00,000	94,00,000	62,08,012	39,70,708	64,58,512	42,08,105	116,97,139	80,29,296

Note:
(i) The aggregate installed capacity has been worked out on the basis of normal quality of the fabric and the same will vary upon different quality of the fabric being produced. The installed capacity is certified by directors.
(ii) The unit of measurement for fabric has been converted into kilograms/Mtrs by applying the appropriate conversion factor to make it comparable to last year.
(iii) Installed capacity for the year 2007-08 includes sourced capacity from associate company for 400 M.T.

(ii) Stocks (Finished Goods)

Class of Goods	Knitting		Weaving	
	Kgs.	In Rupees	Mtrs.	In Rupees
Opening Stock	94,616 (1,34,675)	1,32,46,240 (1,37,36,900)	1,49,517 (-)	59,80,680 (-)
Closing Stock	6,802 (94,616)	10,54,310 (1,32,46,240)	11,18,902 (1,49,517)	5,59,45,100 (59,80,680)

Figures in the bracket relates to previous year.

(iii) Consumption of Raw Material & Cost of goods sold

Particulars	2008-09		2007-08	
	In Rupees	%	In Rupees	%
Indigenous	94,96,08,636	100.00%	64,65,44,147	100.00%
Imported	-	-	-	-
Total	**94,96,08,636**	**100.00%**	**64,65,44,147**	**100.00%**

(iv) Consumption of Stores & Spares

Particulars	2008-09		2007-08	
	Rs. in lacs	%	Rs. in lacs	%
Indigenous	27,42,736	100.00%	35,85,420	92.65%
Imported	Nil	-	2,84,265	7.35%
Total	**27,42,736**	**100.00%**	**38,69,685**	**100.00%**

7. The value of Imports on CIF basis for capital goods is Rs. 113.24 lacs (Previous Year Rs. 465.76 lacs)

8. Expenditure in Foreign Currency:
Travelling expenses Rs. 1,68,305/- (Previous year Rs. Nil)

9. Earnings in Foreign Exchange on account of Exports:
F.O.B. value of exports Rs. 34,25,387/- (Previous year Rs. Nil)

10. **Segment Information**

(a) The Company currently deals only in textile fabrics and is treated as the only segment.
(b) Secondary Segment – geographical by sale

Segment Revenue	2008-09	2007-08
In India	10,157.82	7,379.97
Outside India	34.25	Nil
Total	**10,192.07**	**7,379.97**

11. Related Party Information

(i) Relationship
a. Individuals Controlling the Enterprise and Key Management Personnel

1. Mr. Anil Kumar Jhawar — Managing Director
2. Mrs. Jayanti Jhawar — Director

b. Relatives of Key Management Personnel

1. Ms. Ankita Jhawar — Daughter of Managing Director
2. Anil Kumar Jhawar HUF — Associate of Managing Director

c. Enterprises in which Key Management Personnel their relatives are interested.

1. Anmol Knit Wears Limited — Associate Company
2. Ankita Agro Products Private Limited — Associate Company
3. Innovation Holdings Private Limited — Associate Company
4. Technica (India) Private Limited — Associate Company

Note: Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in i(a), i(b) & i(c) above is pointed out and relied upon by the auditors.

(ii) Transaction with related parties

(in Rupees)

Nature of Transaction	2008-09		2007-08	
	Referred in (i) (a & b)	Referred in (i) (c)	Referred in (i) (a & b)	Referred in (i) (c)
Expenses:				
Job Charges	-	82,13,096	-	71,02,134
Remuneration	10,80,000	-	6,00,000	-
Interest	Nil	-	22,92,591	-
Finance & Investment:				
Loan & Advances Recd.	2,31,58,505	1,885	2,38,19,428	10,000
Loan & Advances Repaid	2,31,32,643	1,885	1,87,11,048	61,377
Outstandings:				
Payable (Loan)	98,96,794	-	98,70,932	-
Sundry Creditors	-	14,73,066	-	-

12. Disclosure as required by Accounting Standard 19, "Leases", issued by the Institute of Chartered Accountants of India are given below:

(ii) The Company has taken few plant and machinery on lease from a company under a operating lease agreement. These are generally not non-cancelable and range between 11 months and 3 years under lease and are renewable by mutual consent on mutually agreeable terms.

(iii) Lease payments are recognised in the statement of Profit & Loss Account under "Rent".

13. Computation of Earning per share (Basic & Diluted)

(In Rupees)

Particulars	2008-09	2007-08
Profit after taxation	1,91,05,610	1,73,35,090
Weighted average number of Share Outstanding	1,06,08,000	26,52,000
Nominal Value per Share	10	10
Earning per Share – Basic & Diluted	1.80	6.54

14. Deferred Tax

The break up of net deferred tax asset and liability into major components at the year-end is as below:

(In Rupees)

Particulars	Liabilities		Assets	
	2008-09	**2007-08**	**2008-09**	**2007-08**
Depreciation	2,59,39,089	1,53,35,819	-	-
Expenses/Others Adjustments	-	-	71,65,155	36,57,558
Total	**2,59,39,089**	**1,53,35,819**	**71,65,155**	**36,57,558**
Net Deferred Tax Liability	1,87,73,934	1,16,78,261	-	-

15. Figures of the previous year have been regrouped, rearranged & recasted so as to make them comparable with the figures of the current year.

ANNEXURE VII

Statement of Other Income **(Rs. in lacs)**

Particulars	**Year ended March 31, 2005**	**Year ended March 31, 2006**	**Year ended March 31, 2007**	**Year ended March 31, 2008**	**Year ended March 31, 2009**	**Nature of Income**
Interest Income	0.69	1.84	2.11	1.03	2.37	Recurring
Job Work Charges	4.68	4.15	0.79	1.78	-	Recurring
Rebate & Discounts	0.11	-	-	-	-	Recurring
Total Recurring Income	**5.48**	**5.99**	**2.90**	**2.81**	**2.37**	
Dividend Income	0.58	0.78	0.58	-	-	Non-Recurring
Commission received	-	-	-	-	0.36	Non-Recurring
Non Recurring Income	**0.58**	**0.78**	**0.58**	**-**	-	
Grand Total	**6.06**	**6.77**	**3.48**	**2.81**	**2.73**	

ANNEXURE VIII

Related party disclosures under Accounting Standard 18

1. Relationship

(a) Individuals Controlling the Enterprise and Key Management Personnel

1. Shri Anil Kumar Jhawar — Managing Director
2. Smt. Jayanti Jhawar — Whole-time Director
3. Shri Rameshwarlal Jhawar — Director

(b) Relatives of Key Management Personnel

1. Ms. Ankita Jhawar — Daughter of Managing Director
2. Anil Kumar Jhawar HUF — Associate of Managing Director
3. Mrs. Ushadevi Jhawar — Wife of Director

(c) Enterprises in which key management personnel & their relatives are interested:

1. Anmol Knit Wears Limited — Associate Company
2. Ankita Agro Products Private Limited — Associate Company
3. Innovation Holdings Private Limited — Associate Company
4. Technica (India) Private Limited — Associate Company

2. Transactions with the above related parties

(Rs. in lacs)

Sr. No.	**Nature of Transactions**	**Year**	**Referred in i (a & b)**	**Referred in i (c)**
Expenses:				
1.	Purchase	FY 2008-09	-	-
		FY 2007-08	-	-
		FY 2006-07	-	28.10
		FY 2005-06	-	-
		FY 2004-05	-	-
2.	Job Charges	FY 2008-09	-	82.13
		FY 2007-08	-	71.02
		FY 2006-07	-	7.83

		FY 2005-06	-	47.24
		FY 2004-05		-
3.	Remuneration	FY 2008-09	10.80	-
		FY 2007-08	6.00	-
		FY 2006-07	6.00	-
		FY 2005-06	4.66	-
		FY 2004-05	4.32	-
5.	Interest	FY 2008-09	-	-
		FY 2007-08	22.92	-
		FY 2006-07	-	-
		FY 2005-06	-	-
		FY 2004-05	-	-
Finance & Investment				
6.	Loans & Advances Received	FY 2008-09	231.59	0.02
		FY 2007-08	238.19	0.10
		FY 2006-07	121.09	0.51
		FY 2005-06	-	-
		FY 2004-05	-	-
7.	Loans & Advances given	FY 2008-09	231.33	0.02
		FY 2007-08	187.11	0.61
		FY 2006-07	80.04	-
		FY 2005-06	-	-
		FY 2004-05	-	-
Outstanding				
8.	Payable	FY 2008-09	98.97	14.73
		FY 2007-08	98.70	-
		FY 2006-07	47.62	0.51
		FY 2005-06	6.58	0.31
		FY 2004-05	2.99	-
9.	Receivable	FY 2008-09	-	-
		FY 2007-08	-	-
		FY 2006-07	-	-
		FY 2005-06	-	-
		FY 2004-05	-	-

Note: No amounts have been written off/ provided for or written back in respect of amounts receivable from or payable to the related parties.

ANNEXURE IX

SUMMARY OF ACCOUNTING RATIOS

Particulars	Unit	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Nominal value of shares	Rupees	10.00	10.00	10.00	10.00	10.00
Basic and diluted earnings per Share	Rupees	1.89	7.46	1.31	6.54	1.80
Net Asset Value per share	Rupees	27.81	74.58	49.82	47.55	13.64
Return on net worth	%	6.78	10.01	2.64	13.75	13.20
Weighted average number of shares	No.	4,20,000	4,20,000	21,91,833	26,52,000	1,06,08,000

Foot Note:
1. Definition of ratios

Basic and diluted earnings per Share	=	{Adjusted Profit / (Loss) after tax as per the Statement of Adjusted Profits and Losses}/{Weighted average number of shares}
Net Asset Value	=	{Net worth as per Statement of Adjusted Assets and Liabilities as reduced by share application money pending allotment/refund}/ {Weighted average number of shares}
Return on Net worth	=	{Adjusted Profit / (Loss) after tax as per Statement of Adjusted Profits and Losses} / {Net worth as per Statement of Adjusted Assets and Liabilities as reduced by share application money pending allotment/refund}

ANNEXURE X

STATEMENT OF CAPITALISATION

(Rs. in lacs)

Particulars	Pre-issue as at March 31, 2009	As adjusted for the Issue
A. Total Debts	**2248.05**	2248.05
B. Short Term Debts		
- Working Capital Facilities	1137.34	1137.34
- Unsecured Loans	334.07	334.07
	1471.41	**1471.41**
C. Long Term Debts (A-B)	**776.64**	**776.64**
D. Shareholders Funds (Equity)		
Equity shares capital	**1060.80**	**2060.80**
Reserves and surplus (net of revaluation reserve, debit balance in the profit and loss account and miscellaneous expenditure to the extent not written off or adjusted)	386.56	1886.56
Total	**1447.36**	**3947.36**
E. Long Term Debts / Equity (C/D)	**0.53:1**	**0.20:1**

ANNEXURE XI

Statement of Unsecured loans taken by the Company **(Rs. in lacs)**

Particulars	As at March 31, 2005	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009
From Director	2.26	5.32	45.88	45.37	97.72
From Shareholders	0.72	1.56	2.26	53.33	1.25
Advances	-	-	-	-	-
From Banks & Financial institutions	-	-	-	-	235.10
Others	59.40	6.51	-	-	-
Total	**62.38**	**13.39**	**48.14**	**98.70**	**334.07**

In case of amount borrowed from promoters and relatives, the loans are not repayable to the extent of Rs. 100.00 Lac till the repayment of SBI Term Loan. For the year ended 31.03.2008 interest was paid @ 23% p.a. for further period no interest is payable on such loan.

ANNEXURE – XII

STATEMENT OF TAX SHELTER **(Rs. in lacs)**

Particulars	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Tax at Normal Rate	3.41	13.57	16.87	92.92	105.46
Adjustments:					
Export Profit	-	-	-	-	-
Difference between tax Depreciation and Book Depreciation	(6.54)	9.03	(62.01)	(561.09)	(129.30)
Other Adjustment	1.05	0.24	5.74	0.72	1.28
Unabsorbed Losses B/F	-	-	-	-	(182.26)
Net Adjustment	(5.49)	9.27	(56.27)	(560.37)	(310.28)
Tax Savings thereon	(2.01)	3.12	(18.94)	(190.47)	(105.46)
Total Taxation	1.40	16.69	(2.07)	(97.55)	Nil
Taxation on Extraordinary Items	-	-	-	-	-
Tax on Profits before Extraordinary Items	1.40	16.69	(2.07)	(97.55)	Nil
Tax as per MAT	0.73	3.39	5.67	30.90	35.07
Provision for Current Tax	1.60	12.00	6.00	34.50	39.00
Deferred Tax & FBT Provision	(0.20)	(3.04)	15.32	65.51	80.23

Notes:-

I). The statement of tax shelter has been prepared based on the Income Tax Returns filed by the Company and assessment orders issued by Income Tax Department

II). The tax rates considered for brought forward losses are the tax rates applicable to the year in which these are bought forward.

III). The tax amount excludes Interest under Section 234 (B) & 234 (C) if any.

ANNEXURE XIII

Statement of Loans and Advances

(Rs. in lacs)

Particulars	As at March 31, 2005	As at March 31, 2006	As at March 31, 2007	As at March 31, 2008	As at March 31, 2009
Other Advances recoverable in cash or in kind	0.49	1.34	3.43	55.81	79.66
Tax paid advance incl. Tax deducted at source	7.87	8.10	25.26	32.03	35.68
Excise Cenvat Receivable	-	-	-	-	-
Sundry Deposits	-	-	0.36	7.05	7.69
Total	**8.36**	**9.44**	**29.05**	**94.89**	**123.03**

ANNEXURE XIV

STATEMENT OF ADJUSTED CASH FLOW (Rs. In lakhs)

	Particulars	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Net profit/(loss) before tax	9.32	40.31	50.13	273.36	310.28
	Adjustments for:					
	- Depreciation	26.68	27.27	28.40	119.72	170.27
	- Preliminary Expenses W/off	0.01	0.11	0.32	1.45	3.00
	- Loss / (profit) on sale of Fixed assets (net)	-	-	5.35	-	-
	- Loss / (profit) on sale of Investment	-	-	-	0.33	-
	- Interest & Finance Charges	52.32	62.38	69.38	234.58	441.34
	- Interest received	(0.69)	(1.84)	(2.10)	(1.03)	(2.37)
	- Dividend income	(0.58)	(0.78)	(0.58)	-	-
	Operating profit before working capital changes	**87.06**	**127.45**	**150.90**	**628.41**	**922.52**
	Adjustments for :					
	- Inventories	161.98	(82.00)	(314.99)	33.68	(583.66)
	-Trade and other receivables	(199.29)	(224.63)	(486.46)	(820.33)	(1368.20)
	-Trade and other payables/ provisions	9.89	255.54	549.31	503.41	1635.22
	Cash generated from operations	**59.64**	**76.36**	**(101.24)**	**345.17**	**605.88**
	- Direct taxes refunded / (paid)	-	-	-	(15.10)	(20.42)
	Net cash from operating activities	**59.64**	**76.36**	**(101.24)**	**330.07**	**585.46**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Purchase of fixed assets	(11.61)	(0.19)	(812.12)	(741.23)	(320.67)
	Sale of fixed assets	-	-	3.35	-	-
	Interest received (inclusive of tax deducted at source)	0.69	1.84	2.10	1.04	2.37
	Sale long term Investments	-	-	1.90	2.66	-
	Purchases long term Investments	-	(3.00)	-	-	(2.00)
	Dividend Income	0.58	0.78	0.59	-	-
	Preliminary Expenses		(1.00)	(0.70)	(5.60)	(7.79)
	Net cash used in investing activities	**(10.34)**	**(1.57)**	**(804.88)**	**(743.13)**	**(328.09)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**					
	Interest paid	(52.32)	(62.38)	(69.38)	(234.58)	(441.34)
	Proceeds from issue of Equity Shares incl. of premium	100.00	48.00	750.20	-	-
	Proceeds from long term borrowings	(77.16)	(85.57)	265.90	626.35	195.66
	Net cash used in financing activities	**(29.48)**	**(99.95)**	**946.72**	**391.77**	**(245.68)**
	Net Increase / (decrease)	**19.82**	**(25.16)**	**40.60**	**(21.29)**	**11.69**

	in cash & cash equivalents (A+B+C)					
	Cash & cash equivalents at the beginning of the period	**8.29**	**28.11**	**2.95**	**43.55**	**22.26**
	Cash & cash equivalents at the end of the period	**28.11**	**2.95**	**43.55**	**22.26**	**33.95**

Notes on Cash Flow Statement:

Trade & other payables:

The cash flow for Trade & other payables has been arrived at as under:-
(Difference of Current liabilities & Provisions) + (Difference of Working Capital limits) – (Provision for Current tax & FBT debited to P&L Account) – Direct taxes paid.

Long term Borrowings

The cash flow for Long term borrowings has been arrived at as under:-
(Difference of Term Loan, Vehicle Loan, Keyman Insurance Policy Loan & Unsecured Loan)

5.2 BRIEF AUDITED FINANCIAL INFORMATION OF GROUP / ASSOCIATE COMPANIES

1. Innovation Holdings Pvt. Limited (“IHPL”)

Date of Incorporation: January 23, 1998
Nature of Activities: To carry on the business as Investment Company.

(Rs. in Lac)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	10.41	15.22	16.71
Profit After Tax	0.53	0.24	0.10
Equity Capital	84.47	84.47	40.52
Reserves and Surplus	396.60	396.07	0.27
Misc. Expenditure not w/o	0.40	0.54	0.07
Networth	480.67	480.00	40.72
Earning per Share (Rs.)	0.06	0.06	0.02
Net Asset Value (Rs.)	56.88	118.46	10.05
Weighted average number of of shares (in numbers)	8,44,720	4,05,200	4,05,200

2. Ankita Agro Products Pvt. Limited (“AAPL”)

Date of Incorporation: February 20, 1996
Nature of Activities: The business of manufacturing, spinning, texturising, all types and deniers of cotton, synthetic, polyester, POY, PFY, wool, cotton and wool, cotton and synthetic yarn etc.

(Rs. in Lac)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	10.58	29.81	14.17
Profit After Tax	0.09	0.45	0.16
Equity Capital	69.70	69.70	32.20
Reserves and Surplus	416.42	416.32	78.37
Misc. Expenditure not w/o	0.47	0.72	0.95
Networth	485.64	485.30	109.62
Earning per Share (Rs.)	0.01	0.13	0.05
Net Asset Value (Rs.)	69.68	137.38	34.04
Weighted average number of of shares (in numbers)	6,97,000	3,53,250	3,22,000

3. Anmol Knit Wears Limited

Date of Incorporation: August 11, 1999,
Nature of Activities: To trade or business as manufacturers, dealers of all types of knitwears and fabrics.

(Rs. in Lac)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	1504.89	1356.77	1354.86
Other Income	28.48	2.63	1.26
Increase/Decrease in Inventories	45.28	(83.01)	(11.26)
Total Income	1578.65	1276.39	1344.86
Profit After Tax	4.02	3.26	3.32
Equity Capital	145.00	145.00	145.00
Reserves and Surplus	62.90	58.88	55.60
Misc. Expenditure not w/o	0.30	0.45	0.61
Networth	207.60	203.43	200.00
Earning per Share (Rs.)	0.28	0.23	0.23
Net Asset Value (Rs.)	14.32	14.03	13.79
Weighted average number of of shares (in numbers)	14,50,000	14,50,000	14,50,000

4. Technica (India) Private Limited ("TPL")

Date of Incorporation: February 10, 1999
Nature of Activities: To trade or business as manufacturers of all types of structural equipments.

(Rs. in Lac)

Particulars	March 31, 2009	March 31, 2008	March 31, 2007
Sales	10.32	1.16	10.02
Profit After Tax	0.80	0.10	0.06
Equity Capital	1.00	1.00	1.00
Reserves and Surplus	1.22	0.41	0.32
Misc. Expenditure not w/o	0.02	0.04	0.05
Networth	2.19	1.37	1.27
Earning per Share (Rs.)	8.10	1.00	0.60
Net Asset Value (Rs.)	21.90	13.70	12.70
Weighted average number of of shares (in numbers)	10,000	10,000	10,000

None of the above mentioned Group Companies is sick nor applied for BIFR nor a listed company nor restrained by any SEBI Order and there are no litigations against them. No group company has ever become defunct.

Sales or Purchases between companies in the Promoter Group
There are no transactions relating to sales or purchases between our Company and any of our promoter group entities exceeding 10% of the sales or purchases of our Company, except as disclosed under "Related Party Transactions" appearing on Page no. 121 of this Draft Prospectus.

Related Party Transactions

The details of related party transactions have been disclosed as a part of the Auditors Report. For details, please refer Page 121 of this Draft Prospectus.

Details about Companies/Firms from which Promoters have disassociated during the last three years

During preceding three years, our Promoters have not disassociated themselves from any of the ventures / entities / companies / firms.

Details of Promoter group entities / companies whose names have been struck off from Registrar of Companies

None of our Promoter group entities / companies has been struck off as a defunct company by any ROC in India.

COMMON PURSUITS

The Promoters / any member of Promoters Group as per their respective main objects do not have interest in any venture that is involved in any activities similar to those conducted by our Company except for Anmol Knit Wears Limited which is in the same line of business as of AKWL and has rented its 4 knitting machines on lease to AKWL and an agreement for the same was entered on January 1, 2006 by both the parties under Section 297 of the Companies Act, 1956.

Since Anmol Knit Wears Ltd. has not been marketing its products directly to the customers it is not an existing threat to the Issuer but it may become a threat in long run.

The Issuer and other promoter group entities viz. Anmol Knit Wears Ltd., Ankita Agro Products Pvt. Ltd., Innovation Holdings Pvt. Ltd. and Technica (India) Pvt. Ltd. at present are in the same line of business i.e. Trading of Grey Fabrics. Hence to this extent there exists a potential conflict between us in future.

Changes in Accounting Policies in the Last three years

There are no changes in the Accounting Policies of the above-mentioned group companies.

5.3 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

Overview of the business of the Issuer Company

Ankita Knit Wear Limited was originally incorporated on February 4, 1998 as a Private Limited Company under the Companies Act, 1956 in the State of Maharashtra and a Certificate of Incorporation was obtained from the Asstt. Registrar of Companies, Maharashtra, Mumbai having a Certificate No. 11-113372/1998. Later, it was converted into a Public Limited Company by passing the necessary resolution on May 7, 2007 and certificate for the same was obtained from the Registrar of Companies, Maharashtra, Mumbai on June 25, 2007.

The Company presently is engaged in manufacturing of Knitted and Woven Fabrics with its facilities at Plot No. 10 and 11 at Village Vadavli, Taluka Wada, District Thane - 421312. AKWL is a profit making company since its inception. Over the years our company's turnover has grown from Rs. 15.67 crore in 2005 to Rs. 101.92 crore in 2009.

As a brand, AKWL has succeeded by maintaining pace with the changing demands of the local & global fashion trends and primarily due to the company's innovative approach in continuously developing newer products, using state of the art technology along with highly–skilled workforce, strong logistics by being perpetually quality conscious and thereby creating world class fabrics. These highly ingenious fabrics are available in a vide range of colour, texture and comfort along with contemporary designs. Ankita fabrics are simply a luxury affordable that suits every desire.

The facility consists of 6 machines to manufacture Knitted fabrics and 84 machines to manufacture woven fabrics and an installed capacity of 15 million meters per annum. Within a short span of time, additional 100 machines shall be installed for manufacturing garments. The company is supplying its knitted & woven fabrics to reputed garment companies and exporters. Its customers have very well received the company's products and the company des not foresee any difficulty in selling its entire production.

The company has a state-of-the-art in house laboratory which is equipped with all the testing facilities to achieve nearly zero defects. The latest testing equipments are installed to meet technical requirements for; Research, Product Development & Quality Control of various incoming raw materials and outgoing finished products. All these tests are carried out in accordance with the relevant International & Industrial Standards.

The main objects of the company as set out in its memorandum and Articles of Association are:

To carry on business as manufacturers, dealers of all types of Knitwear and fabrics of every description made from cotton, Staple fibre, Rayon, Nylon silk, Synthetic materials, Yarns and for that purpose to buy, sell, import, export and generally deal in all type of knit wears and knit wears of every description including readymade garments, hosiery, gloves, lace and any other by-product of the aforesaid and dye, bleach, process and finish the aforesaid products.

AKWL is able to offer diverse customer designed fabrics for the domestic and international textile markets from the middle to the upper-end segments. The shirting collection covers complete range of styles such as; Classic, Formal, Fashion & Casual in plain, dobbies and jacquard with each range having various categories. With the Technology, Machinery, Know-How and equipments installed by AKWL, fabrics created by AKWL will offer various Normal as well as Functional Finishes such as:

- Crispy Finish
- Anti – Crease Finish
- Stain Repellent Finish
- Anti-bacterial Finish
- Soft & Smooth Finish
- Fire Retardant Finish
- Mosquito repellent Finish
- Cool Touch Finish

- Perfume Release Finish
- Water repellent Finish
- Easy care finish
- Enzyme treatment Finish

Unique business model - (Low risk, good value)

The captive business model with garment division is a low risk, good value business model in textile industry. The overall risk profile of the business is significantly lower than if it were not fully captive. Together, we believe the overall value is much higher than that assigned to a stand-alone player (weaving or knitting or Garment or Process House Company) due to the various synergies and value addition.

Factors that may affect Results of the Operations

Several factors may affect our result of operations that may make it difficult to predict the future financial results. Such factors are:

- Movement in Price of Cotton / Yarn
- Non availability of raw material
- Operating cost & Efficiency
- Product and Market Mix
- Exchange Rates
- Government rules and regulations relating to textile industries
- Availability of skilled human forces
- Competition: domestic and international
- Break down of machinery or plant
- Disrupted power supply from state electricity board
- Strike by labours
- Delay in implementation of the Project

OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer to the section titled "Financial Information of the Issuer Company" beginning on Page 112 of this Draft Prospectus.

DISCUSSION ON RESULTS OF OPERATIONS

Analysis on results of financial operations: **(Rs. in Lac)**

Particulars	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Income:					
Sales					
of products manufactured by the issuer	978.90	1667.52	1563.85	2670.93	4358.83
of products traded in by the issuer	588.06	1060.70	3001.43	4709.04	5833.24
Net Sales	**1566.96**	**2728.22**	**4565.28**	**7379.97**	**10192.07**
Increase / Decrease %	-	74.11	67.34	61.65	38.10
Other Income (Refer Annexure VII)	6.06	6.77	3.48	2.81	2.73
Increase /(Decrease) in Inventories	(159.85)	(0.05)	151.83	20.72	641.14
Total	**1413.17**	**2734.94**	**4720.59**	**7403.50**	**10835.94**
Increase / Decrease %	-	93.53	72.60	56.83	46.36
Expenditure					
Raw Materials consumed	629.16	1142.66	1666.44	6465.45	9496.08

Increase / Decrease %	-	81.62	45.84	287.98	46.87
Purchase of finished goods	536.41	1176.61	2708.06	-	-
Increase / Decrease %	-	119.35	130.16	-	-
Staff Costs	18.04	13.09	40.11	73.71	89.81
Increase / Decrease %	-	(27.44)	260.42	83.77	21.84
Stores, spares & packing materials consumed	29.50	16.05	22.18	71.30	78.39
Increase / Decrease %	-	(45.59)	38.19	221.46	9.94
Processing/Job charges	35.60	194.46	57.48	72.80	100.26
Increase / Decrease %	-	446.24	(70.44)	26.65	37.72
Power and fuel	7.08	9.04	12.20	32.24	49.42
Increase / Decrease %	-	27.68	34.96	164.26	53.29
Freight, forwarding and other charges	11.85	8.72	10.85	11.94	19.31
Brokerage, Commission & Discounts	18.21	3.65	0.83	0.89	8.18
Directors Remuneration	4.32	4.66	6.00	6.00	10.80
Preliminary expenses written off	0.01	0.11	0.33	1.45	3.00
Provision for diminution in the value of investment (Non Recurring)	-	-	-	-	-
Other expenses	32.74	35.93	48.20	40. 06	58.80
Interest and other finance charges	54.24	62.38	69.38	234.58	441.34
Depreciation	26.69	27.27	28.40	119.72	170.27
Total	**1403.85**	**2694.63**	**4670.46**	**7130.14**	**10525.66**
Increase / Decrease %	-	91.95	73.32	52.66	47.62
NET PROFIT / (LOSS) BEFORE TAX	**9.32**	**40.31**	**50.13**	**273.36**	**310.28**
Increase / Decrease %	-	332.51	24.36	445.32	13.50
Taxation	1.40	8.96	21.32	100.01	119.23
Net Profit / (Loss) before extraordinary items	**7.92**	**31.35**	**28.81**	**173.35**	**191.05**
Increase / Decrease %	-	295.83	(8.10)	501.77	10.20
Extraordinary items (net of tax)	-	-	-	-	-
NET PROFIT AFTER EXTRAORDINARY ITEMS	**7.92**	**31.35**	**28.81**	**173.35**	**191.05**
Increase / Decrease %	-	295.83	(8.10)	501.77	10.20

For the period ended March 31, 2009

Income

Our sales for the year ended March 31, 2009 were Rs. 10192.07 lakhs as compared to Rs. 7379.97 lakhs for FY 2007-08.

Other income increased to Rs. 2.73 lakhs during the year ended March 31, 2009.

Materials and Manufacturing expenses:

Manufacturing expenses were Rs. 9,728.98 lakhs during the year ended March 31, 2009 as compared to Rs. 6,643. lakhs during 2007-08.

Administrative & selling expenses:

Our administrative & selling expenses were Rs. 84.45 lakhs during the year ended March 31, 2009.

Interest and financial charges:

Our interest and financial charges were Rs. 441.34 lakhs during the year ended March 31, 2009.

Depreciation:
Depreciation was Rs. 170.27 lakhs during the year ended March 31, 2009.

Profit before Tax
Our profits before tax were Rs. 310.28 lakhs during the year ended March 31, 2009 as compared to Rs. 273.36 lakhs during 2007-08.

Taxation:
The provision for taxation including Current tax, Deferred tax, Fringe benefit taxes & Excess/Short provision was Rs. 119.23 lakhs during the year ended March 31, 2009.

Profit after tax:
Our profit after tax was Rs. 191.05 lakhs during the year ended March 31, 2009 as compared to Rs.173.35 lakhs during 2007-08.

Comparison between FY 2009 and 2008

Income
Our sales increased to Rs. 10,192.07 lakhs in fiscal year year 2009 from Rs. 7,379.97 lakhs in fiscal year 2008 registering an increase of 38.10%, which was mainly due to increase in customer base and increased demand.

Other income decreased to Rs. 2.73 lakhs in fiscal year 2009 from Rs. 2.81 lakhs in fiscal year 2008. The decrease in other income was mainly due to no job charges income during the year.

Materials and Manufacturing Expenses:
Raw material and Manufacturing expenses were increased to Rs. 9,728.98 lakhs in fiscal year 2009 from Rs. 6,643.12 lakhs in fiscal year 2008. The increase in manufacturing expenses was mainly on account of increase in prices of Raw material, Stores & Spares & Power & Fuel & Packing material.

Administrative & Selling Expenses:
Our administrative & selling expenses increased to Rs. 84.45 lakhs in fiscal year 2009 from Rs. 53.00 lakhs in fiscal year 2008. The increase in selling expenses was mainly due to increase in Brokerage & Commission, Freight & Forwarding expense which consequently increased due to sale volume of woven fabrics. The increase in administrative expenses was mainly due to legal & professional charges, travelling & conveyance, rates & taxes & Postage & Telegram expense.

Interest and finance charges:
Our interest and finance charges increased to Rs.441.34 Lakhs in fiscal year 2009 from Rs. 234.58 Lakhs in fiscal year 2008. Interest and financial charges were increased due to increase in our Term Loan and working capital limits. The term loan utilized at the beginning of the year 2008-09 was Rs. 68.97 lacs though the year end balance has reduced from Rs.790.31 lacs to Rs.751.48 lacs. as at the end of 2009.

The working capital limits utilised from SBI, have gradually increased from Rs. 901.95 lacs at the end of 2008 to Rs. 1137.34 lacs as at the end of 2009.

In addition to the working capital limits from SBI, the company has also availed factoring facility from HSBC & Global Trade Finance Ltd, the interest of which accounts for the increase in the interest & Finance charges.

Depreciation:
Depreciation was Rs. 170.27 lakhs in fiscal year 2009 as against Rs. 119.71 lakhs in fiscal year 2008 which is mainly due to addition to fixed assets.

Profit before Tax
Our profits before tax were increased to Rs. 310.28 lakhs in fiscal year 2009 from Rs. 273.36 lakhs in fiscal year 2008. Profit before tax during the year 2009 was 3.04% of sales as compared to 3.70% during the year 2008.

Taxation:
The provision for taxation has increased by Rs.5.00 lacs in Current tax provision & Rs. 18.35 lacs in Excess/Short provision.

Profit after tax:
Our profit after tax increased to Rs. 191.05 lakhs in fiscal year 2009 from Rs. 173.35 lakhs in fiscal year 2008. Profit after tax during the year 2009 was 1.87% of sales as compared to 2.35% during the year 2008.

Comparison between FY 2008 and 2007

Income
Our sales increased to Rs. 7,379.97 lakhs in fiscal year 2008 from Rs. 4,565.28 lakhs in fiscal year 2007 registering an increase of 62.00%, which was mainly due to increase in customer base and increased demand.

Other income decreased to Rs. 2.81 lakhs in fiscal year 2008 from Rs. 3.48 lakhs in fiscal year 2007. The decrease in other income was mainly due to no Dividend income during the year.

Materials and Manufacturing Expenses:
Raw material and Manufacturing expenses were increased to Rs. 6643.12 lakhs in fiscal year 2008 from Rs. 4,468.81 lakhs in fiscal year 2007. The increase in manufacturing expenses was mainly on account of increase in prices of Raw material, Stores & Spares & Power & Fuel & Packing material.

Administrative & Selling Expenses:
Our administrative & selling expenses decreased to Rs. 53.00 lakhs in fiscal year 2008 from Rs. 57.75 lakhs in fiscal year 2007. The decrease in administrative expenses was mainly due to decrease in legal & professional charges & other expenses.

Interest and financial charges:
Our interest and financial charges increased to Rs. 234.58 lakhs in fiscal year 2008 from Rs. 69.38 lakhs in fiscal year 2007. Interest and financial charges were increased due to increase in Term Loan & working capital limits from SBI as well as increase in Bank charges & other interest.

Depreciation:
Depreciation was Rs. 119.72 lakhs in fiscal year 2008 as against Rs. 28.40 lakhs in fiscal year 2007 which is mainly due to addition to fixed assets.

Profit before tax
Our profit before tax increased to Rs. 273.36 lakhs in fiscal year 2008 from Rs. 50.13 lakhs in fiscal year 2007. Profit before tax during the year 2008 was 3.70% of sales as compared to 1.09% during the year 2007.

Taxation:
The provision for taxation has increased by Rs.28.80 lacs in Current tax provision, Rs. 59.32 lacs in deferred tax provision Rs. (9.78) in (Excess)/Short provision.

Profit after tax:
Our profit after tax increased to Rs. 173.35 lakhs in fiscal year 2008 from Rs. 28.81 lakhs in fiscal year 2007. Profit after tax during the year 2008 was 2.35% of sales as compared to 0.63% during the year 2007.

Comparison between FY 2007 and 2006

Income
Our sales increased to Rs. 4,565.28 lakhs in fiscal year 2007 from Rs. 2,728.22 lakhs in fiscal year 2006 registering an increase of 67.33%, which was mainly due to increase in customer base and increased demand.

Other income decreased to Rs. 3.48 lakhs in fiscal year 2007 from Rs. 6.77 lakhs in fiscal year 2006. The decrease in other income was mainly due to decrease in job charges income during the year.

Purchased, Raw materials and Manufacturing Expenses:
Raw material and Manufacturing expenses were increased to Rs. 4468.81 lakhs in fiscal year 2007 from Rs. 2,538.82 lakhs in fiscal year 2006. The increase in manufacturing expenses was mainly on account of increase in prices of Raw material, Stores & Spares & Power & Fuel & Packing material.

Administrative & selling expenses
Our administrative & selling expenses increased to Rs. 57.75 lakhs in fiscal year 2007 from Rs. 47.29 lakhs in fiscal year 2006. The increase in administrative expenses was mainly due to increase in legal & professional charges, Freight & Forwarding charges & Advertisement expenses.

Interest and financial charges:
Our interest and financial charges increased to Rs. 69.38 lakhs in fiscal year 2007 from Rs. 62.38 Lakhs in fiscal year 2006.

Depreciation:
Depreciation was Rs. 28.40 lakhs in fiscal year 2007 as against Rs. 27.27 lakhs in fiscal year 2006.

Profit before Tax
Our profit before tax increased to Rs. 50.13 lakhs in fiscal year 2007 from Rs. 40.31 lakhs in fiscal year 2006. Profit before tax during the year 2007 was 1.09% of sales as compared to 1.48% during the year 2006.

Taxation:
The provision for taxation has decreased by Rs.6.00 lacs in Current tax provision, has increased by Rs. 18.36 lacs in Deferred tax provision.

Profit after Tax:
Our profit after tax decreased to Rs. 28.81 lakhs in fiscal year 2007 from Rs. 31.35 lakhs in fiscal year 2006. Profit after tax during the year 2007 was 0.63% of sales as compared to 1.15% during the year 2006.

Financial Condition

Net worth
Our net worth was increased to Rs. 1,447.36 lakhs as on March, 31 2009 from Rs. 1261.09 lakhs as on March, 31 2008. Our share capital increased to Rs. 1060.80 lakhs as on March 31, 2008, mainly because of further issue of shares and issue of bonus share to the shareholders. On March 26, 2007 our share capital was increased to Rs. 265.20 lakhs by issue of 2.5 lakhs equity shares of Rs. 10/- each. As on March 25, 2008; 79,56,000 Equity shares were issued as Bonus shares in the ratio of 3:1.

Assets
Our inventories increased to Rs. 1119.02 Lakhs as on March 31, 2009 from Rs. 535.36 Lakhs as on March 31, 2008, due to increase in volume of inventories as well as increase in the value of inventory.

Our debtors were increased to Rs. 3176.78 lakhs as on March 31, 2009 from Rs. 1836.72 lakhs as on March 31, 2008. The Debtors increased due to delay in payments by the debtors.

Liabilities
Our secured loans were increased to Rs. 1913.97 lakhs as on March 31, 2009 from Rs. 1718.30 lakhs as on March 31, 2008.

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions that have significantly affected our business.

Significant economic changes that materially affected or are likely to affect income from continuing operations.

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations except for changes in government policies including changes in tax structure.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the Section titled "Risk Factors" on Page no. 05 and in "Management Discussion and Analysis of financial condition and results of financial operations" appearing on Page No. 132 of this Draft Prospectus, to Company's knowledge.

Future changes in relationship between costs and revenues

Other than as described in the Sections titled "Risk Factors" and "Management's Discussion and analysis of financial condition and results of financial operations" beginning on pages 05 and 133 respectively of this Draft Prospectus and Prospectus and elsewhere in this Draft Prospectus/ Prospectus, there are to our knowledge no known factors which would have a material adverse impact on the relationship between costs and income of our Company.

Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of textile products to be sold by our Company. Other than as described in this Draft Prospectus/ Prospectus, we do not have any new products or business segment.

Total turnover of each major industry segment in which the Company operated

The Company operates significantly in only one Industry Segment i.e. Textile products. For details, please refer to Section titled "Industry Overview" on Page No. 69 of this Draft Prospectus/Prospectus.

Status of any publicly announced New Products or Business Segment

We have not announced any new products or business segment .

Seasonality of business

Business of our Company is not seasonal but the supply of raw material is only affected during unfavourable monsoon and unpredictable weather conditions.

Dependence on a single or few suppliers or customers

We source our raw materials from a number of suppliers and do not have excessive dependence on any single supplier. We do depend on few customers for selling our products since our top ten customers account for approximately 44.45% of our total sales during 2008-09 and our largest customer is Somu Textiles Private Limited which constituted 12% of our total sales during 2008-09.

Competitive conditions

We believe that on account of our competitive strengths we are well positioned to enhance our position in the sector in which we operate.

Details of material developments after the date of last balance sheet

No circumstances have arisen since the date of the last financial statement until the date of filing of this Draft Prospectus/Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

Liquidity and Capital Resources

Our primary liquidity requirements are to finance our working capital needs & our capital expenditure. Our requirement of working capital is to finance the purchase of raw material, make necessary advance to supplies and undertake our and manufacturing activities before full payment is received from our customers. To fund these costs, we have relied on short-term and long-term borrowings, including working capital financing, term loans and flows from operating activities.

Cash Flow

The following table summarizes our cash flow for each of the years ended March 31st 2005, 2006, 2007, 2008 and 2009.

(Rs. in lakhs)

Particulars	For the year ended March 31st				
	2005	**2006**	**2007**	**2008**	**2009**
Net cash flow from operating activities	59.64	76.36	(101.24)	330.07	585.46
Net cash flow from investing activities	(10.34)	(1.57)	(804.88)	(743.13)	(328.09)
Net cash flow from Financing activities	(29.48)	(99.95)	946.72	391.77	(245.68)
Net (Decrease)/Increase in Cash and cash Equivalents	19.82	(25.16)	40.60	(21.29)	11.69

Operating Activities

Cash flow operating activities mainly depends on our operating and changes in net working capital. The following table summarizes our cash flow from operations for each of the years ended March 31st 2005, 2006, 2007, 2008 and 2009.

(Rs. in lakhs)

Particulars	For the year ended March 31st				
	2005	**2006**	**2007**	**2008**	**2009**
Net profit/(loss) before tax	9.32	40.31	50.13	273.36	310.28
Operating profit before working capital changes	**87.06**	**127.45**	**150.90**	**628.41**	**922.52**
Adjustments for Working Capital	(27.42)	(51.09)	(252.14)	(283.24)	(316.64)
Cash generated from operations	59.64	76.36	(101.24)	345.17	605.88
Direct taxes refunded / (paid)	-	-	-	(15.10)	(20.42)
Net cash used in operating activities	**59.64**	**76.36**	**(101.24)**	**330.07**	**585.46**

- Net cash generated from our operating activities in the fiscal year 2009 was Rs. 585.46 lakhs, reflecting a net profit before tax and extraordinary items of Rs. 310.28 lakhs. Depreciation was Rs.170.27 lakhs, Preliminary Expenses w/off Rs. 3 lakhs and interest received Rs. (2.37) lacs and interest expenses Rs 441.34 lakhs. Working capital adjustment included increase in Trade and other receivables of Rs. 1,368.20 and increase in inventories of Rs.583.66 lakhs and increase in other payables Rs. 1,635.20 lakhs. After adjusting payment of taxes of Rs. (20.42) lakhs the Net cash flow from operating activities was Rs.585.46 lakhs.

- Net cash generated from our operating activities in the fiscal year 2008 was Rs. 330.07 lakhs, reflecting a net profit before tax and extraordinary items of Rs. 273.36 lakhs. Depreciation was Rs.119.72 lakhs, Preliminary Expenses w/off Rs. 1.45 lakhs, loss/(profit) on sale of fixed assets of Rs. 0.33 lakhs and interest received Rs.(1.03) and interest expenses Rs 234.58 lakhs. Working capital adjustment included increase in Trade and other receivables of Rs. (820.33) and decrease in inventories of Rs.33.68 lakhs and increase in other payables 503.41 lakhs. After adjusting payment of taxes of Rs. (15.10) lacs ,the Net cash flow from operating activities was Rs. 330.07 lakhs.

- Net cash generated from our operating activities in the fiscal year 2007 was Rs. (101.24) lakhs, reflecting a net profit before tax and extraordinary items of Rs. 50.13 lakhs, Depreciation was Rs.28.40 lakhs, Preliminary Expenses w/off Rs. 0.32 lakhs, loss/(profit) on sale of fixed assets of Rs. 5.35 lakhs and interest received Rs. (2.10) and interest expenses Rs 69.38 lakhs. Working capital adjustment included increase in Trade and other receivables of Rs. (486.46) and increase in inventories of Rs. (314.99) lakhs and decrease in other payables (549.31) lakhs. The Net cash flow from operating activities was Rs. (101.24) lakhs.

- Net cash generated from our operating activities in the fiscal year 2006 was Rs. 76.36 lakhs, reflecting a net profit before tax and extraordinary items of Rs. 40.31 lakhs, Depreciation was Rs.27.27, Preliminary Expenses w/off Rs. 0.11 lakhs interest received Rs. (1.84) and interest expenses Rs. 62.38 lakhs. Working capital adjustment included increase in Trade and other receivables of Rs. (224.63) and increase in inventories of Rs. (82.00) lakhs and increase in other payables 255.54 lakhs. The Net cash flow from operating activities was Rs. 76.36 lakhs.

- Net cash generated from our operating activities in the fiscal year 2005 was Rs. 59.64 lakhs, reflecting a net profit before tax and extraordinary items of Rs. 9.32 lakhs, Depreciation was Rs.26.68 lakhs, Preliminary Expenses w/off Rs. 0.01 interest received Rs.(0.69) and interest expenses Rs.52.32 lakhs. Working capital adjustment included increase in Trade and other receivables of Rs. (199.29) and decrease in inventories of Rs. 161.98 lakhs and increase in other payables 9.89 lakhs. The Net cash flow from operating activities was Rs.59.64 lakhs.

Investment Activities

The following table summarizes our cash flow from investing activities for cash activities for each year ended March 31st 2005, 2006, 2007, 2008 and 2009.

(Rs. in lakhs)

Particulars	**For the year ended March 31st**				
	2005	**2006**	**2007**	**2008**	**2009**
Purchase of fixed assets	(11.61)	(0.19)	(812.12)	(741.23)	(320.67)
Proceeds from Sale of fixed assets			3.35	-	-
Interest received (inclusive of tax deducted at source)	0.69	1.84	2.10	1.04	2.37
Sale of long term Investments	-	-	1.90	2.66	-
Purchases of long term Investments	-	(3.00)	-	-	(2.00)
Dividend Income	0.58	0.78	0.59	-	-
Preliminary Expenses		(1.00)	(0.70)	(5.60)	(7.79)
Net cash used in investing activities	(10.34)	(1.57)	(804.88)	(743.13)	(328.09)

- Net Cash flow from investing activities in the fiscal year 2009 was Rs.(328.09) lakhs. Its was primarily a result of purchase of fixed assets of Rs. (320.67) lakhs, Preliminary Expenses of Rs. (7.79) lakhs and interest received of Rs.2.37 lakhs.

- Net Cash flow from investing activities in the fiscal year 2008 was Rs. (743.13) lakhs. Its was primarily a result of purchase of fixed assets of Rs. (741.23) lakhs, Net proceeds from Sale of long term Investments of Rs. 2.66 lakhs, Preliminary Expenses of Rs. (5.60) lakhs and interest received of Rs.1.04 lakhs.

- Net Cash flow from investing activities in the fiscal year 2007 was Rs. (804.88) lakhs. Its was primarily a result of purchase of fixed assets of Rs. (812.12) lakhs, Net proceeds from sale of fixed assets of Rs. 3.35 lakhs, Net proceeds from Sale of long term Investments of Rs. 1.90 lakhs, Dividend Income of Rs. 0.59 lakhs, Preliminary Expenses of Rs. (0.70) lakhs and interest received of Rs.2.10 lakhs.

- Net Cash flow from investing activities in the fiscal year 2006 was Rs.(1.57) lakhs. Its was primarily a result of purchase of fixed assets of Rs. (0.19) lakhs, Dividend Income of Rs. 0.78 lakhs, Preliminary Expenses of Rs. (1) lakhs and interest received of Rs.1.84 lakhs.

- Net Cash flow from investing activities in the fiscal year 2005 was Rs. (10.34) lakhs. Its was primarily a result of purchase of fixed assets of Rs. (11.61) lakhs, Dividend Income of Rs. 0.58 lakhs and interest received of Rs.0.69 lakhs.

Financing Activities

The following table summarizes our cash flow from financing activities for cash activities for each years ended March 31, 2005, 2006, 2007, 2008 and 2009.

(Rs. in lakhs)

Particulars	**For the year ended March 31st**				
	2005	**2006**	**2007**	**2008**	**2009**
Interest paid	(52.32)	(62.38)	(69.38)	(234.58)	(441.34)
Proceeds from issue of Equity Shares incl. of premium	100.00	48.00	750.20	-	-
Proceeds from long term borrowings	(77.16)	(85.57)	265.90	626.35	195.66
Net cash used in financing activities	**(29.48)**	**(99.95)**	**946.72**	**391.77**	**(245.68)**

- Net cash from financing activities in the fiscal year 2009 was Rs. (245.68) primarily comprising of interest paid of Rs. 441.34 lakhs and proceeds from long term borrowings of Rs. 195.66 lakhs, thus resulting in net cash from financing activities being Rs. (245.68).

- Net cash from financing activities in the fiscal year 2008 was Rs. 391.77 primarily comprising of interest paid of Rs. (234.58) lakhs and proceeds from long term borrowings of Rs. 626.35 lakhs, thus resulting in net cash from financing activities being Rs. 391.77.

- Net cash from financing activities in the fiscal year 2007 was Rs. 946.72 primarily comprising of Proceeds from issue of Equity Shares including of premium of Rs. 750.20 lakhs, interest paid of Rs. (69.38) lakhs and proceeds from long term borrowings of Rs. 265.90 lakhs, thus resulting in net cash from financing activities being Rs. 946.72.

- Net cash from financing activities in the fiscal year 2006 was Rs. (99.95) primarily comprising of Proceeds from issue of Equity Shares including of premium of Rs. 48 lakhs, interest paid of Rs. 62.38 lakhs and proceeds from long term borrowings of Rs.(85.57) lakhs, thus resulting in net cash from financing activities being Rs. (99.95)

- Net cash from financing activities in the fiscal year 2005 was Rs. (29.48) primarily comprising of Proceeds from issue of Equity Shares including of premium of Rs. 100 lakhs, interest paid of Rs. (52.32) lakhs and proceeds from long term borrowings of Rs. (77.16) lakhs, thus resulting in net cash from financing activities being Rs. (29.48).

SECTION VI: LEGAL AND OTHER INFORMATION OF THE COMPANY

6.1 OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or prosecutions, proceedings or tax liabilities against the Company, the Directors of the Company, the Promoters of the Company and Group / Associate Companies that would have a material adverse effect on the business of the Company and there are no defaults, non-payment or overdue of statutory dues, institutional / bank dues and dues other than unclaimed against the Company or Directors or Promoters or Group Companies as on date of this Draft Prospectus.

No Litigation or proceedings filed by or against the company and that no legal notices have been served by or upon the company except that the company has preferred an appeal with Income Tax Appellate Tribunal for assessment year 2003-04 and 2008-09 which are pending for disposal.

No legal notice has been served upon the company from the Registrar of Companies, Maharashtra from the date of Incorporation till date.

A. Contingent liabilities not provided for, as on March 31, 2009 is Rs. 8.22 Lacs.

B. Litigation by and against the Issuer Company and its Directors and Promoters as well as Group Companies and their Promoters/Directors

(1) There are no litigations or proceedings filed by or against the Company, its directors or promoters or its Group Companies or against any other company whose outcome could have a materially adverse effect of the position of the Company;

(2) There are no litigations against the directors of the Company and its Group Companies involving violation of statutory regulations or alleging criminal offence;

(3) There has not been any criminal/ civil prosecution of the Company and its Group Companies for any litigation towards tax liabilities;

(4) There are no pending proceedings initiated for economic offences against the Company its Group Companies or their respective directors;

(5) There are no adverse findings, by any statutory or regulatory authority in respect of the Company as regards compliance with the securities laws;

(6) There are no past cases in which penalties were imposed by the authorities concerned on the Company or its Directors;

(7) There are no outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the Company or its Group Companies, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956);

(8) There is no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences or civil offences or any past cases or any disciplinary action taken by the Securities and Exchange Board of India or stock exchanges against the Company or its directors;

(9) There are no outstanding litigations involving the promoter and group companies and there are no defaults to the financial institutions or banks, non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares, by the promoters and group companies, and no proceedings have been initiated for economic offences or civil offences (including the past cases, if found guilty), and no disciplinary action taken by the Securities and Exchange Board of India or recognised stock exchanges against the promoters and group companies;

(10) There are no pending litigations, defaults, etc. in respect of group companies with which the promoters were associated in the past but are no longer associated;

(11) None of the Group Companies had faced/is facing any litigations/ defaults/over dues or labour problems/ closure etc.;

(12) There are no litigations against the promoter involving violation of statutory regulations or alleging criminal offence;

(13) There are no proceedings initiated for economic offences against the promoters, group companies;

(14) There are no adverse findings, by any statutory or regulatory authority, in respect of the persons/entities connected with the issuer/promoter/ group companies as regards compliance with the securities laws;

(15) There have been no past cases filed by or against the Company, its directors or promoters or its Group Companies in which penalties were imposed by the concerned authorities.

C. Name of the Creditors to whom Issuer owes a sum exceeding Rs. 1.00 lac which is outstanding for more then 30 days as on August 31, 2009:

- Aaryash Enterprises, Mumbai
- Ceetee Nachi Textile Pvt Ltd, Mumbai
- D.B. Enterprises, Mumbai
- P. B. Corporation, Mumbai
- Ricolene Syntex Pvt Ltd., Mumbai and
- Transworld Corporation, Mumbai

OUTSTANDING DUES OF SSI UNITS

The Company has no information as to whether any of its suppliers constitute Small Scale / ancillary undertakings and therefore the claims from suppliers and other related data under the "Interest on Delayed Payment to Small and Ancillary unit Act 1993" could not be ascertained.

MATERIAL DEVELOPMENTS

The Directors of the Company in their opinion hereby state that there is no material development after the date of the last financial statements disclosed in the Draft Prospectus which is likely to materially and adversely affect or is likely to affect the trading or profitability of the Company or the value of its assets, or its ability to pay its liabilities within the next twelve months.

6.2 GOVERNMENT APPROVALS / LICENSING ARRANGEMENTS

GOVERNMENT AND OTHER APPROVALS

The approvals and licenses received by our Company from government authorities listed below enable us to carry out our present business activities. Unless otherwise stated herein below, these approvals are valid and subsisting as on the date of this Draft Prospectus. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

As regards the approval for setting up the proposed project, we have received an acknowledgement no. 1055/SIA/IMO/2008 dated April 7, 2008 for the proposed project from Public Relation & Complaints Section; Secretariat for Industrial Assistance; Ministry of Commerce & Industry; Govt. of India.

The licenses, permissions and approvals obtained by our Company under various Central and State Laws for carrying out its business are enlisted below

APPROVALS MATERIAL TO OUR CURRENT BUSINESS ACTIVITIES

Investment Approvals (FIPB/ RBI, etc.)

As per Notification No. FEMA 20 / 2000 - RBI dated May 3, 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs / FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs / FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

The Company has received the following government approvals / licenses / permissions:

INCORPORATION AND OTHER STATUTORY COMPLIANCES

Certificate of Incorporation

AKWL was incorporated on February 4, 1998 as evidenced by the Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. The Company Identification Number (CIN) of the Company is U17300MH1998PLC113372.

Certificate of Incorporation consequent to the Change of Name

Pursuant to a special resolution of the members of AKWL, on May 7, 2007 the name of AKWL was changed to its present name i.e. Ankita Knit Wear Limited as evidenced by the Certificate of Change of Name dated June 25, 2007 from the Registrar of Companies, Maharashtra, Mumbai.

Importer-Exporter Code (IEC)

Ankita Knit Wear Limited has been issued the Importer Exporter Code ("IEC") number 0397090897 vide certificate dated May 5, 2008 issued by the Ministry of Commerce. The IEC Number allotted is for the branches of AKWL as listed below. The original date of issue of certificate is March 9, 1998, which was issued to AKWL before change in its name.

a. 968-9/10, Gondhalkar Compound, Parole Road, Mitpada, Bhiwandi, Thane-421302.
b. Plot Gut No. 10 & 11, Village, Vadavalli, Taluka Wada, District Thane- 421312.

Permanent Account Number (PAN)

The PAN number allotted to AKWL is AABCA3859P.

Tax Deduction Account Number (TAN)

The TAN number allotted to AKWL is MUMA12543G.

Central Excise Number

AKWL has been registered as Manufacturer of Excisable goods as evidenced by Central Excise Registration Certificate issued under Rule 9 of the Central Excise Rules, 2002 Form RC bearing Registration Number AABCA3859PXM001.

Certificate issued by Sales Tax Department, Maharashtra

AKWL has been registered as a dealer under Section 7(1) and 7 (3) of the Central Sales Tax Act, 1956 bearing tax payer identification number 27100254324 C as evidenced by the Certificate of Registration no. MH01 C 398244 issued by Sales Tax Department under rule 5(1) of Central Sales Tax (Registration & Turnover) Rules, 1957 Form

B. This Certificate is valid with effect from April 1, 2006 until cancelled. The License was issued for Class of goods "Yarn, Textile Fabrics" for manufacture of goods at two places of business of AKWL situated at:

(a) Plot No. 10 and 11, Village Vadavali, Post Uchat, Taluka Wada, Thane - 421 312 with effect from April 4, 2007.

(b) Gondmakar Compound, Parol Road, Mitpada, Bhiwandi, Thane - 421302

Factory Licenses

Form No. 3 (Rule 5, 8 & 11) renewal of license of a factory for the year 2008 to 2010, allowing AKWL to appoint maximum of 51-150 workers on any one day during the year and giving permission for installing machines of total power of 500-1000 HP in its factory situated at Plot No. 10/11,Village Vadavali, Post Uchat, Taluka Wada, District Thane – 421 312.

Acknowledgement No. 1574/IIM/PROD/2008 from Ministry of Commerce & Industry, Department of Industrial Policy and Promotion (Public Relations and Complaints Section) dated May 09, 2008 acknowledging the receipt of the memorandum intimating commencement of commercial production of products together with their installed capacity.

Maharashtra State Tax on professions, Trades, Callings and Employments Act, 1975

Ankita Knit Wear Private Limited has been enrolled under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 as evidenced by the Certificate of Enrollment issued under sub section 2 or sub section (2A) of section 5 in Form II-A bearing No. PT/E/1/1/34/18/1215 and issued on November 3, 1998.

Ankita Knit Wear Private Limited has been registered under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 as evidenced by the Certificate of Registration issued under sub section 1 of section 5 in Form I-A No. PT/R/1/1/34/7519 and issued on October 23, 1998.

Contract Labour (Regulation and Abolition) Act, 1970

A Certificate of Registration Form II (Rule 18 (1)) under sub-section (2) of section 7 of the Contract Labour (Regulation and Abolition) Act, 1970 bearing No. 06149 dated July 16, 2009.

Maharashtra Value Added Tax Act, 2002

AKWL is registered in the category of "dealer" in accordance with Section 16 of Maharashtra Value Added Tax Rule, 2005 as evidenced from Certificate of Registration bearing number MH01 V 187268, allotting to it Tax Payer Identification Number 27100254324 V issued by the Sales Tax Department Maharashtra to AKWL on 1st April, 2006, for its principal place of business situated at E–19-C/302, Yogi Gurukripa CHS, Yogi Nagar, Eksar Road, Mumbai - 400091 and Gondmakar Compound, Parol Road, Mitpada Bhiwandi, Thane – 421 302.

The Company has informed us that no inquiry, proceedings, show cause notice has been issued by the Sales Tax Department against AKWL nor any appeal is pending.

Environment

Consent Order by Maharashtra Pollution Control Board Regional Office, Kalyan, bearing Consent No. ROK/SROK – III/CC – 48/277 dated February 17, 2009 giving its consent to Ankita Knit Wear Limited to operate under section 26 of the Water (Prevention & Control of Pollution) Act, 1974 and under section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and giving authorization/renewal of authorization under rule 5 of Hazardous Wastes (Management and Handling) Rules, 1989 and Amended Rules 2000 and 2003, for Weaving of Yarn, Power looms, Weaving, Knitting and finishing of Textile, all types of textile garments. The consent is valid till May 31, 2011.

Bombay Shops and Establishment Act, 1948

AKWL is registered as Commercial under Bombay Shop and Establishments Act, 1948, and is allotted Registration No. 760016450 vide Certificate of Registration issued on July 30, 2007. The certificate is valid up to December 31, 2009.

Maharashtra State Electricity Distribution

MAHADISCOM is providing electricity to the factory of AKWL situated at Gut No. 10(P) & 11, Village Vadavali, Tal. Wada, Thane. The electricity distribution Company has agreed by its Letter No. SE/VC/T/VSI/ORC-SLC/2007-08/No.02656 dated May 8, 2007 to sanction power supply at 22 KV to the factory.

TUFS

The TUFS reference No. is CBN: TUFS: 07: 11628 dated June 25, 2007.

Statutory Approvals/Licenses required for the proposed expansion

No Statutory Approvals/Licenses are required for the proposed expansion. The Issuer has to get the approval of an additional 900 KW power requirement for its proposed expansion from MESDCL.

AUTHORITY FOR THE ISSUE

The present Issue of Equity Shares has been authorized by the Board of Directors of our Company under Section 81(1A) of the Companies Act, 1956 vide a resolution passed at their meeting held on July 25, 2008 and the same was approved by its shareholders in the Annual General Meeting of the company held on September 29, 2008.

PROHIBITION BY SEBI

Neither the Company, nor its Promoters, its directors, any of its Group Companies, and the companies or entities with which directors of the Company are associated, as directors or promoters, have been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI. None of the Promoters, their relatives, the Company or the Promoter Group Companies are detained as willful defaulters by RBI/ government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past. The Listing of any securities of the Issuer has never been refused at anytime by any of the Stock Exchanges in India.

7.1 ELIGIBILITY FOR THE ISSUE

Our Company is an unlisted Company and this Issue is being made in terms of Regulation 26 (1) (a), (b), (c) and (d) of SEBI (ICDR) Regulations, 2009 wherein:

(a) The company has net tangible assets of at least Rs. 3.00 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets;

(b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;

(c) The company has a net worth of at least Rs. 1.00 crore in each of the preceding 3 full years (of 12 months each) and

(d) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

(e) Our company has not changed its name in the last one year.

Also, Our project has been appraised by Manager & Credit Analyst State Bank of India, CPC, Mid Corporate Group, Mumbai Region, Maharashtra and the project is having more than 44.44% participation by the appraising Bank.

Further, our post-issue face value capital shall be Rs. 2060.80 Lacs and our Company undertakes that the number of allottees in the proposed Issue shall be at least 1,000; otherwise, we shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

(Rs. in Lacs)

Particulars as on	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Distributable Profits	65.63	115.18	143.99	317.35	321.81
Net Tangible Assets	712.71	835.35	2149.49	3194.87	3883.13
Networth	216.79	313.25	1091.90	1261.09	1447.36
Monetary Assets	28.11	2.95	43.55	22.26	33.95
Monetary Assets / Net Tangible Assets (%)	3.94	0.35	2.03	0.70	0.87

SEBI DISCLAIMER CLAUSE

"It is to be distinctly understood that submission of offer document to the Securities and Exchange Board of India (SEBI) should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer document. The lead merchant banker, Aryaman Financial Services Limited has certified that the disclosures made in the offer document are generally adequate and are in conformity with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in force for the time being. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

It should also be clearly understood that while the Issuer is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the lead merchant banker is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead merchant banker Aryaman Financial Services Limited has furnished to SEBI a due diligence certificate dated September 29, 2009 which reads as follows:

(1) We have examined various documents including those relating to litigation like commercial disputes, patent disputes, disputes with collaborators etc. and other materials in connection with the finalisation of the prospectus pertaining to the said Issue;

(2) On the basis of such examination and the discussions with the company, its directors and other officers, other agencies, 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 company, WE CONFIRM THAT:

A) THE DRAFT PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE 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 SEBI (ICDR) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS).

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

(4) **WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.- Not applicable**

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

(6) **WE CERTIFY THAT CLAUSE 33 OF THE SEBI (ICDR) REGULATIONS, 2009 WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT PROSPECTUS.**

(7) **WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER.**

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

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

(10) **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT OR PHYSICAL MODE.**

(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 SHARES OF THE COMPANY AND**

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

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

All legal requirements pertaining to the issue will be complied with at the time of filing of the prospectus with the roc in terms of Section 60B of the Companies Act, 1956. All legal requirements pertaining to the issue will be complied with at the time of registration of the prospectus with the roc in terms of Sections 60 and 60B of the Companies Act.

The filing of the offer document does not, however, absolve the Issuer from any liabilities under Section 63 or section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the Lead Merchant Banker any irregularities or lapses in offer document."

DISCLAIMER STATEMENT FROM THE ISSUER AND THE LEAD MANAGER

Our Company, its Directors and the Lead Manager accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisement or any other material issued by or at instance of the Company and that anyone placing reliance on any other source of information, including our website www.ankitafashion.com, would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager viz. Aryaman Financial Services Limited and the Company dated April 16, 2009.

All information shall be made available by the Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at collection centres or elsewhere.

CAUTION

The Issuer Company and the Lead Manager accepts no responsibility for the statements made otherwise than in this prospectus or in the advertisement or in any other material issued by or at the instance of the issuer and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risk.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India), who are majors, Hindu Undivided Families, 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), Trusts registered under the Societies Registration Act, 1860,as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs registered with SEBI. This Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Prospectus comes into is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for observations and SEBI has given its observations and the final Prospectus has been filed with ROC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company i.e. Ankita Knit Wear Limited since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF DESIGNATED STOCK EXCHANGE – BSE LIMITED, MUMBAI

As required, a copy of this Prospectus has been submitted to Bombay Stock Exchange Ltd., to use BSE's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has given vide its letter no…………………………..dated …………………….. permission to the Company to use BSE's name in this Prospectus as the stock exchange on which our further securities are proposed to be listed. The BSE has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

i) warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
ii) warrant that the Company's securities will be listed or will continue to be listed on the respective exchanges; or
iii) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF IPO GRADING AGENCY – CARE

CARE's IPO grading is a one-time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO Grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

FILING

A copy of the draft Prospectus has been filed with the Corporation Finance Department of SEBI at Plot No. C4/A, G - Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

Also the draft Prospectus is filed with the designated Stock Exchange i.e. Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001.

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the Registrar of Companies, Maharashtra situated at Everest House, 100 Marine Drive, Mumbai – 400 002.

LISTING

The Equity Shares to be issued through this Prospectus are proposed to be listed on BSE and listing application will be made to BSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. Bombay Stock Exchange Ltd. will be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Prospectus and if such money is not repaid within eight days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the

Company who is an officer in default shall, on and from the expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.

AKWL has received in-principle approval from BSE vide its letter no. ------------------- dated ------------------------.

The Company with the assistance of the Lead Manager shall ensure that all steps for the completion of necessary requirements for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven days of finalization of the Basis of Allotment for the Issue.

CONSENTS

Consents in writing of the Board of Directors of the Company, Statutory Auditors of the Company, Company Secretary / Compliance Officer of the Company, Lead Manager to the Issue, Registrar to the Issue, Banker's to the Company, Legal Advisor to the Issuer to act in their respective capacities obtained and filed along with a copy of the Prospectus with the Registrar of the Companies, Maharashtra, Mumbai under Section 10 of the Companies Act, 1956 and such consents will not have withdrawn upto the time of delivery of the Prospectus for registration.

The company has not appointed any Escrow Banker for the Issue. The name and their consent will be taken in due course as and when the company will appoint them.

EXPERT OPINION

The company has not taken any expert's opinion for its proposed Project.

7.2 PUBLIC ISSUE EXPENSES

The expenses of this issue which includes fees payable to the Lead Manager to the Issue, Registrars to the Issue, Legal Advisors to the Issuer, Auditors, Escrow Banker's charges, Printing and Stationery, Advertisement Expenses and all other incidental and miscellaneous expenses for listing of the Equity Shares on the Stock Exchanges. The total estimated expenses are Rs. 250.00 lacs which is 10.00 % of the Issue size. The details of the expenses are as given below:

Activity	(Rs. In lacs)	% of Issue Expenses	% of Issue Size
Fees to the Lead Manager	37.50	15.00	1.50
Fees to Registrar to the Issue	[•]	[•]	[•]
Fees to Legal Advisor to the Issuer	[•]	[•]	[•]
Escrow Bankers Charges	[•]	[•]	[•]
IPO Grading Expenses	2.00	0.80	0.08
Printing & Stationery, Postage & Dispatch	[•]	[•]	[•]
Advertisement & Publicity Expenses	[•]	[•]	[•]
Other Expenses (including SEBI, BSE, Depositories charges etc.)	[•]	[•]	[•]
Contingencies	12.50	5.00	0.50
Total	**250.00**	**100.00**	**10.00**

The expenses for this Issue includes issue management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at Rs. 250.00 Lakhs and will be met out of the proceeds of the present issue. The details of fee payable are estimated as follows:

Fees Payable to the Lead Manager

The total fees payable to the Lead Manager including for the Issue will be as per the Memorandum of Understanding executed between the Company and the Lead Manager dated April 16, 2009 copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar
The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between the Company and the Registrar to the Public Issue dated July 8, 2008, copy of which is available for inspection at the Registered Office of the Company. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

Fees Payable to the IPO Grading Agency
The total fees payable to the IPO Grading Agency for the Issue will be as per the Engagement Letter between the Company and the IPO Grading Agency - CARE dated July 17, 2009 copy of which is available for inspection at the Registered Office of the Company.

Underwriting Commission
The present issue is not being underwritten and hence no underwriting commission is payable.

Brokerage and Selling Commission
The Brokerage for the Issue will be paid not more than [.]% of the Issue Price of the Equity Shares by Ankita Knit Wear Limited on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the Broker column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers / Agents codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter. The Company, at its sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by the Company.

Others
The total fees payable to the Legal Advisor, Auditor and Tax Auditor will be as per their respective engagement letters.

PREVIOUS ISSUE DETAILS
The Company has not made any issue of equity shares to the public prior to the present Public Issue.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES
No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since its inception.

ISSUE OTHERWISE THAN FOR CASH
The Company has issued a bonus in the ratio 3:1 Equity Shares for a consideration otherwise than for cash in the FY 2007-08.

PROMISE VIS-À-VIS PERFORMANCE
The company has not made any issue of equity shares to the public prior to the present Public Issue.

COMPANIES UNDER THE SAME MANAGEMENT
There are no listed companies under the same management within the meaning of Section 370(1B) of the Act.

OUTSTANDING DEBENTURES, BONDS AND PREFERENCE SHARES
As of date, the company does not have any outstanding Debentures, Bonds or Preference shares.

STOCK MARKET DATA FOR SHARES OF THE COMPANY
The equity shares of the company are not listed on any stock exchange.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

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

7.3 DISPOSAL OF INVESTORS' GRIEVANCES

Our Company or the Registrar to the Issue shall redress routine investor grievances within seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

The Board of Directors of AKWL has constituted a Shareholder/Investor Grievance Committee which, interalia, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes.

The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend, etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of AKWL.

The company assures that the Board of Directors in respect of the complaints, if any; to be received shall adhere to the following schedule:

Sr. No.	Nature of Complaints	Time Table for Redressal
1	Non-receipt of Refund	Within 7 working days of receipt of complaint subject to production of satisfactory evidence(s)
2	Non-receipt of Share Certificate / Demat Credit	Within 7 working days of receipt of complaint subject to production of satisfactory evidence(s)
3	Any other complaint w.r.t. the Issue	Within 7 working days of receipt of complaint with all relevant papers / evidence(s)

As of August 31, 2009, there were no investor complaints pending with / against AKWL.

The Company has appointed Mr. Subodh Kumar Soni, Company Secretary of the Company, as Compliance Officer who would directly deal with SEBI with respect to implementation /compliance of various laws, regulations and other directives issued by SEBI and matters related to investor Complaints. The investor may contact the Compliance Officer in case of any pre issue/ post issue related problems. The Compliance Officer can be contacted at the following address:

Ankita Knit Wear Limited
Survey No. 10 and 11
Village Vadavli, Taluka – Wada,
District Thane - 421 312
Tel. No. 91-2526-222902; Telefax No. 91-2526-222904
Email: info@ankitafashion.com
Web: www.ankitafashion.com

Changes in Auditors
There has been no change in the Auditors of the Company during the last three years.

Capitalization of Reserves or Profits (during the last five years)
The company had issued 79,56,000 equity shares through capitalization of Reserves or Profits during the last 5 years.

Revaluation of Assets (during the last five years)
The company has not revalued its assets during the last five years.

SECTION VIII – ISSUE RELATED INFORMATION

8.1 TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009 our Memorandum and Articles of Association, the terms of the Draft Prospectus, Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Annual General Meeting of the shareholders of our Company held on September 29, 2008.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares having a Face Value of Rs. 10/- each are being offered in terms of this Prospectus at the price of Rs. 25/- per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer 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 Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please refer to Section titled "Main Provisions of Articles of Association" beginning on Page no. 185 of this Draft Prospectus.

MARKET LOT AND TRADING LOT

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, 2009 the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 200 Equity Shares to the successful investors.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, 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 applicant, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the Allotment in the Issue will be made only in dematerialized mode, 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

If the issuer does not receive the minimum subscription of ninety per cent of the offer through offer document on the date of closure of the issue, or if the subscription level falls below ninety per cent after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest as per section 73 of the Companies Act, 1956.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialized form only; the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer sub-heading "Main Provisions of the Articles of Association" appearing on Page 185 of this Draft Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

Option to Receive Securities in Dematerialised Form

In the application form for applying the shares of the Issuer Company, AKWL has given the investors an option either to receive securities in the form of physical certificates or hold them in a dematerialised form.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Maharashtra, India.

8.2 ISSUE PROCEDURE

Fixed Price Issue Procedure

The Issue is being made under Regulation 26(1) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process wherein there is no Quota fixed for any of the different investor categories.

Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit to them the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the LM 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.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialised form. Applicants will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchange. However, the investors / shareholders may get the specified securities rematerialised subsequent to allotment.

Application Form

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. Upon completing and submitting the Application Form to the Bankers, the Applicant is deemed to have authorised our Company to make the necessary changes in the Draft Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorising blocking funds that are available in the bank account specified in the Application Form used by ASBA Applicants. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorised our Company to make the necessary changes in the Draft Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Applicant.

The prescribed colour of the Application Form for various categories is as follows:

Category	Colour
Indian Public or NRIs applying on a non-repatriation basis	White
Non-residents including eligible NRIs, FVCIs, FIIs etc. applying on a repatriation basis	Blue
ASBA Investors	Pink

The physical Application Form for ASBA Applicants shall be Pink in colour.

In accordance with the SEBI (ICDR) Regulations, 2009 only Resident Retail Individual Investor can participate by way of ASBA process.

Who can Apply?

1) Indian nationals resident in India who are not minors in single or joint names (not more than three);

2) 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;

3) Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;

4) Mutual Funds registered with SEBI;

5) 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;

6) Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations, as applicable);

7) FIIs registered with SEBI;

8) Venture Capital Funds registered with SEBI;

9) State Industrial Development Corporations;

10) Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;

11) Scientific and/or industrial research organisations authorised to invest in equity shares;

12) Insurance Companies registered with Insurance Regulatory and Development Authority;

13) Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;

14) Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;

15) Foreign Venture Capital Investors registered with SEBI;

16) Multilateral and bilateral development financial institutions;

17) National Investment Fund; and

18) Permanent and Regular Employees.

Applications not to be made by:

a. Minors
b. Partnership firms or their nominees
c. Foreign Nationals (except NRIs)
d. Overseas Corporate Bodies

Participation by Associates of LM

The LM shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the LM may subscribe to or purchase Equity Shares in the Issue, where the allocation 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.

Option to subscribe in the Issue

(a) Investors will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

(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 NRI's 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 securities exceeding the number of securities 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. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

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 Transfer of Equity Shares in the issue to eligible NRI's, FII's, 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 issued capital (i.e. 10% of 20,60,800 Equity Shares). In respect of an FII investing in our equity shares on behalf of its sub accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

In accordance with the foreign investment limits, the aggregate FII holding in our compnay cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII may issue, deal or hold, off shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements. An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

In accordance with the SEBI Regulations, Non-Residents cannot subscribe to this Issue under the ASBA process

Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the 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 200 Equity Shares and in multiples of 200 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 1,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs. 1,00,000.

(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. 100,000 and in multiples of 200 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 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. 1,00,000 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.

Applications under Power of Attorney

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

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

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

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

In case of Applications made by provident funds with minimum corpus of Rs. 25 crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

The Company in its absolute discretion, reserve 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 the Company and the LM may deem fit.

Information for the Applicants:

a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.

b) The LM will circulate copies of the Prospectus along with the Application Form to potential investors.

c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our registered office or from the corporate office of the LM.

d) Applicants who are interested in subscribing for the Equity Shares should approach the LM or their authorised 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. Application Forms should bear the stamp of the LM. Application Forms, which do not bear the stamp of the LM will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai only payable to "Ankita Knit Wear Ltd. – Public Issue"

Applicant's Depository Account and Bank Details

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.

IT IS MANDATORY FOR ALL THE APPLICANTS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORYACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE 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 authorised 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 BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

a. A Minimum of 10% of Net Offer to Public (i.e. 10,00,000 equity shares) shall be allotted to Qualified Institutional Buyers (QIB"s) and then Applicants will be categorised according to the number of Shares applied for.
b. 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).
c. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the over-subscription ratio).
d. For applications where the proportionate allotment works out to less than 200 equity shares the allotment will be made as follows:
i) each successful applicant shall be allotted 200 equity shares; and
ii) the successful applicants out of the total applicants for that category shall be determined by the drawal 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 (b) above.
e. If the proportionate allotment to an applicant works out to a number that is not a multiple of 200 equity shares, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of 200 equity shares.
f. 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 g. If as a result of the process of rounding off to the nearest integer, 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, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.
h. 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:
i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) 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. 1,00,000/-.

Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawal of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker 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, 2009.

REFUNDS:

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

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

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

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

TERMS OF PAYMENT / PAYMENT INSTRUCTIONS

The entire issue price of Rs. 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 draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1) The payment instruments for payment into the Escrow Account should be drawn in favour of:

Indian Public including eligible NRIs applying on non-repatriation basis: [.] Bank A/c "Ankita Knit Wear Ltd. – Public Issue".

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

4) 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.

5) On the Designated Date and no later than 15 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 Stockinvest

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:

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the applicable Application Form;
3. Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
4. Ensure that the Applications are that submitted are forms bearing the stamp of the LM;
5. Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the IT Act;
6. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
7. 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. In case the Application Form is submitted in

joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.

Don'ts:

1. Do not apply for lower than the minimum Application size;
2. Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
3. Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
4. Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
5. Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
6. 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;
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

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

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

i) All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications

ii) Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.

iii) Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories.

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

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number **("PAN")** to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Draft Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations. On June 25, 2007, SEBI has decided to discontinue with the requirement of UIN under the SEBI MAPIN Regulation.

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.

GROUNDS 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 highest value of Equity Shares applied for;
- Age of First Applicant not given;
- 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 200;
- 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 Stock invest/ money order/ postal order/ cash;

- Signature of sole and/ or joint Applicant is missing;

- Application Forms does not have the stamp of the LM;
- Application Forms does not have Applicant's depository account details;
- 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/ joint Applicants;
- 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. 1,00,000, uploaded after 5.00 pm on the Issue Closing Date;

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

Signing of Underwriting Agreement and RoC Filing

The issue is not underwritten and therefore the Company has not signed any underwriting agreement.
The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Prospectus and the date of Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares

The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Issue Closing Date. 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 allotees shall be within two working days of the date of Allotment

In accordance with the SEBI Regulations, Equity Shares will be issued, and Allotment shall be made only in the dematerialised form to the allotees. Allotees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue

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 lacs, 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 dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at 68 centres where clearing houses are managed by the RBI and other banks, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS.

The Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Applicant's sole risk within 15 days of the Issue Closing Date.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

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 Exchanges 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 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 BSE where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

1) Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) 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 15 (fifteen) 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)-days time period as mentioned above, 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 15 (fifteen)-days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/ 8/ S/ 79 dated July 31, 1983, as amended by their letter No. F/ 14/ SE/ 85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Regulations.

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 all the Stock Exchanges 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 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. The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

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 sub-section (3) of Section 73 of the Companies Act;

2. Details of all monies utilised out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;

3. Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

The Board of Directors further certifies that:

(a) The utilisation of monies received under Promoter Contribution and the Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised; and

(b) The details of all unutilised monies out of the funds received under Promoter Contribution and the Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutilised monies have been invested.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the LM reserves the right not to proceed with the Issue at anytime, including after the Issue Closing Date but before the Board meeting for Allotment, without assigning any reason.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment.

In terms of the SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

(a) Agreement dated June 6, 2008 between NSDL, the Company and the Registrar to the Issue;

(b) Agreement dated June 4, 2008 between CDSL, the Company and the Registrar to the Issue

All Applicants can seek allotment only in dematerialised mode. Applications from any Applicant without relevant details of his or her depository account are liable to be rejected.

A 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 have electronic connectivity with CDSL and NSDL.

The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

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

8.3 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 list of banks who 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. For details on designated branches of SCSB collecting the ASBA Application Form, please refer the above-mentioned SEBI link.

ASBA Process

A Resident Retail Individual Investor shall submit his Application through an ASBA Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilised 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 authorisation 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 finalisation 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 Exchanges. 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 Application Form

ASBA Applicants shall use the ASBA Application Form bearing the code of the LM and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Application in terms of the Draft Prospectus.

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 ASBA 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.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Application Form to the Designated Branch of the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Draft Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Applicant.

The prescribed colour of the ASBA Application Form shall be Pink.

Who can Apply?

In accordance with the SEBI Regulations, only Resident Retail Individual Investor can submit their application through ASBA process to apply for the Equity Shares of our Company.

Maximum and Minimum Application Size for ASBA Applicants

The ASBA Application must be for a minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter. The maximum ASBA Application cannot exceed 4000 Equity Shares in order to ensure that the total Application Amount blocked in respect of the ASBA Applicant does not exceed Rs. 1,00,000.

The ASBA Applicants shall apply only at the Issue Price.

Information for the ASBA Applicants:

(a) The LM shall ensure that adequate arrangements are made to circulate copies of the Prospectus and ASBA Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the LM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Application Form. SCSBs shall make the same available on their websites.

(b) ASBA Applicants, under the ASBA process, who would like to obtain the Draft Prospectus and/or the ASBA Application Form can obtain the same from the Designated Branches of the SCSBs or the LM. ASBA Applicants can also obtain a copy of the abridged prospectus and/or the ASBA Application Form in electronic form on the websites of the SCSBs

(c)The Applications should be submitted on the prescribed ASBA Application Form if applied in physical mode. SCSBs may provide the electronic mode of Applying either through an internet enabled Application and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the accounts of the respective eligible investors

(d) ASBA Application Forms should bear the code of the LM and/or Designated Branch of the SCSB.

(e) ASBA Applicants shall correctly mention the bank account number in the ASBA Application Form and ensure that funds equal to the Application Amount are available in the bank account maintained with the SCSB before submitting the ASBA Application Form to the respective Designated Branch.

(f) If the ASBA Account holder is different from the ASBA Applicant, the ASBA Application Form should be signed by the account holder as provided in the ASBA Application Form.

(g) ASBA Applicants shall correctly mention their DP ID and Client ID in the ASBA Application Form. For the purpose of evaluating the validity of Applications, the demographic details of ASBA Applicants shall be derived from the DP ID and Client ID mentioned in the ASBA Application Form.

Mode of Payment

Upon submission of an ASBA Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

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

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA 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 ASBA Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper, Hindi national newspaper of wide circulation and a Marathi newspaper with wide circulation at the place where the registered office of the issuer is situated.

This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Prospectus and the date of Prospectus will be included in such statutory advertisement.

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 ASBA Public Issue Account 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 finalisation 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.

Allotment of Equity Shares

Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Issue Closing Date. After the funds are transferred from the bank account of the ASBA Applicants to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Applicants' within two working days from the date of Allotment.

As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allotees. Allotees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are a Resident Retail Individual Investor and eligible to Apply under ASBA process.

2. Ensure that you use the ASBA Application Form specified for the purposes of ASBA process.

3. Read all the instructions carefully and complete the ASBA Application Form (if the Application is submitted in physical mode, the prescribed ASBA Application Form is white in colour).

4. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

5. Ensure that your Application is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Applicant or a person whose bank account will be utilized by the ASBA Applicant for applying has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.

6. Ensure that the ASBA Application Form is signed by the account holder in case the applicant is not the account holder.

7. Ensure that you have mentioned the correct bank account No. in the ASBA Application Form.

8. Ensure that you have funds equal to the number of Equity Shares Applied for at Issue Price available in the ASBA Account maintained with the SCSB before submitting the ASBA Application Form to the respective Designated Branch of the SCSB.

9. Ensure that you have correctly checked the authorisation box in the ASBA Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Application Amount mentioned in the ASBA Application Form in your ASBA Account maintained with a branch of the concerned SCSB.

10. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Application Form.

11. Ensure that you have mentioned your Permanent Account Number ("**PAN**") allotted under the I.T. Act.

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

13. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

1. Do not submit an ASBA Application if you are not a Resident Retail Individual Investor.

2. Do not submit an ASBA Application if you are applying under any reserved category.

3. Do not revise your Application.

4. Do not Apply for lower than the minimum Application size.

5. Do not apply on another ASBA or Non-ASBA Application Form after you have submitted a Application to a Designated Branch of the SCSB.

6. Payment of Application Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.

7. Do not send your physical ASBA Application Form by post; instead submit the same to a Designated Branch of the SCSB only.

8. Do not fill up the ASBA Application Form such that the Application amount against the number of Equity Shares applied for exceeds Rs.100,000.

9. Do not submit the GIR number instead of the PAN Number.

10. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Applications by ASBA Applicants must be:

- Made only in the prescribed ASBA Application Form, which is white in colour if submitted in physical mode, or electronic mode.

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

- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Application Form.

- The Applications must be for a minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter subject to a maximum of 4000 Equity Shares such that the Application Amount does not exceed Rs. 100,000.

- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Applicant's depository account and bank details

ALL ASBA APPLICANTS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA APPLICATION CUM APPLICATION FORM. ASBA APPLICANTS MUST ENSURE THAT THE NAME GIVEN INTHE ASBA APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

ADDITIONALLY, PAN IN THE ASBA APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WHILE DEPOSITORY ACCOUNT. IN CASE THE ASBA APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA APPLICATION FORM.

ASBA Applicants should note that on the basis of name of the ASBA Applicants, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Applicants including address, ("Demographic Details"). Hence, ASBA Applicants should carefully fill in their Depository Account details in the ASBA Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Applicants they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Application Form, the ASBA Applicant is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Applicant would be mailed at the address of the ASBA Applicant as per the Demographic Details received from the Depositories. ASBA Applicants may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Applicants and neither of the Designated Branches of the SCSBs, or the Company shall be liable to compensate the ASBA Applicant for any losses caused to the ASBA Applicant due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Applicants (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Applications are liable to be rejected.

ASBA Applicants are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

Payment mechanism under ASBA

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

In the event of withdrawal or rejection of Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

ASBA Applications under Power of Attorney

In case of ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Application Form. Failing this, our Company, in consultation with the LM, reserves the right to reject such ASBA Applications.

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 ASBA Application Form, subject to such terms and conditions that we, in consultation with the LM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Applications

In case an ASBA Applicant wants to withdraw the ASBA Application Form during the Issue Period, the ASBA Applicant shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic Application system of the Stock Exchange and unblocking of funds in the relevant bank account.

In case an ASBA Applicant wants to withdraw the ASBA cum Application Form after the Issue Closing date, the ASBA Applicant shall submit the withdrawal request to the Registrar to the Issue before finalization of Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Application from the Application file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Applications

ASBA Applications may be made in single or joint names (not more than three). In case of joint ASBA Applications, all communication will be addressed to the first Applicant and will be dispatched to his address.

Multiple ASBA Applications

An ASBA Applicant should submit only one Application for the total number of Equity Shares desired. 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 described in **"Issue Procedure - Multiple Applications"** on Page 167 of Draft Prospectus.

Permanent Account Number

For details, see "**Permanent Account Number or PAN**" on Page 169 of this Draft Prospectus.

Right to Reject ASBA Applications

The Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Applicant's bank account maintained with the SCSB.

Subsequent to the acceptance of the ASBA Application by the SCSB, our Company would have a right to reject the ASBA Applications only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Application Form does not match with one available in the depository's database, such ASBA Application shall be rejected by the Registrar to the Issue.

GROUNDS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under "Grounds for Rejections" on Page 169 of this Draft Prospectus, applications under the ASBA process are liable to be rejected on, inter-alia, the following technical grounds:

1. Amount mentioned in the ASBA Application Form does not tally with the amount payable for the value of Equity Shares Applied for;

2. Applications at a price other than at the Fixed Issue Price;

3. Age of first Applicant not given;

4. Application made by categories of investors other than Resident Retail Individual Investors;

5. Applications by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;

6. Authorisation for blocking funds in the ASBA Applicant's bank account not ticked or provided;

7. ASBA Applications accompanied by stockinvest/ money order/ postal order/ cash;

8. Signature of sole and/or joint Applicants missing in case of ASBA Application Forms submitted in physical mode;

9. ASBA Application Form does not have the stamp of the SCSB and/or LM;

10. ASBA Application Form is not delivered, either in physical or electronic form, by the Applicant within the time prescribed and as per the instructions provided in the ASBA Application Form and the Prospectus;

11. Inadequate funds in the ASBA Account to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account; and

12. Applicants are advised that ASBA Applications not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Applicant, ASBA Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Application Form, name and address of the Designated Branch of the SCSB where the ASBA Application was submitted, bank account number in which the amount equivalent to the Application amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

The Company, the LM, and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Application Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, application Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicants.

Impersonation

For details, see section titled "**Issue Procedure- Impersonation**" on Page 169 of this Draft Prospectus.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, the Company undertakes that:

Allotment and transfer shall be made only in dematerialised form within 15 days from the Issue Closing Date; and
Instructions for unblocking of the ASBA Applicant's Bank Account shall be made within 15 days from the Issue Closing Date.

Basis of Allocation

Applications received from ASBA Applicants will be considered at par with Applications received from non-ASBA Applicants. The basis of allocation to such valid ASBA and non-ASBA Applicants will be that applicable to Retail Individual Applicants. For details, see section "Issue Procedure- Basis of Allotment" on Page 165 of this Draft Prospectus.

Method of Proportionate basis of allocation in the Issue

ASBA Applicants, along with non-ASBA Applicants, will be categorized as Retail Individual Applicants. No preference shall be given vis-à-vis ASBA and non-ASBA Applicants.

Undertaking by our Company

In addition to our undertakings described under "**Issue Procedure - Undertaking by our Company**", with respect to the ASBA Applicants, the Company undertakes that adequate arrangement shall be made to consider ASBA Applicants similar to other Applicants while finalizing the basis of allocation.

Utilization of Issue Proceeds

Our Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, see **"Issue Procedure- Utilisation of Issue Proceeds"** on Page 173 of this Draft Prospectus.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the regulations / guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulations under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE AOA

MAIN PROVISION OF ARTICLES OF ASSOCIATION OF THE ISSUER COMPANY

Sr. No.	Details / Particulars
	CAPITAL AND INCREASE AND REDUCTION OF CAPITAL
3	**Authorised Share Capital** The Authorised Capital of the Company shall be as per Capital Clause of the Memorandum of Association of the Company, with power to increase or modify the said capital and to divide the Shares for the time being of the Company into several classes and attach thereto preferential, deferred, qualified or special rights or conditions, as may be determined by or in accordance with the Articles of Association of the Company and subject to applicable legislative provisions for the time being in force, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided for by the Articles of Association of the Company and subject to applicable legislative provisions for the time being in force. The Company shall be entitled to dematerialise its existing shares, reconvert its shares held by the depositories in electronic form to physical form and/or to offer its fresh shares in electronic form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
4	**Increase of Capital by the Company and how carried into effect** The Company at the General Meeting may, from time to time, increase the capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with, and if the act allows without, a right of voting at general meeting of the Company in conformity with Section 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.
5	**New Capital same as existing capital** Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
6	**Buy back of shares** Notwithstanding anything contained in these articles, in accordance with the provisions of Sections 77A, 77AA and 77B of the Act or any statutory modification thereto and such other regulations and guidelines as may be issued in this regard by the relevant authorities, the Board of Directors may, if and when deem fit, buy back such of the Company's own shares, stocks or securities, whether or not they are redeemable, as it may decide, subject to such limits, upon such terms and conditions, and subject to such approval, as are specified in this regard.
6A	Subject to Article 6, the funds of the Company shall not be employed for the purchase of or lent on the security of shares of the Company and the Company shall not give, directly or indirectly any financial assistance whether by way of loan, guarantee or by provision of security or otherwise for the purpose of or in connection with any purchase of or subscription for the Shares in the Company by its Holding Company.

6B	The article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 40.
7	**Further issue of Capital** (a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of offer within which the offer, if not accepted, will be deemed to have been declined. The aforesaid offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person and the notice referred to in this clause shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner in their sole discretion, as it thinks most beneficial to the Company. (b) Notwithstanding anything contained in preceding sub-clause, the Company may offer further shares to any persons (whether or not those persons include the persons referred to in the preceding sub-clause) in any manner whatsoever, (i) by a special resolution; or (ii) where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the motion moved in the general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company. (c) Nothing contained in sub-clauses (a) above with respect to right to renounce the shares offered and notice thereto shall be deemed to extend the time within which the offer should be accepted; or authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation. (d) Nothing contained in sub-clauses (a), (b) & (c) above, of this article shall apply to the increase of the subscribed capital caused by the exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company. PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term; i) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and ii) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

	(e) If owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall in absence of any direction by the General Meeting that resolves upon creation of such new shares or by any subsequent General Meeting be solved by the Directors in such manner as they think fit.
8	**Preference shares** (a) Redeemable Preference Share The Board shall subject to the provisions of the Act and the consent of the Company have power to issue on a cumulative or non-cumulative basis Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such Shares on such terms including the right to redeem at a premium or otherwise as they deem fit. (b) Convertible Redeemable Preference Shares The Board shall subject to the provisions of the Act and the consent of the Company have power to issue on a cumulative or non-cumulative basis Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such Shares on such terms including the right to redeem at a premium or otherwise as they deem fit.
9	**Provisions in case of Preference Shares** On the issue of Preference Shares under the provisions of Article 8 hereof, the following provisions shall take effect: (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption; (b) no such shares shall be redeemed unless they are fully paid; (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed; (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to reduction of the share capital of the company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company. (e) The redemption of Preference Shares under this Article by the Company shall not be taken as reduction of Share Capital; (f) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued Shares of the Company to be issued to the Members as fully paid bonus Shares;
11	**ADRs / GDRs** The Company shall, subject to the provisions of the Act, compliance with all applicable laws, rules and regulations, have power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include, at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board or otherwise.

12	**Reduction of Capital** The Company may (subject to the provisions of Sections 100 to 105 of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law by following the procedure prescribed by the Act.
13	**Sub-division consolidation and cancellation of shares** Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is subdivided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
14	**Modification of rights** Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into classes of shares all or any of the rights and privileges attached to each class may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of atleast three-fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate general meeting of the holders of shares of the class and all the provisions hereinafter contained as to the General Meeting shall mutatis-mutandis apply to every such meeting, but the quorum thereof shall be members holding or representing by proxy one fifth of the nominal amount of the issued shares of that class.
15	(a) Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, or procuring, or agreeing to procure, subscriptions (whether absolute or conditional) for any shares in or debentures of the Company, but so that the commission shall not exceed, in the case of shares five per cent of the price at which the shares are issued, and in the case of debentures two and half per cent of the price at which the debentures are issued. (b) The Company may pay such sum for brokerage as may be lawful and reasonable.
16	**Issue of Sweat Equity Shares** Company shall subject to and in accordance with the provisions of section 79A of the Act, shall have the power, by a Special Resolution passed at a General Meeting to issue Sweat Equity Shares to the Directors, Employees of either of the Company or of any of its subsidiary or holding company.
17	**Register of Members** The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in physical and dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. The Company shall be entitled to keep in any State or Country outside India a branch Register of members Resident in that State or Country.

	SHARES
18	**Shares to be numbered progressively and no share to be subdivided** The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
19	**Shares under control of Directors** Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) in the capital shall be under the control of the Board of Directors, who may issue, allot or otherwise dispose of the same or any of them to such persons in such proportion on such terms and conditions and at such times as the Board of Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Board of Directors think fit. Provided that option or right to call on shares shall not be given to any person or persons without sanction of the company in the General Meeting. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.
20	**Powers also to Company in General Meeting to issue shares** In addition to and without derogating from the powers for that purpose conferred on the Board by these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.
23	**Liability of Members** Every member, or his heirs, executors or administrators, shall pay to the Company the portion of capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.
24	**Share Certificates** (a) Every member or allottee of shares shall be entitled, without payment, to receive one or more certificates in marketable lots for the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may, from time to time determine), to several certificates, each for one or more of such shares; specifying the name of the person in whose favour it is issued, number and distinctive numbers of the shares to which it relates and the amount paid thereon and shall be in such form as the directors may prescribe or approve, provided, however, no share certificate(s) shall be issued for shares held in a Depository. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment

	or its fractional coupons of requisite value, save in case of issue against letters of advice or acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the seal of the Company which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their attorneys and the Secretary or other person shall sign the share certificate provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a whole time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of the issue and the amount paid thereon. (b) The company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless condition of issue thereof otherwise provide, or within one month of receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares, as the case may be. (c) Any two or more joint allottees of share(s) shall, for the purpose of this Article, be treated as a single member and the company shall not be borne to issue more than one certificate, and the certificate of share(s), which may be the subject of joint ownership may be delivered to anyone of such joint owners on behalf of all of them which shall be sufficient delivery to all such holders. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees One Hundred. The Company shall comply with the provisions of Section 113 of the Act. (d) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography; but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
25	**Renewal of Shares Certificate** (a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn, old, decrepit, worn out, or where the cages on the reverse for recording transfers have been fully utilised, unless the certificate in lieu of which it is issued is surrendered to the Company for cancellation. (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of share certificate No.... sub-divided/replaced/ or consolidation of shares." (c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued to the party entitled to such lost or destroyed share certificate only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity and on payment of out-of-pocket expenses incurred by the Company in investigating the evidence and such fees, as the Board thinks fit. (d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counter foil to the effect that it is "duplicate issued in lieu of share certificate No...". (e) Every Certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. (f) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and duplicate certificate indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary

	changes indicated in the Register of Members by suitable cross reference in "Remarks" column. (g) All blank forms to be issued for issue of share certificate shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other persons as the Board may appoint for the purpose; and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board. (h) The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books, and documents relating to the issue of share certificate except the blank forms of share certificates referred to in sub-Article (g). (i) All books referred to in sub-Article (h) shall be preserved in good order permanently. (j) Provide that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf. (k) The provisions of this Article shall mutatis-mutandis apply to debentures of the Company.
26	**Power of Board of Directors to regulate sub-division or consolidation** Notwithstanding anything contained in Article 23, the Board of Directors or any committee thereof shall be entitled to refuse any application for sub-division or consolidation of shares into denominations of less than ten except when such sub-division or consolidation is required to be made to comply with a statutory order or an order or a decree of a Competent Court of Law or a request from a member to convert his holding of odd lots of shares into transferable/marketable lots, subject, however, to necessary verification by the Company.
29	**Provision for Employees' Stock Option** (a) Subject to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the Articles of Association, the Board may, from time to time, create, offer and issue to or for the benefit of the Company's employees including the Executive Chairman, Vice-Chairman, the Managing Directors and the Whole time Directors such number of equity shares of the Company, in one or more trenches on such terms as may be determined by the Board prior to the issue and offer, in consultation with the authorities concerned and in accordance with such guidelines or other provisions of law as may be prevalent at that time but ranking pari passu with the existing equity shares of the Company. (b) The issue price of such shares shall be determined by the Board in accordance with the laws prevalent at the time of the issue. (c) In the alternative to equity shares, mentioned hereinabove, the Board may also issue bonds, equity warrants or other securities as may be permitted in law, from time to time. All such issues as above are to be made in pursuance of Employees' Stock Option (ESOP) scheme to be drawn up and approved by the Board.
	INTEREST OUT OF CAPITAL
30	**Interest may be paid out of capital** Where any shares are issued for the purpose of raising money to defray the expenses of the construction

	of any work or building, or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction for the work of building, or the provision of plant.
41	Payment in anticipation of calls may carry interest. (a) The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the members paying the sum in advance and the Board agree upon. The Board may at any time agree to repay any amounts so advanced or may at any time repay the same upon giving to the member three months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits. (b) No member paying any such sum in advance shall be entitled to voting right in respect of the moneys so paid by him until the same would but for such payment become presently payable. (c) The provisions of this Article shall mutatis-mutandis apply to the calls on debentures of the Company.
	LIEN
42	**Company to have lien on shares/ debentures** The Company shall have a first and paramount lien upon all shares (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures, and no equitable interest in any shares shall be created except upon the footing and upon the conditions that this Article will have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien, if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
	FORFEITURE OF SHARES
45	**NOTICE TO BE GIVEN TO MEMBERS, IF MONEY PAYABLE ON SHARE NOT PAID** If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued by the Company by reason of such non-payment.
47	**In default of payment, shares to be forfeited** If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

	TRANSFER AND TRANSMISSION OF SECURITIES
56	**Transfer or transmission of securities** a) All provision of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares/debentures and registration thereof. b) The provisions of Section 111 of the Companies Act, 1956, regarding power to refuse Registration of Transfer and appeal against such refusal should be adhered to. Provided 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 Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused. c) No fee shall be charged for registration of transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document. d) In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
60	**Transfer Books and Register of Members when closed** The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books, the Register of Members or Register of Debenture-holders at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.
62	**Dematerialisation of Securities** Company to recognise interest in dematerialised securities under Depositories Act. (a) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof. (b) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, dematerialise its securities held in the Depository and/or offer its fresh securities in the dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any. (c) Every person subscribing to or holding securities of the Company shall have the option to receive security certificate or to hold the security with a Depository. The Company shall intimate such Depository the details of allotment of the security, and on receipt of the Information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security. (d) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners. (e) (i) Notwithstanding anything to the contrary contained in the Act or the Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

	(ii) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. (iii) Every person holding securities of the Company and whose name is entered as Beneficial Owner in the records of the Depository shall be deemed to be the member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits subject to all the liabilities in respect of his securities, which are held by a Depository. (f) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the register of members as holder(s) of any share or where the name appears as Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles, otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them. (g) Every Depository shall furnish to the Company about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf. (h) Upon receipt of certificate of securities of surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly. (i) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be. (j) Notwithstanding anything in the Act or these Articles to the contrary, if the securities are held in a Depository, the records of the beneficial ownership of securities held in a Depository may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs. (k) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act. (l) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
	BORROWING POWERS
72	**Powers to borrow** Subject to the provision of Section 292 of the Act the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the

	purpose of the Company. Provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loan(s) obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting under Section 293 of the Act.
	SHARE WARRANTS
77	**Power to issue share warrants** The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115; and accordingly the Board may in its discretion, with respect to any share which is fully paid, upon application in writing, signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
	CONVERSION OF SHARES INTO STOCK AND RECONVERSION
81	**Shares may be converted into stock** The Company in General Meeting may convert any paid-up shares into stocks and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interest in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid-up shares of any denomination.
82	**Right of stock-holders** 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 meeting 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 the profits of the Company and in the assets of winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
	MEETINGS OF MEMBERS
83	**Annual General Meeting** The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings, other than Annual General Meetings shall be called "Extraordinary General Meetings". The first Annual General Meeting shall be held within six months after the expiry of the financial year in which the Company was established and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Registered Office of the Company or at some other place within the city in which the Registered office of the Company is situate

	as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company, there shall be laid on the table the Director's Report and Audited Statement of Accounts, Auditor's Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors' share holdings of which the latter register shall remain open and accessible to all members during the continuance of the meeting. The Board shall cause to be prepared the Annual List of members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.
84	**EXTRAORDINARY GENERAL MEETING** The Board may, whenever it thinks fit, call an Extra ordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.
91	**Quorum at General Meeting** Five Members present in person shall form a quorum for a General Meeting.
	VOTES OF MEMBERS
103	**Members in arrears not to vote** No member shall be entitled to vote either personally or by proxy at any General Meeting or meetings of class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.
107	**Votes of joint-members** If there be joint registered holders of any shares, any one of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto, but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting that one of the said persons so present whose name stand higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.
108	**Voting in person or by proxy** Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate, being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.

133	**Disclosure of interest** A Director of the Company who is in any way—whether directly or indirectly— concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act, provided that it shall not be necessary for a director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in any such other company.
138	**Retirement by Rotation of Directors** At every Annual General Meeting of the Company, one third of such of the Directors for the time being as are liable to retire or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The Debenture Directors, if any, shall not be counted in determining the number of Directors liable to retire by rotation.
154	**Remuneration of managing director(s) or executive director(s) or manager** The remuneration of the Managing Director(s) or Executive Director(s) or Manager shall (subject to Sections 198, 269, 309, 310, 311 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission or profits of the Company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.
168	**Powers of Directors** The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Companies Act, or any other Act or by the Memorandum or by the Articles of the Company, required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting accorded by an ordinary resolution. (a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertaking; (b) remit, or give time for the repayment of, any debt due by a Director; (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (d) borrow moneys, where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose. Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meeting of the Board unless the same be delegated to the extent therein stated; or (e) contribute to charitable and other trusts not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year exceed fifty

	thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.
	POWERS OF THE BOARD
169	**Certain powers of the Board** (a) Without prejudice to the general powers conferred by the preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say power to adopt all preliminary contracts, if any, entered into by the promoters with any person, firm or company, either by entering into a contract with that person, firm or company on behalf of the Company by way of ratification or substitution and to remunerate person or firm or company for services rendered or to be rendered for the formation or promotion of the Company or for the acquisition of any property, licence, trademarks, letter of intent, allotments, know how or similar thing by the Company. (b) Without prejudice to the generality of the foregoing, upon the adoption of preliminary contracts, if any, entered into by and between the promoters and any other persons as provided in Article 166[a], herein, the Board shall have power in its absolute discretion to issue and allot fully paid Equity or Preference Shares of the Company or by issue of Fully and/or Partly paid Convertible /Non-Convertible Debentures or such other Securities or partly by one and partly by other, in any combination, in one or more trenches as may be thought fit by the Board, for consideration in cash or otherwise than in cash to the Promoters or to any other person(s) in terms of the agreement that may be entered into between the Company and the Promoters or with any other person including the power to do the following acts: (i) To pay cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. (ii) To enter into contracts for the acquisition of fixed assets, net current assets, selling rights etc and to enter into non-compete agreements with any other person, firm or company on behalf of the Company by way of ratification or substitution and to remunerate person or company for services rendered or to be rendered or for the acquisition of any property, license, trademarks, letter of intent, allotments, know how or similar thing by the Company and for the purpose to pay for such consideration as may arise there from either wholly or partially in cash or by issue of fully paid Equity or Preference Shares of the Company or by issue of Fully and/or Partly paid Convertible / Non-Convertible Debentures or partly by one and partly by other, in any combination, in one or more trenches as the Board may deem fit. (iii) To pay and charge to the capital account of the Company any commission, brokerage or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act. (iv) Subject to Sections 292, 297 and 360 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. (v) At their discretion and subject to provision of the Act to pay for any property, rights, or privileges acquired by or services rendered to the Company, in the conduct of its business either wholly or partially, in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up and if so issued shall be deemed to be fully paid shares or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(vi) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(vii) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.

(viii) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes, and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.

(ix) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and or any claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon.

(x) To act on behalf of the Company in all matters relating to bankruptcy and insolvency.

(xi) To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company.

(xii) Subject to the provisions of Sections 292, 295 and 372A of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(xiii) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit, of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(xiv) To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give them necessary authority for such purpose.

(xv) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any officer or other persons employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.

(xvi) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependants or any connection of such persons, by building or contributing to the building of houses, dwellings, or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments or by creating, and from time to time subscribing or contributing to provident fund and other associations, institutions, funds, trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospital and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee to charitable, benevolent, religious, scientific, national or institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation, or of public and general utility or otherwise.

(xvii) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or to an Insurance Fund or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debenture or debenture-stock or for special dividends or for equalising dividends or for repairing, improving, extending, and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or Division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debenture or debenture stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine percent per annum.

(xviii) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, officers, supervisors, clerks, workers, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified localities in India or elsewhere in such manner as they think fit and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(xix) To comply with the requirements of any local law which in their opinion shall be in the interests of the Company necessary or expedient to comply with.

(xx) From time to time and at any time to establish and dissolve local Boards, or Committees or Bodies of any description whenever they consider expedient or necessary for managing any of the affairs of the company in any specified locality in India or elsewhere and to appoint any persons to be members of such -Boards or Committees or Bodies, and to fix their remuneration, powers, authorities and discretions and period for which they are to remain as such, and may from time to time make, modify or repeal and substitute rules for their control and guidance or for their working.

(xxi) Subject to Section 292 of the Act, from time to time and at any time to delegate to any persons so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorise the Members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.

(xxii) At any time and from time to time by power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in/or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits, authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the Members of any Local Board, established as

	aforesaid or in favour of any Company, or the shareholders, directors, nominees, or managers of any company or firms or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such Powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretion for the time being vested in them. (xxiii) Subject to Section 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient. (xxiv) From time to time to make, vary and repeal by-laws for the regulation of the business of the Company its officers and servants.
	SECRETARY
171	Subject to the provisions of Section 383A of the Act, the Board of Directors may, from time to time appoint at such remuneration and upon such conditions as it may think fit, and, at their discretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act to perform duties required under the Act or these Articles, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary. The Board of Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.
	SEAL
172	**The seal, its custody and use** (a) The Board shall provide a Common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu of the same, and the Board shall provide for the safe custody of the seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. (b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.
	DIVIDENDS
174	**Division of profits** The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members, in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively at the date of declaration of the dividend, in respect whereof, the dividend is paid.
175	**The Company in General Meeting may declare a dividend** The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

177	**Interim dividend** The Board may from time to time, pay to the Members such interim dividends as in their judgement, the position of the Company justifies.
	CAPITALISATION
189	(a) The Company in General Meeting may by a special resolution resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Account or Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Shares Premium Account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised value or sum or fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium account and a Capital Redemption Reserve Account may, for the purpose of this Article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares. (b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge may be distributed among the members on the footing that they receive the same as capital. (c) For the purpose of giving effect to any resolution under the preceding paragraphs of this article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs. 10/- may be disregarded in order to adjust the rights of all parties and may vest any such cash or the specific assets in trustees upon such trusts for the person entitled to the dividends or capitalised funds as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.
	WINDING UP
204	**Liquidator may divide assets in specie** The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may with the sanction of a Special Resolution, but subject to the rights attached to any preference shares capital, divide among the contributors in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trust for the benefit of the contributors as the liquidator, with the like sanction, shall think fit.

	INDEMNITY AND RESPONSIBILITY
205	**Directors' and others' right of indemnity** Every officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act, in which relief is granted to him by the Court.
	SECRECY CLAUSE
206	**Secrecy Clause** (a) Every Director, Manager, Auditor, Treasurer, member of a Committee, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except and so far as may be necessary in order to comply with any of the provisions in these presents contained. (b) No members shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret mystery of trade, secret process of any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.
	GENERAL POWER
207	Wherever in the Companies Act, it has been provided that the Company shall have right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its articles, then and in that case this regulation hereto authorises and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

SECTION X - OTHER INFORMATION

10.1 List of Material Contracts and the Documents for inspection:

I. Material Contracts

- Memorandum of Understanding dated April 16, 2009 and August 20, 2009 entered into by the Issuer – Ankita Knit Wear Limited with the Lead Manager to the Issue - Aryaman Financial Services Limited.
- Memorandum of Understanding dated July 8, 2009 entered into by the Issuer with Bigshare Services Private Limited, to act as the Registrar to the Issue.
- Escrow Agreement dated -------------------- between Escrow Collecting Bank, the Lead Manager, the Registrar and the Issuer Company.
- Syndicate Agreement dated -------------------- between the Lead Manager, the Syndicate Members, the Registrar and the Issuer Company.
- Tripartite agreement dated August 3, 2009 between the NSDL, the Issuer Company and the Registrar.
- Tripartite agreement dated August 12, 2009 between the CDSL, the Issuer Company and the Registrar.
- Agreement dated July 19, 2008 between AKWL and Mr. Anil Kumar Jhawar to appoint him as a Managing Director of the Company.
- Agreement dated February 2, 2009 between AKWL and Mrs. Jayanti A. Jhawar to appoint her as Whole time Director of the company.

II. Documents

- Memorandum and Articles of Association of our Company as amended from time to time.
- Memorandum and Articles of Associations of our Promote Company as well as associate companies as amended from time to time.
- Certificate of Incorporation issued by the Registrar of Companies, Maharashtra issued to our Company.
- Certificates of Incorporation issued by the Registrar of Companies, Maharashtra issued to our Promote Company as well as associate companies.
- Copy of the resolution passed at board meeting and Annual General Meeting approving the terms of compensation to be paid to Mr. Anil Kumar Jhawar (Managing Director) and Mrs. Jayanti A. Jhawar as a Wholetime Director.
- Copy of the resolution passed at board meeting held July 25, 2008 and special resolution passed at the Annual General Meeting of the Company held on September 29, 2008 under Section 81(1A) of the Companies Act, 1956 for authorizing the Issue.
- Copy of the Annual Reports of our Company for the years ended March 31, 2005; March 31, 2006; March 31, 2007; March 31, 2008 and March 31, 2009.
- Copies of the Annual Reports of our Promoter Company as well as associate companies for the years ended March 31, 2005; March 31, 2006; March 31, 2007; March 31, 2008 and March 31, 2009.

- Consents of the Directors, Company Secretary and Compliance Officer, Auditors, Lead Manager to the Issue, Syndicate Members, Legal Advisor, Banker to the Company, Bankers to the Issue, Refund Banker and Registrars to the Issue to include their names in this Prospectus, to act in their respective capacities.

- Our statutory auditors for the Financial Year ended March 31, 2004; March 31, 2005; March 31, 2006; March 31, 2007, March 31, 2008 and March 31, 2009.

- Copy of the Tax Benefits Certificate dated September 4, 2009 by M/s. Saboo & Co, Chartered Accountants.

- Copy of the Auditors Certificate dated September 4, 2009 regarding the sources and deployment of funds.

- Copy of certificate dated September 4, 2009 issued by Saboo & Co., Chartered Accountant & Statutory Auditors of the Company reporting financials of the Issuer company in terms of part II schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement & accounting ratios.

- A Copy of the Project Report approved by the Board of Directors of the Issuer Company.

- A Copy of the Appraisal Report as appraised by State Bank of India, Backbay Reclamation Branch, Nariman Point, Mumbai – 400 021.

- Copy of resolution passed at the board meeting held on October 27, 2008 for the formation of the Audit Committee and Investor Grievance Committee and Remuneration Committee.

- Copy of Agreements for the appointment of Mr. Anil Kumar Jhawar as a Managing Director and Mrs. Jayanti Jhawar as Wholetime Director of the Issuer Company.

- Copy of Agreement between the Issuer Company and an Associate company Anmol Knit Wears Ltd for using 4 knitting machines of the later on lease basis.

- Purchase Deeds dated May 12, 2006 and June 16, 2006 made by and between the Issuer Company and the sellers for purchasing land bearing Survey No. 10-11, Vill- Vadavali, Post Uchat, Taluka – Wada, Dist. Thane – 421 312.

- Due Diligence Certificate dated on September 29, 2009 from Lead Manager - Aryaman Financial Services Limited, Mumbai.

- Copy of sanction letter dated January 27, 2009 received from State Bank of India, Backbay Reclamation Branch, Nariman Point, Mumbai – 400 021 for granting Term Loan of Rs. 20.00 Crore.

- Due Diligence report dated September 17, 2009 from Legal Advisors to the Issuer, Dave & Girish & Co.

- Copies of the applications made to BSE on -----------------------

- In-principle listing approval dated --------------------- received from BSE.

- SEBI observation letter no. --------------------------- dated -----------------------------.

- Copy of the Board Resolution passed at meeting of Board of Directors held on September 29, 2009 for approving the Issue Price and the Draft Prospectus.

III. **Time and place at which the contracts, together with documents, will be available for inspection from the date of prospectus until the date of closing of the subscription list at the Registered Office of the Company**

Ankita Knit Wear Limited

Plot No. 10 -11, Village Vadavali, Post Uchat, Taluka Wada, Dist. Thane - 421 312, Maharashtra.

Tel. No. 91-2526-222902; Fax No. 91-2526-222904.

On all working days i.e. from Monday to Friday from 11.00 A.M. till 5.00 P.M.

10.2 DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the Regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or Regulations issued, as the case may be. We further certify that all the statements in this Draft Prospectus are true and correct.

Signed by the Board of Directors and Finance Head of the Company:

Anil Kumar Jhawar
Chairman & Managing Director

Jayanti A. Jhawar
Wholetime Director

Rameshwarlal Jhawar
Non-Executive Director

Jitesh Kumar Rander
Non-Executive, Independent Director

Kanhaiyalal Damani
Non-Executive, Independent Director

Vinod J. Sarda
Non-Executive, Independent Director

Sailesh P. Kapadia
General Manager, Finance

Date: September 29, 2009