



JAGJANANI TEXTILES LIMITED

(Originally incorporated as a Public Limited Company under the provisions of the Companies act, 1956 on 1st April 1997 as "Jagjanani Textiles Limited" vide certificate of incorporation No. 17-013498 & obtained Certificate for commencement of business on 7th May 1997 from The Registrar of Companies, Rajasthan, Jaipur).

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PUBLIC ISSUE OF 81, 00,000 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. 25/- PER EQUITY SHARE INCLUSIVE OF PREMIUM AGGREGATING RS. 2025 LAKHS. THE FACE VALUE OF THE EQUITY SHARE IS RS 10/- AND THE ISSUE PRICE IS 2. 5 TIMES OF THE FACE VALUE. THE ISSUE WOULD CONSTITUTE 51.93 % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF JAGJANANI TEXTILES LIMITED.

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/- per share 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 Company as stated under Justification of Premium paragraph on the Basis for Issue Price) should not be taken to be indicative of the market price of the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS



Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page vii of this Prospectus.

IPO GRADING

The Company has not opted for IPO Grading.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p>CENTRUM CAPITAL LIMITED SEBI Regn No. INM000010445 UIN No. 100016915 AMBI Reg. No: AMBI /087 Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, Mumbai- 400 020. Tel: +91-022- 3028 0400 Fax: +91-022- 2204 6096 Website: www.centrum.co.in Email: jagjanani@centrum.co.in Contact Person: Mr. Alpesh Shah</p>	 <p>INTIME SPECTRUM REGISTRY LIMITED SEBI Regn No. INR000003761 UIN No. 100002071 C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai-400 078 Tel:+91-022- 2596 0320 (9 Lines) Fax:+91-022- 2596 0329 Website: www.intimespectrum.com E-mail: jagjanani@intimespectrum.com Contact Person: Mr. Salim Shaikh</p>

ISSUE SCHEDULE

ISSUE OPENS ON: FEBRUARY 15, 2007

ISSUE CLOSING ON: FEBRUARY 23, 2007

LISTING

The Equity Shares issued through this Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") (the Designated Stock Exchange). The Company has received the in-principle approval from BSE for listing of Equity Shares vide letter no. DCS/SK/MT/16102006 dated October 16, 2006.

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SECTION I: DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL / GENERAL TERMS

TERM	DESCRIPTION
“Issuer Company”, “the Company”, “JTL”, “Jagjanani Textiles Limited”, “Jagjanani”, “we”, “us” and “our”	Refers to Jagjanani Textiles Limited, a Public Limited Company incorporated under The Companies Act, 1956 and having its registered office at S-25 Shyam Nagar, Ajmer Road, Jaipur, Rajasthan -302 019
Promoters	Shall mean jointly Mr. Shree Gopal Vyas and Mr Shiv Kumar Singhal
You	Refers to, investors

TERM	DESCRIPTION
Articles / Articles of Association / AoA	Articles of Association of the Company
Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force.
Depository Participant	A depository participant as defined under the Depositories Act
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force
Financial Year / FY / Fiscal	Period of twelve months ended March 31 st of that particular year
FIs	Financial Institutions
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force
Memorandum / Memorandum of Association / MoA	Memorandum of Association of Jagjanani Textiles Limited
NRI / Non-Resident Indian	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.
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 (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to participate in this Issue.
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time

TERM	DESCRIPTION
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time

II. ISSUE -RELATED TERMS

TERM	DESCRIPTION
Allotment	Issue of Equity Shares pursuant to this Issue
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred
Applicant	Any prospective investor who makes an application pursuant to the terms of this Prospectus
Application Forms	The Form in terms of which the investors shall apply for the Equity Shares of the Company.
Banker(s) to the Issue	Deutsche Bank, HDFC Bank and UCO Bank
Lead Manager	Lead Manager to the Issue, in this case being CENTRUM CAPITAL LIMITED
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
D/E Ratio	Debt-Equity Ratio
Designated Stock Exchange	The Bombay Stock Exchange Limited, Mumbai
Equity Shares	Equity shares of face value of Rs.10/- each of the Company
Face Value	Face Value of Equity Shares of the Company being Rs. 10/- each
First Applicant	The applicant whose name appears first in the Application Form
GIR Number	General Index Registry Number
INR/ Rs	Indian National Rupee
Issue Size	Public Issue of 81,00,000 equity shares of Rs. 10/- each for cash at the Issue Price of Rs 25/- per share aggregating Rs. 2025 Lakhs in terms of this Prospectus.
Issue Opening Date	The date on which the issue opens for subscription i.e. February 15, 2007
Issue Closing Date	The date on which the issue closes for subscription i.e. February 23, 2007.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective investors can submit their application
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Prospectus.
PAN	Permanent Account Number
Permanent Employees	Permanent Employees as on 15.01.2007 are 29
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being M/s Intime Spectrum Registry Limited, having its registered office as indicated on the cover page of this Prospectus.

III. COMPANY/INDUSTRY-RELATED TERMS

TERM	DESCRIPTION
AGM	Annual General Meeting.
Articles / Articles of Association / AoA	Articles of Association of the Company.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Auditors	The statutory auditors of the Company M/s G.Dutta & Co. Chartered Accountants
Board of Directors	The Board of Directors of Jagjanani Textiles Limited or a committee thereof
Compliance Officer	Compliance Officer of the Company in this case being, Mr. Naresh Sharma, Company Secretary
Director(s)	Director(s) of the Company
Equity Shareholders	Persons holding Equity shares of the Company
Face Value	Value of paid-up Equity Capital per Equity Share, in this case Rs. 10/- each.
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of the Company.
Non-Resident	A person who is not a NRI, FII or a person resident in India.
Registered Office of the Company	S-25 Shyam Nagar, Ajmer Road, Jaipur-302 019.

GLOSSARY OF TECHNICAL AND INDUSTRY TERMS

Terms	Description
AIM	Apparel International Mart
ATC	Agreement on Textile and Clothing
B.T	Bacillus Thriugeulices
CVD	Counter Veiling Duty
DEPB	Duty Exemption Pass Book Scheme
EPCG	Export Promotion Capital Goods Scheme
GDP	Gross Domestic Product
IDBI	Industrial Development Bank of India
IOC	Indian Oil Corporation Limited
KVA	Kilo Voltage Ampere
KWH	Kilo Watt Hours
KL	Kilo Liter
MFA	Multi Fiber Arrangement

Terms	Description
MS	Motor Spirit
MT	Metric Tonne
JVVNL	Jaipur Vidhyut Vitran Nigam Limited
RIICO	Rajasthan Industries and investment Corporation
SAD	Special Additional Duty
SITP	Scheme for Integrated Textile Parks
SSI	Small Scale Industry
TCIDS	Textiles Centres Infrastructure Development Scheme
T.F.O	Two for one i.e. Twisting of two yarns into one tubular
TUFS	Technology Upgradation Fund Scheme
TPA	Ton Per Annum
UPS	Uninterrupted Power Supply Equipment
WTO	World Trade Organisation

IV. ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
APFC	Asst. Provident Fund Commissioner
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CDSL	Central Depository Services (India) Limited
Centrum	Centrum Capital Limited
CIT	Commissioner Of IT
D/E Ratio	Debt Equity Ratio
JTL	Jagjanani Textiles Limited
DP	Depository Participant
DPID	Depository Participant Identification
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EGM	Extraordinary General Meeting
EO	Executive Officer
EOUs	Export Oriented Units
EPCG	Export Promotion Capital Goods Scheme
EPS	Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year-end.
EXIM	Export & Import

ABBREVIATION	FULL FORM
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto.
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FOB	Free On Board
FY / Fiscal	Financial year ending March 31 st
GAAP	Generally Accepted Accounting Policy.
GIR Number	General Index Registry Number
GoI	Government of India
HOD	Head Of Department
HR	Human Resources
HUF	Hindu Undivided Family
INR/ Rs	Indian National Rupee
MNC	Multi National Company
MoU	Memorandum of Understanding
N. A. / n.a.	Not Applicable
NAV	Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares.
NRE Account	Non Resident External Account
NRI	Non-Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
OCB	Overseas Corporate Bodies
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RoC	The Registered of Companies, 132, Vijay Nagar, Near Kartarpura Railway Crossing, Kartarpura, Jaipur-302 006
RoNW	Return on Net Worth
SEBI	Securities & Exchange Board of India
Sec.	Section
US	United States of America
VCF	Venture Capital Funds

SECTION II: RISK FACTORS

FORWARD-LOOKING STATEMENTS AND MARKET DATA:

Forward-looking Statements:

All statements contained in this Prospectus that are not statements of historical fact constitute “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “aspire”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about the Company 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 the expectations include, among others:

- ❖ General economic and business conditions in India, and other countries where the Company exports its products,
- ❖ The ability to successfully implement the strategy, the growth and expansion plans and technological changes;
- ❖ The size, timing and profitability of significant service projects and product sales;
- ❖ The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees do not have immediate consequence at the existing level of operations.
- ❖ The ability to retain the clients and acquire new clients;
- ❖ Changes in the pricing policies or those of the competitors;
- ❖ Cancellations, contract terminations or deferrals of projects;
- ❖ Unanticipated variations in the duration, size and scope of the projects;
- ❖ Changes in the value of the Rupee and other currencies;
- ❖ Changes in laws and regulations that apply to the industry under which the Company is operating; and
- ❖ Changes in the political and social conditions in India.

For further discussion of factors that could cause the actual results to differ, see “Risk Factors” beginning on the page vii of this 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, Lead Manager, 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 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 Exchanges.

MARKET DATA

Market data used throughout this Prospectus was obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by the Company to be reliable, has not been verified by any independent sources.



RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Prospectus including the risks described below, in addition to the other information contained in this Prospectus, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline, and the investor may lose all or part of his investment.

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

Materiality:

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality) Some events may have material impact qualitatively instead of quantitatively.

c) Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

RISK FACTORS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY:

- PROMOTERS ARE FIRST GENERATION ENTREPRENEURS AND THE INVESTMENTS WILL BE SUBJECTED TO ALL CONSEQUENTIAL RISK ASSOCIATED WITH SUCH VENTURES.**

The Company is promoted by first generation entrepreneurs in the textile industry.

MANAGEMENT PERCEPTION: The business of the Company has been established in 1997 by the promoters i.e Mr. Shree Gopal Vyas and Mr. Shiv Kumar Singhal. The promoters have 26 years of experience in the textile industry.

- ANY LOSS OF OR BREAKDOWN OF OPERATIONS AT ANY MANUFACTURING FACILITIES MAY HAVE AN ADVERSE AFFECT ON BUSINESS.**

The business is dependent on manufacturing facilities. Any loss of or breakdown of operations at any of manufacturing facilities may have a material adverse affect on business, financial condition and results of operations.

MANAGEMENT PERCEPTION: Currently, manufacturing operations are concentrated at Bagru, Jaipur itself. All manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, industrial accidents and the need to comply with directives of relevant government authorities. The occurrence of any of these risks could significantly affect the operating results. Although, the Company will take precautions to minimize the risks of any significant operational issues at manufacturing facilities, business, financial condition and result of operations may adversely affected by any disruption of operations at manufacturing facilities, including due to any of the factors mentioned above.

- NON-COMPLIANCE WITH TECHNOLOGY UPGRADATION FUNDS SCHEME (TUF) CONDITIONS MIGHT HAVE AN IMPACT ON FINANCIALS OF THE COMPANY.**

Most of the machinery installed or to be installed is financed under the TUF scheme of banks with specific conditions. Inability to comply with these conditions shall make the Company ineligible for interest subsidy and render the loans uncompetitive thereby adversely impacting the financials of the Company.

MANAGEMENT PERCEPTION: The Company has availed loans under TUF scheme for its projects and is fully aware of rules and regulations and it's confident of ensuring compliance with them.

4. DELAY IN IMPLEMENTATION OF PROJECT WOULD AFFECT THE PROFITABILITY OF THE PROJECT.

There has been revision in implementation schedule of the project. The delay in implementation of the project would affect the profitability proposal of the project.

MANAGEMENT PERCEPTION: The Company had envisaged completion of factory building by March 2006, which is now expected to be completed by March 2007. Further the installation of plant & machineries is expected to be completed by May 2007. Due to these subsequent activities like trial runs and commercial production have also been delayed. However, there is no cost overrun in the project. For further details please refer "Project Implementation Schedule" appearing on page 25 of this Prospectus.

5. ORDER FOR BULK OF THE MACHINERIES NOT YET PLACED

The Company has not placed the order of Plant and Machineries aggregating to Rs 3210.45 Lakhs, constituting 83.49% of the total cost of plant and machinery, (both Indigenous and Imported).

MANAGEMENT PERCEPTION: For the proposed expansion, the Company has received quotation for bulk of the Machineries. However, the Company has not placed orders for the same and for some of the Machineries, and the Company has not obtained quotation nor placed any orders. Negotiations in respect of technical specifications with some vendors have been commenced and orders will be placed as the negotiations are completed. Any increase in prices or adverse exchange fluctuations of these equipments may adversely affect the cost of project. For further details please refer "Plant and Machineries" appearing on page 20 of this Prospectus.

6. NO MARKETING ARRANGEMENTS

The Company has not made firm arrangements for the Marketing for its finished products.

MANAGEMENT PERCEPTION: Mr. Shree Gopal Vyas has experience of about 26 years of manufacturing of various textile products. The Company has been exporting its products to various countries like Bahrain, Dubai, Egypt, Hongkong, and Pakistan. The Company will capitalize this well-established export market for marketing its proposed products.

7. DISRUPTION IN SUPPLY OF POWER COULD ADVERSELY AFFECT THE BUSINESS OF THE COMPANY.

MANAGEMENT PERCEPTION: The Company meets its present power requirement of 11,000 units per day from JVVNL and has full captive power as stand by arrangement. For the proposed project, additional requirement of 32,000 units would be met from JVVNL. The Company will approach JVVNL for increase in power load for the proposed project. The existing DG sets (2 nos. 625 KVA and 1 nos. 125 KVA) will be kept as standby.

8. FLUCTUATION IN RAW MATERIAL PRICES MAY HAVE AN ADVERSE IMPACT ON THE PRICE OF COTTON YARN.

Cotton is the primary raw material for manufacturing operations. They procure their annual requirement of cotton during the cotton season. Any fall in cotton prices subsequent to the cotton season may have an adverse impact on the price of cotton yarn.

MANAGEMENT PERCEPTION: The primary raw material for manufacturing operations is cotton. In order to manufacture yarn of consistent quality, the Company procure annual requirement of cotton during the cotton season. Fall in cotton prices may results in a fall in the prices of cotton yarn also. Moreover, with the introduction and success of BT cottonseed in India, the yield of cotton is better and hence the volatility in raw material price has been mitigated to a great extent. Hence, the Company is exposed to the risk of variation in cotton prices and the resultant variation in cotton yarn prices.



9. AVAILABILITY OF COTTON, PRIMARY RAW MATERIAL IS SUBJECT TO THE VAGARIES OF NATURE.

MANAGEMENT PERCEPTION: The Company source most of the cotton requirements directly from Madhya Pradesh, Haryana, Punjab and Gujarat. These states are adjoining Rajasthan and offer their produce of cotton at competitive rates. This is sufficient to meet the requirement of industry. In case of shortfall or excess production, cotton is freely imported/exported to keep the prices at reasonable level. The cotton market is fully synchronized with international trade.

10. CHANGES IN TECHNOLOGY AND TRENDS IN THE INDUSTRY MAY AFFECT COMPANY'S ABILITY TO COMPETE.

The Company may face difficulty in keeping up with the technological advances taking place in the industry.

MANAGEMENT PERCEPTION: Technology plays a vital role in the textile industry. The cost of implementing new technology could be significant and could adversely affect the business and financial condition. In addition, the Company has adopted BELCORO technology from Schalfhorst, Germany for manufacture of yarn on Open End Spinning machines and proposes to adopt Rieter technology for production of yarn on ring frames.

11. ELIMINATION OF SOME OF THE TAX EXEMPTIONS WILL INCREASE FUTURE TAX LIABILITIES.

The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase future tax liabilities of the Company and hence pressure on the profits in future.

MANAGEMENT PERCEPTION: Policies of Government of India pertaining to exports have been favourable in the past and it is expected that the policies will continue to be beneficial to the export sector. For details refer to the section "Tax Benefits" on page no. 30 of this Prospectus.

12. NO PRODUCT QUALITY CERTIFICATION

The Issuer Company does not have any quality certificate for its products.

MANAGEMENT PERCEPTION: The existing operations of the Company are to manufacture cotton yarn wherein no particular Quality Certificates are required. Further, for the proposed products fabric there are no qualification certificates.

13. ENTIRE FACILITIES ARE GEOGRAPHICALLY LOCATED IN ONE AREA, DISASTERS MAY DISRUPT THE OPERATION OF THE COMPANY.

Company's Entire facilities are geographically located in one area and they are vulnerable to natural disasters or other events that could disrupt those operations.

Both the plants of the Company are located in Bagru, Jaipur. As a result if there is any localized social unrest, natural disaster or breakdown of services and utilities, it may affect the business of the Company. In addition, continuous addition of industries in and around Bagru without commensurate growth of its infrastructure facilities is putting a pressure on the existing infrastructure at Jaipur, which may affect the business of the Company.

14. RESTRICTIVE COVENANTS IN CERTAIN LONG TERM DEBT FACILITIES MAY RESTRICT OUR OPERATIONS AND EXPANSION ABILITY.

The covenants in borrowings from banks, among other things, require the Company to obtain their approval in respect of making any other borrowing arrangement, taking up expansion / modernization / new project /

balancing scheme, effecting mergers or acquisitions, consolidations, making investment in or giving loan to its subsidiary/associate/group concerns or to any other than employees under any welfare scheme approved by Bank, giving guarantees on behalf of third party, declaring dividends and disposal of whole or substantially the whole of the undertaking(s) at any time while the Company is in default in payment of interest and principal amount.

MANAGEMENT PERCEPTION: Though these covenants are restrictive to some extent to the Company however it ensures financial discipline, which would help the Company in the long run to improve its financial performance. For more details regarding the covenants and material restrictions please refer page 19 and page 56 of this Prospectus.

15. BOTH UNITS ARE ON LEASEHOLD LAND. ANY TERMINATION OR NON-RENEWAL MAY AFFECT THE BUSINESS OF THE COMPANY.

The Company has both plant located at Bagru, Jaipur on leasehold land acquired from RIICO for a period of 99 years. After 99 years in case the said lease will not get renewal, the Company shall have to invest the major funds to establish/transfer it's both the plants at some other place.

MANAGEMENT PERCEPTION: Lands are acquired from RIICO on lease basis only. However there is specific clause in the lease agreement under which lease will not get renewed for further period of 99 years before the completion of existing 99 years. For details please refer page no 54 of this Prospectus.

16. CONTINGENT LIABILITIES COULD ADVERSELY AFFECT THE FINANCIAL CONDITION OF THE COMPANY.

The Company has not provided for the following contingent liabilities:

(Rs in Lakhs)

	As on 31 st March 2005	As on 31 st March 2006	As on 30 th September 2006
Contingent Liability on Capital Account	42.00	350.41	350.41

17. UNSECURED LOANS FROM OTHERS CAN BE REPAYABLE ON DEMAND AND MAY IMPACT ON THE BUSINESS OF THE COMPANY.

The Company has taken unsecured loans which are repayable on demand.

MANAGEMENT PERCEPTION: The Company has taken unsecured loans from others i.e. M/s Bhageria Finance & Investment Limited for a sum of Rs 25.00 lakhs as on 30th September 2006, which are outstanding as on date. The aforesaid loans do not carry any interest and are repayable on demand. Any demand by the lenders for immediate payment may impact liquidity, business and operations of the Company.

18. GOVERNMENT APPROVALS NOT YET APPLIED FOR THE PROJECT

The Company has not yet applied for certain government/statutory approvals and licenses for their new projects from the appropriate authority and failure to comply with such regulations could have an adverse effect on the business. For details please refer page no 103 under the heading "Government Approval" of this Prospectus.

MANAGEMENT PERCEPTION: The Company requires these approvals, licenses, registrations and permissions for operating the business. The Company is in the process of making to the concerned agency/ authority. These approvals are of routine nature and Company see's no difficulty in obtaining them in the near future.



19. LOGO OF THE COMPANY IS NOT REGISTERED WITH TRADE & REGISTRATION. ANY MISUSE OF THE SAME MAY RESULT IN LOSS OF BUSINESS OF THE COMPANY.

The Company has not registered their logo and they do not have a registered trademark. This may subject to risk of imitation and loss of revenue owing to misuse of their logo.

MANAGEMENT PERCEPTION: The logo of the Company has not yet been registered and for the same the Company has submitted application with Trade & Registration vides their letter dated 31st August 2006.

20. NON- DECLARATION OF DIVIDEND IN PREVIOUS YEARS

The Company has not declared any dividend in previous five years. The Company may conserve all its cash for further expansion and business prospects and may not declare dividend in future.

MANAGEMENT PERCEPTION: The Company was consolidating and strengthening its position and working towards equipping itself to capitalize on the infrastructure boom. The Company decided to conserve all its cash for further expansion and business prospects and also to avoid risks due to inflation.

21. RECRUITMENT OF PERSONNEL FOR ITS PROPOSED EXPANSION

The Company has not started recruitment for its proposed expansion.

MANAGEMENT PERCEPTION: Company does not envisage difficulty in recruiting the required manpower for the project.

22. REGISTERED OFFICE AND CORPORATE OFFICE ARE ON LEASE

The Registered office and Corporate office of the Company both are availed on lease basis. Any termination of these leases whether to any breach or otherwise, or non-renewal thereof, could adversely affect the business operations of the Company.

MANGEMENT PERCEPTION: The Company has taken a registered office premises, situated at S-25, Shyam nagar, Jaipur-302019 on lease for monthly rent of Rs 1000 per month from Mr. Shree Gopal Vyas, one of the Promoter of the Company and also taken Corporate office premises, situated at F-14, Ashok Vihar, Phase I, Delhi-110052 on lease for monthly rent of Rs 1000 per month from Mrs. Rita Sigal wife of Mr Shiv Kumar Sigal for three years. Hence does not envisage any problem of termination of the lease period .

23. The Company has not registered their title documents in respect of registered office and Corporate office

The lease agreements executed by the Company in relation to registered office and corporate office situated at Jaipur and New Delhi are not duly registered under Registration Act 1908.

MANAGEMENT PERCEPTION: The lease agreements of both registered office and Corporate office are for the period of 3 years w.e.f 1.04.2006, are not duly registered under Registration Act 1908. The lease agreement is recently executed on 1st April 2006 and does not foresee any problem for registration

24. WEAKNESS AND THREATS

As defined by the IDBI through their Appraisal Report, the following are the threats and weakness vis-à-vis our Company is as follows:

Weakness:

- The existing production base is small
- Public Issue has not been underwritten.

Threats:

- Foreign exchange fluctuations beyond envisaged limits.
- Cotton price fluctuations beyond reasonable limits.

25. CERTAIN CRITICAL RISK FACTORS AS PER APPRAISAL REPORT

Appraiser of the Project, IDBI has mentioned the following Critical Risk Factors in its Appraisal Report

Risk	Mitigation
1. Sponsor Risk	<ul style="list-style-type: none"> ● Track record of promoter is good. Promoter is involved in day-to-day working of the company. ● The promoter has good financial strength and is in position to bring in his contribution in advance.
2. Participant Risk	<ul style="list-style-type: none"> ● Project shall be implemented by the Company in-house and no participant risk is envisaged.
3. Operating risk	<ul style="list-style-type: none"> ● Technology of Air Jet Looms is well established. Company is acquiring the latest technology machines available in the international market. ● The cost of the plant and machinery is based on the firm quotations received by the company; provision of 5% has been made for the contingencies on entire cost of machinery and civil work.
4. Project completion or overrun risk	<ul style="list-style-type: none"> ● Company has already acquired land and received quotations for plant and machinery. Further the company has already appointed architect and technical consultant for the project. ● The Company is confident of implementing the project within the scheduled time.
5. Supply risk	<p>The main raw material is cotton which is readily available from the market and the sources are established. As regards yarn, the input for fabric, the same will be manufactured in-house hence there is no risk anticipated in procurement of raw material.</p>
6. Funding/Syndication risk	<ul style="list-style-type: none"> ● Promoters have good track record with banks and FIs and payment track record is good. ● Company has approached IDBI for appraising the project. No separate syndication proposed. Company is confident of tying up the means of finance. ● Promoters are resourceful and can meet shortfall, if any, with no recourse to FIs/Banks.

26. DEPENDENCE ON IPO PROCEEDS

The expansion plan of the Company is partially funded from this IPO. Any delay/failure of the same, may adversely impact the implementation of the project.

MANAGEMENT PERCEPTION: The management is aware of the fact and will make alternate funding arrangements through an equitable mix of secured/unsecured loans and contribution from the promoters, should there be any eventuality such as delay or failure of IPO

27. DEPLOYMENT OF FUNDS PENDING UTILISATION

Pending utilisation of funds, the investors may incur opportunity cost for its funds. As the funds will be utilised towards the proposed project as mentioned under the head “Schedule of Implementation and Details of Balance funds Deployment” appearing on page 25 and page 27 of this Prospectus.

MANAGEMENT PERCEPTION: Pending Utilisation of the issue proceeds, the funds will be invested in fixed deposits in a separate account with any of the Scheduled Commercial Bank for the necessary Duration.

28. FURTHER ISSUE OF EQUITY SHARES MAY LEAD TO DILUTION OF SHAREHOLDING OR MAY AFFECT THE MARKET PRICE OF ITS EQUITY SHARES.

The Company may require further issue of Equity Shares to satisfy the capital needs of the Company for any further expansion thus any further Equity offerings by the Company may lead to dilution of shareholding or may affect the market price of its equity shares.

MANAGEMENT PERCEPTION: The major part of capital requirements of the proposed expansion is being raised through this IPO and balance through Debt and Internal Cash Accruals. In the near future there are no plans to issue further Equity Shares. In case the Company decides to raise additional funds through the issuance of Equity, the same would be done for further value creation for the shareholders of the Company and after taking adequate consent from them.

29. NEGATIVE CASH FLOW

There has been negative cash flow for the following period:-

(Rs. in Lakhs)

Particulars	31 st March 2002	31 st March 2003	31 st March 2004	31 st March 2005	31 st March 2006	30 th Sept 2006
Negative Cash flow from operating activities	(1.51)	213.24	(33.26)	29.62	295.08	116.73
Negative Cash flow from investing activities	(33.50)	(83.40)	(34.80)	(22.12)	(220.82)	(6.48)
Negative Cash flow from Financing activities	43.59	(129.65)	77.96	(3.33)	(49.99)	(81.51)

MANAGEMENT PERCEPTION: There has been negative cash flow from operating activities in the year 2002 mainly due to increase in current assets and in the year 2004 due to increase in inventories and other current assets. In the Financial year 2002,2003,2004,2005,2006 and half year ended on 30.09.2006 there has been negative cash flow from investing activities mainly due to purchase of fixed assets and increase in capital Work in Progress. The negative cash flow from financing activities in the year 2003, 2005, 2006 and half year ended on 30.09.2006 is mainly due to repayment of term loans.

30. Although, IDBI Bank has appraised the project, but it is not participating in the project.

MANAGEMENT PERCEPTION: The project of the Company has been appraised by the IDBI Bank, but Management has decided to avail the term loan from Bank of Baroda and UCO Bank since the cost of financing the Term Loan from Bank of Baroda and UCO Bank was lower than IDBI Bank.

RISK FACTORS EXTERNAL TO THE COMPANY

1. PROBABILITY OF SETTING UP TEXTILES UNITS BY MULTINATIONALS

Opening of Textile Production center by multinationals in India.

MANAGEMENT PERCEPTION: While it is understood that multinationals have advantages like economies of scale etc. The Company is prepared to face such challenges as it proposes to increase production and maintain quality on continuous basis so that it can compete with any multinational Company.

2. IMPACT OF WORLD TRADE ORGANISATION MAY HAVE MAJOR IMPACT ON THE COMPANY.

MANAGEMENT PERCEPTION: The Company is not expecting any major impact of WTO regime as it has been the strategy of the Company modernise/rationalize the production Unit. The Company plans to manufacture the fabric, which will be acceptable by many Companies so that there is not much likelihood of dumping in any given market. In the WTO regime the market shall be quota free and the Company will have access to many markets.

3. RISK CAUSED BY CHANGES IN INTEREST RATES AND BANKING POLICIES MAY HAVE AN ADVERSE IMPACT ON THE PROFITABILITY OF THE COMPANY.

MANAGEMENT PERCEPTION: The Company is dependent on various banks and financial institutions for arranging the Company's working capital requirements, term loans, etc. Accordingly, any change in the extant banking policy or increase in interest rates may have an adverse impact on the Company's profitability.

4. CHANGE IN THE DUTY STRUCTURE MAY HAVE IMPACT ON THE BUSINESS OF THE COMPANY.

Increase in the Excise Duty on Raw cotton/yarn may have impact on the business of the Company

MANAGEMENT PERCEPTION: In the WTO Regime, there may not be any further increase in Excise Duty on raw cotton/yarn. In fact, there is no excise duty on raw cotton as it is agricultural product. Excise duty is on yarn is close to 10% advalorem, which is being availed in the form of CENVAT/MODVAT. In the worst case if it is increased CENVAT/MODVAT will also be increased. So there shall be no additional burden on account of increase in excise duty.

5. FINANCIAL STATEMENTS IN THE PROSPECTUS

Financial Statements in the Prospectus.

MANAGEMENT PERCEPTION: The financial statements and derived ratios there from contained in the Prospectus are prepared as per the permissible accounting practices. The investors may make their own adjustments to the same before arriving at an investment decision in the proposed issue.

6. CHANGES IN THE REGULATORY FRAMEWORK MAY AFFECT THE OPERATIONS OF THE COMPANY.

Changes in the regulatory framework set up for the growth of textile sector may affect the operations of the Company adversely.

MANAGEMENT PERCEPTION: Recently, the Government of India has introduced various policies and measures to accelerate the growth in textile sector including interest rate subsidies, duty / tax reimbursement schemes like duty drawback/DEPB. Withdrawal or modifications in these measures may adversely impact the revenues and profitability of textile companies in India including Jagjanani Textiles Limited.

7. OVERSEAS MARKET

Overseas market is highly competitive.

MANAGEMENT PERCEPTION: Indian manufacturers including Jagjanani Textiles have advantages over overseas players on account of their lower operating cost.



8. IMPACT OF EXCHANGE RATE FLUCTUATIONS ON THE PERFORMANCE OF THE COMPANY.

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

MANAGEMENT PERCEPTION: The 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 of the Company.

9. CHANGES IN GOVERNMENT POLITICAL SITUATION

Political situation and changes in the Government of India may affect the performance of the Company.

MANAGEMENT PERCEPTION: The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization. There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. A significant change in India's economic liberalization and deregulation policies could disrupt the business and economic conditions in India.

10. NATURAL DISASTERS COULD DISRUPT THE OPERATIONS OF THE COMPANY.

Natural disasters could disrupt the operations and result in loss of revenues and increased costs.

MANAGEMENT PERCEPTION: The business of the Company is exposed to man-made and natural disasters such as, explosions, earthquakes, storms, floods etc. The occurrence of a man-made or natural disaster, or other accidents could disrupt the operations of the business of the Company and result in loss of revenues and increased costs.

11. GLOBAL COMPETITIVE ENVIRONMENT COULD HAVE AN ADVERSE EFFECT ON THE BUSINESS, FINANCIAL CONDITION & RESULTS OF OPERATIONS.

Company operates in Globally competitive environment, which may force to reduce the prices of its products which may reduce its revenues and margins and/or decrease its market share, either of which could have a materially adverse effect on its business, financial condition and results of operations.

MANAGEMENT PERCEPTION: The Company endeavors to increase its scope, volume and value of business in a competitive and riskprone environment. The Company has also an advantage over overseas players on account of their lower operating cost.

12. POST-ISSUE VOLATILITY IN PRICES OF THE SCRIPT:

The price of the 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;
- c) Perceptions about the Company's future performance or the performance of other Indian companies in the same industry;
- d) Performance of the Company's competitors in the industry and market perception of investments in the sector;
- e) Adverse media reports on the Company or on the industry;
- f) Change in the estimates of the 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.

There can be no assurance that an active trading market for the equity shares will develop or be sustained after this Issue, or that prices at which the Company's equity shares are initially offered will correspond to the prices at which the Company equity shares will trade in the market subsequent to this Issue. The Company's share price could be volatile and may also decline.

MANAGEMENT PERCEPTION: There has been no public market for the Company's equity shares till now and the prices of the Company's equity shares may fluctuate after this Issue. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this Issue, or that prices at which the Company's equity shares are initially offered will correspond to the prices at which the Company equity shares will trade in the market subsequent to this Issue. The Company's share price could be volatile and may also decline.

13. VALUATION METHODOLOGY

There is no standard methodology or accounting practices in the Textiles industry. The current valuations may not be sustainable in the future and may also not reflect the future valuation of the Industry.

NOTES TO THE RISK FACTORS:

1. Public Issue of 81,00,000 Equity Shares of Rs. 10/- each for cash at an issue price of Rs 25/- per share inclusive of premium of Rs. 15/- per share aggregating to Rs. 2025 Lakhs.
2. The average cost of acquisition of Equity Shares by the Company's Promoters, is as follows:

Name of the Promoters	Average Cost of Acquisition per Equity Share (in Rs.)
Mr Shree Gopal Vyas	10.00
Mr. Shiv Kumar Singhal	10.00

3. The Book Value per Equity Share as of 31st March 2006 is Rs 17.06 per share and as on 30th September 2006 is Rs 18.74 per share based on financial statements.
4. The Net Worth of the Company (as restated), as on 31st March 2006 is Rs. 1279.77 Lakhs and as on 30th September 2006 is Rs 1405.14 Lakhs. For details please refer to Chapter on 'Financial Statement' on page 72 of this Prospectus.
5. The Company has not issued any Bonus Shares.
6. Investors are advised to refer the paragraph on "Basis of Issue Price" on page 28 of this Prospectus before making an investment in the Issue.
7. Investors can contact the Lead Manager or the Compliance Officer of the Company for any clarifications/complaints.
8. For Related Party Transactions, please refer to the section entitled "Related Party Transaction" on page 82 of this Prospectus.
9. Please refer to page 93 of this Prospectus for details on Loans and Advances.
10. Investors are free to contact the Lead Manager for any clarification or information pertaining to the Issue. 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 the investors in any manner whatsoever.
11. In the event of over - subscription, allotment shall be made on a proportionate basis in accordance with the SEBI Guidelines and in consultation with The Bombay Stock Exchange Limited (BSE).



SECTION III: INTRODUCTION

SUMMARY OF THE INDUSTRY AND BUSINESS OF THE COMPANY

You should read the following summary together with the risk factors included from page no vii to xvi and the more detailed information about the Company and the financial data included in this Prospectus.

INDUSTRY OVERVIEW

The Indian textile industry is one of the largest segments of the Indian economy accounting for over one-fifth of the total industrial production. The industry has a complex structure marked by presence of large scale production units as well as small scale independent units. The industry is manufacturer driven with spinning having large scale operations and the retailing as the weakest link.

The Indian Textile industry occupies an important place in the economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings. At present, the contribution of the textile industry to GDP is about 4 percent. The textile industry provides direct employment to about more than 30 million people and is the second largest employment provider in India after agriculture. The contribution of this industry to gross export earnings is about 37% and it adds less than 1.5 % to the gross import bill of the country.

The textile industry is a self-reliant industry from the production of raw materials to the delivery of final products with considerable value addition at each stage of processing. The industry was delicensed in 1991 and under the current policy no prior government approval is necessary to set up textile mills. The per capita cloth availability in the country has increased from 24.1 square meters in 1991 to 30.7 square meters in 2000-01. The textile sector including the garment sector has had a continual increase in the FDI inflow from Rs.80.99 million in 2000 to Rs.234.73 million in 2002 (January-May).

Textiles account for 14 per cent of India's industrial production and around 27 per cent of its export earnings. From growing its own raw material (cotton, jute, silk and wool) to providing value added products to consumers (fabrics and garments), the textile industry covers a wide range of economic activities, including employment generation in both organized and unorganized sectors.

Manmade fibers account for around 40 per cent share in a cotton-dominated Indian textile industry. India accounts for 15% of world's total cotton crop production and records largest producer of silk. It is the second largest employer after the agriculture sector in both rural and urban areas. India has a large pool of skilled low-cost textile workers, experienced in technology skills.

Almost all sectors of the textile industry have shown significant achievement. The sector has shown a 3.66 per cent CAGR over the last five years.

India's cotton textile industry has a high export potential. Cost competitiveness is driving the penetration of Indian basic yarns and grey fabrics in international commodity markets. Small and flexible batches of apparels can be manufactured in India and can provide a larger variety of casual wear and leisure garments at significantly lower costs.

Besides natural fibres such as cotton, jute and silk, synthetic raw material products such as polyester staple fibre, polyester filament yarn, acrylic fibre and viscose fibre are produced in India.

(Source: www.indianbusiness.nic.in)

BUSINESS OVERVIEW

Jagjanani Textiles Limited was incorporated on 1st April 1997, promoted by Mr. Shree Gopal Vyas and Mr. Shiv Kumar Singhal. The Company is engaged in manufacturing of cotton yarn and blended yarn with counts ranging from Ne 3 to Ne 16 for sale in domestic market and export to Bahrain, Dubai, Egypt, Hongkong and Pakistan with an installed capacity of 3600 TPA at RIICO Industrial Area, Bagru Extension, Bagru near Jaipur. The Company falls under the spinning segment of textile industry.

Project Expansion

Considering the opportunity available, favourable government policies and possible growth opportunities available, the Company proposes to upgrading the Open End Spinning unit by installing installing Schlafhorst SE 11 Spin Box and thereby increasing the yarn capacity from 3600 MTA to 4320 MTA and installing ring spinning unit of 6000 spindles. Further in forward integration of operations the Company proposes to install 48 high speed Air Jet Looms for fabric, which has been supported by Term Loan partly from Bank of Baroda and UCO Bank under Technology Up-gradation Funds Scheme (TUFS) introduced by Government of India.

ISSUE DETAILS IN BRIEF:

Particulars	
Equity Shares offered:	
Present Issue	81,00,000 Equity Shares of Rs.10/- each
Out of which	
Firm Allotment to the Centrum Capital Limited, Lead Manager to the Issue.	10,000 Equity Shares of Rs.10/- each for Cash at a Premium of Rs 15/- per Equity Share
Net Issue to the Public	80, 90, 000 Equity Shares of Rs. 10/- each for Cash at a Premium of Rs 15/- per Equity Share.
Retail Investors (50% of the net offer to public)	40,45,000 Equity Shares of Rs 10/- each (allocation on Proportionate Basis)
Other than Retail Investors (50% of the Net offer to the Public)	40,45,000 Equity Shares of Rs 10/- each (allocation on Proportionate Basis)
Equity Shares prior to the Issue	75, 00,000 Equity Shares of Rs 10/- each.
Equity Shares outstanding after the Issue	1,56,00,000 Equity Shares of Rs 10/- each
	For use of issue proceeds, please see section entitled "object of the issue" on page 15 of this Prospectus for additional information.



SUMMARY FINANCIAL, OPERATING AND OTHER DATA

The Summary of financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in financial statements and Management and Discussion of financial conditions and the result of operation on page no 72 and page no 95 respectively on Prospectus.

STATEMENT OF PROFITS & LOSSES AS RESTATED

(Rs. in Lakhs)

PARTICULARS	Year					Half yearly
	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Income :						
Sales	1,966.86	2376.17	2893.66	2754.67	2749.87	1019.50
Other Income	13.69	23.40	28.05	1.73	11.49	–
Increase (Decrease in Inventories)	-19.80	-37.67	24.47	-24.42	13.40	85.67
Less : Excise Duty	147.19	158.73	190.92	70.29	0.00	0.00
	1813.56	2203.17	2755.26	2661.69	2774.76	1105.17
Expenditure:						
Raw Material Consumed	1,295.85	1,495.61	1,981.40	1,811.65	1,817.36	724.99
Other Manufacturing Expenses	208.76	258.95	264.30	314.17	329.09	98.61
Staff Cost	28.63	28.61	27.31	39.38	45.14	14.93
Selling & Distribution Cost	33.25	56.08	90.1	61.01	98.02	18.10
Administrative Cost	32.05	33.54	34.13	37.44	34.67	9.30
Other Expenses	0.61	0.61	0.61	0.61	0.61	0.30
	1,599.15	1,873.40	2,397.85	2,264.26	2,324.89	866.23
Earnings Before Interest, Depreciation & Tax	214.41	329.77	357.41	397.43	449.87	238.94
Interest	179.66	188.60	180.30	154.70	125.62	52.39
Depreciation	100.50	102.85	112.97	115.74	116.23	60.23
Earnings before Tax and Extra ordinary items	(65.75)	38.32	64.14	126.99	208.02	126.32
Provision for Taxation						
Current Tax	-	3.02	4.96	10.22	18.73	14.29
Deferred Tax Asset	56.26	7.43	(9.37)	0.58	20.77	13.04
Profit Before Extra Ordinary Items	(9.49)	42.73	49.81	117.35	210.06	125.07
Extra Ordinary Items	-	-	-	-	-	-
Adjustment on account of prior Period Items	-	-	-	-	-	-
Adjusted Net Profit	(9.49)	42.73	49.81	117.35	210.06	125.07

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs in Lakhs)

PARTICULARS	Year					Half yearly
	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Fixed Assets						
Gross Block	1,524.14	1,610.36	1,658.37	1,676.61	1,717.70	1717.70
Less: Depreciation and amortization	270.35	373.20	485.74	601.48	717.71	777.94
Net Block (A)	1253.79	1237.16	1172.63	1075.13	999.99	939.76
Add: Capital WIP	21.80	18.82	5.61	9.49	189.22	195.70
Investments : (B)	0.23	0.39	0.39	0.39	0.39	0.39
Current Assets, Loans and Advances :						
Inventories	350.11	360.53	980.43	593.00	631.07	684.82
Sundry Debtors	391.65	311.67	226.91	267.45	211.20	259.08
Cash and Bank Balances	34.33	34.51	44.42	48.59	72.86	101.60
Loans and Advances	321.10	377.89	560.94	572.38	416.68	360.09
Total (C)	1097.19	1084.60	1812.70	1481.42	1331.81	1405.59
Liabilities and Provisions :						
Secured Loans	1188.77	1095.89	1096.24	1144.41	1092.91	1011.40
Unsecured Loans	72.95	76.17	103.79	32.29	28.80	28.80
Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00	0.00
Current Liabilities**	267.17	321.44	843.40	303.87	119.93	96.10
Provisions						
Total (D)	1528.89	1493.50	2043.43	1480.57	1241.64	1136.30
Miscellaneous Expenditure	3.68	3.06	2.45	1.84	22.99	22.69
(to the extent not w/off)						
Net Worth (A+B+C-D) :	844.12	847.47	947.90	1085.86	1279.77	1405.14
Represented by						
Share Capital	715.00	675.00	725.00	745.00	750.00	750.00
Reserves and Surplus	132.80	175.53	225.35	342.70	552.76	677.83
Total	847.80	850.53	950.35	1087.70	1302.76	1427.83
Net Worth (G-E)	844.12	847.47	947.90	1085.86	1279.77	1405.14

** The current liabilities have been increased from Rs 321.44 Lakhs for the year 2002-03 to Rs 843.40 for the year 2003-04. This is mainly due to purchase of large quantity of cotton from Cotton Corporation India Limited in the last quarter of the year.



GENERAL INFORMATION

JAGJANANI TEXTILES LIMITED

Jagjanani Textiles Limited is a Public Limited Company incorporated under Companies Act, 1956 with Registrar of Companies Rajasthan, Jaipur vide certificate of incorporation No.17-013498 dated 1st April 1997. The Company has obtained Certificate for Commencement of Business on 7th May 1997.

REGISTERED OFFICE:

S-25 Shyam Nagar,
Ajmer Road, Jaipur-302 019

Tel: +91-141- 229 4776

Fax: +91-141-229 3818

Website : www.jagjanani.com

E-mail : compliance@jagjanani.com

CONTACT PERSON:

Mr. Naresh Sharma, Company Secretary and Compliance Officer

Tel: + 91-141- 229 4776

Email: compliance@jagjanani.com

REGISTRATION NUMBER : 17-013498

REGISTERED WITH REGISTRAR OF COMPANIES

132, Vijay Nagar, Near Kartarpura Railway Crossing, Kartarpura, Jaipur-302 006

AUTHORITY FOR THE ISSUE

The issue has been authorized pursuant to a resolution of the Board of Directors of the Company passed at its meeting held on 28th July 2006 and by a Special Resolution passed under section 81 (1A) of the Companies Act, 1956 at the Extra-Ordinary General Meeting of the Company held on 25th August 2006.

BOARD OF DIRECTORS

The Company is currently managed by Board of Directors comprising of 8 Directors. The Board of Directors consists of the following persons:

Sr. No.	NAME OF THE DIRECTOR	DESIGNATION	STATUS
1	Mr. Shree Gopal Vyas	Whole Time Director	Executive
2	Mr. Shiv Kumar Singhal	Director	Executive
3	Mr. Narender Kumar Khurana	Director	Non-Executive and Independent
4	Mr. RamSaran Mehra	Director	Non-Executive and Independent
5	Mr. Har Krishanlal Agarwal	Director	Non-Executive and Independent
6	Mrs. Shakuntala Vyas	Director	Non-Executive and Non Independent
7	Mr. Akash Bharatbhai Shah	Director	Non Executive and Independent
8	Mr. Anil Goyal	Director	Non Executive and Independent

PROFILE OF THE CHAIRMAN, MANAGING AND WHOLE TIME DIRECTORS OF THE COMPANY:

1. MR.SHREE GOPAL VYAS Whole Time Director, age 51 years, is a Chartered Accountant. He is one of the main promoters of the Company and has experience of textile industry for about 26 years in manufacturing and marketing. From 1978 to 1997 he worked with M/s JCT Limited in various capacities as head of accounts/commercial/administration and finally as head of Unit and Senior Vice President for textiles reporting to Chairman & Managing Director of that Company. During his career of 18 years with JCT Limited, he gained considerable experience in all aspects of working of a composite mill. In 1997 he started his own Company i.e Jagjanani Textiles Limited.He

Jagjanani Textiles Limited

conceptualised and implemented modernisation projects involving installation of Open End Spinning machines, high speed weaving machines and Benninger Continuous Bleaching & Dyeing machines. For the details of his remuneration please refer to page 63 of this Prospectus under the caption “Terms of Appointment and Compensation of Whole Time Director”.

2. MR. SHIV KUMAR SINGHAL Director, age 52 years, is a Chartered Accountant. He has an experience of corporate affairs and has acquired expertise in commercial and finance management. He is working with JCT Limited since 1975 in various capacities from Industrial Trainee to Executive Director. He has been involved in working of various departments at corporate office of the Company from accounts to commercial to business development.

For details of other directors, refer to the section titled “Management-brief profile of the Directors” on page no. 62.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
<p>CENTRUM CAPITAL LIMITED SEBI Regn No. INM000010445 UIN No. 100016915 Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, Mumbai- 400 020. Tel: +91-022- 3028 0400 Fax: +91-022- 2204 6096 Email: jagjanani@centrum.co.in Website: www.centrum.co.in Contact Person: Mr. Alpesh Shah</p>	<p>INTIME SPECTRUM REGISTRY LIMITED SEBI Regn No. INR000003761 UIN No. 100002071 C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai-400 078 Tel: +91-022-2596 0320 (9 Lines) Fax:+91-022-25960329 E-mail:jagjanani@intimespectrum.com Website:www.intimespectrum.com Contact Person: Mr. Salim Shaikh</p>
COMPANY SECRETARY & COMPLIANCE OFFICER	AUDITORS TO THE COMPANY
<p>MR. NARESH SHARMA Company Secretary S-25, Shyam Nagar, Ajmer Road, Jaipur, Rajasthan – 302 019 Tel: +91-141-229 4776 Fax: +91-141-229 3818 E-mail: compliance@jagjanani.com</p>	<p>G.DUTTA & CO. 36, New Colony, Jaipur-302 001 Tel: +91-141-236 9393 Fax: +91- 141-221 8168 E-mail:dadhichgd@rediffmail.com Contact Person: Mr. G Dutta</p>
BANKERS TO THE COMPANY	BANKERS TO THE ISSUE
<p>BANK OF BARODA Post Box No. 9, Bombay House M. I. Road, Jaipur-302 001 Tel: +91-141-237 7807 Fax: +91-141-236 0399 Website: www.bankofbaroda.com E-mail: miroad@bankofbaroda.com Contact Person: Mr. D.K. Mahajan</p>	<p>Deutsche Bank, AG 222, Kodak House, Dr. D.N. Road, Fort, Mumbai-400 001 Tel: +91-22-5658 4000 Fax: +91-22- 22076553 Email: shyamal.malhotra@db.com Contact Person: Mr. Shyamal Malhotra</p> <p>HDFC Bank Limited 26 A, Narayan Properties Off Saki Naka Vihar Road, Chandivali, Saki Naka, Andheri (E), Mumbai-400 072 Tel No: +91-22-28569009/28474900 Fax No: +91-22-2856 9256 Email: viral.kothari@hdfcbank.com Contact Person: Mr. Viral Kothari</p>



	UCO Bank KJ House, 28 A Bani Park, Jai Singh Road, Jaipur- 30 0376 Tel No: +91-141-2205055 Fax No: +91-141-2200119 Email: ucopark@sancharnet.in Contact Person: Mr. I.N. Mathur
LEGAL ADVISOR TO THE ISSUE	
C M BINDAL & CO. 247, Himmat Nagar, Tonk Road Jaipur- 302018 Tel: +91-141-270 7522 / 270 5419 E- mail: cmbindal@yahoo.com Contact Person: Mr C M Bindal	

Investors can contact the Compliance Officer 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.

BROKERS TO THE ISSUE

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

INTER-SE ALLOCATION OF RESPONSIBILITIES

Centrum Capital Limited is the sole Lead Manager to the Issue.

CREDIT RATING

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

IPO GRADING

The Company has not opted for the grading of this issue from Credit Rating Agency.

TRUSTEES

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

MONITORING AGENCY

UCO Bank, 28-A, Bani Park, Jaipur has been appointed as the Monitoring Agency to monitor the utilisation of funds. UCO Bank had also sanctioned term loan for financing the expansion project.

The Company will disclose the utilization of the proceeds of the Issue under a separate head in the Balance Sheet clearly specifying the purpose for which such proceeds have been utilised. It shall also, in its Balance Sheet, provide details, if any, in relation to all such proceeds have not been utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

APPRAISING AGENCY

The project has been appraised by IDBI Bank. The required details of the Appraising Entity are as under:

IDBI Bank
1st Floor, Anand Bhawan, S.C. Road,
Post Bag No. 22, Jaipur- 302 001
Tel: +91-0141-236 0581/82/83
Fax: +91-0141-237 2830
Website: www.idbi.com

UNDERWRITING:

Underwriting being optional, the Company does not propose to underwrite the Issue.

ISSUE SCHEDULE

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below:

Issue Opens on	February 15, 2007
Issue Closes on	February 23, 2007



CAPITAL STRUCTURE OF THE COMPANY

The Capital Structure as on date is as follows:

SHARE CAPITAL	(Rs in Lakhs)	
	NOMINAL VALUE	TOTAL VALUE INCLUDING PREMIUM
A. AUTHORISED CAPITAL		
1,80,00,000 Equity shares of Rs.10/- each	1800.00	
B. ISSUED SUBSCRIBED AND PAID-UP CAPITAL		
75, 00,000 Equity Shares of Rs.10 /- each fully paid - up	750.00	
C. PRESENT ISSUE IN TERMS OF THIS PROSPECTUS		
Public Issue of 81,00,000 Equity Shares of Rs. 10/- each for cash at an issue price of Rs 25/- inclusive of premium aggregating to Rs 2025 Lakhs	810.00	2025.00
OUT OF WHICH		
Firm Allotment of 10,000 Equity Shares of Rs. 10/- each at an issue price of Rs 25/- inclusive of premium to Centrum Capital Limited, Lead Manager to the issue.	1.00	2.50
D. NET ISSUE TO THE PUBLIC		
80, 90,000 Equity Shares of Rs. 10/- each at an issue price of Rs 25/- inclusive of premium.	809.00	2022.50
E. PAID-UP EQUITY CAPITAL AFTER THE ISSUE		
1,56,00,000 Equity Shares of Rs 10/- each	1560.00	
F. SHARE PREMIUM ACCOUNT		
• Before the Issue		NIL
• After the Issue		1215.00

DETAILS OF INCREASE IN AUTHORISED SHARE CAPITAL:

Date of Shareholder's Meeting	Increased from		Increased to	
	Number of Shares	Amount	Number of Shares	Amount
Since incorporation*	-	-	50,000	5,00,000
28.08. 1998	50,000	5,00,000	75,00,000	7,50,00,000
12.12.2005	75,00,000	750, 00,000	150,00,000	15,00,00,000
25.08.2006	150,00,000	15,00,00,000	180,00,000	18,00,00,000

*The Company was incorporated with Authorised Capital of Rs 5, 00, 000 divided into 50,000 Equity Shares of Rs 10/- each.

NOTES TO THE CAPITAL STRUCTURE:

1. SHARE CAPITAL HISTORY OF THE COMPANY:

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment (Bonus, Rights etc.)	Reason for Allotment	Cumulative Paid -up Capital (Rs)	Share Premium (Rs.)
01.04.1997	70	10	10	Cash	Subscription	700	Nil
15.06.1999	32, 93,400	10	10	Cash	Further Allotment	3,29,34, 700	Nil
09.12.1999	8,00,000	10	10	Cash	Further Allotment	4,09,34,700	Nil
05.07.2000	11, 76,500	10	10	Cash	Further Allotment	5,26,99,700	Nil
31.07.2000	14, 80,030	10	10	Cash	Further Allotment	6,75,00,000	Nil
15.12.2005	7,50,000	10	10	Cash	Further Allotment	7,50,00,000	Nil
	75,00,000					7,50,00,000	

2. PROMOTERS CONTRIBUTION AND LOCK-IN PERIOD

a) Allotment to Promoters

Name of the Promoter	Date on which equity shares were allotted and made fully paid up	Nature of payment or consideration (Cash, Bonus, Consideration, Kind etc)	Number of equity Shares	Face Value (Rs)	Issue Price (Rs)	% of Paid up Capital		Lock in Period in years
						Pre Issue	Post Issue	
Mr. Shree Gopal Vyas	1.04.1997	Cash	70	10	10	0.00	0.00	3
	15.06.1997	Cash	85,000	10	10	1.13	0.54	3
	28.09.2005	Transfer	5,99,000	10	10	7.99	3.84	3
	30.09.2005	Transfer	3,75,930	10	10	5.01	2.41	3
		Total		10,60,000			14.13	6.79
Mr. Shiv Kumar Singhal	15.06.1999	Cash	10,000	10	10	0.13	0.06	3
Mr. Shiv Kumar Singhal Jtly with Rita Singhal	30.09.2005	Transfer	20,50,000	10	10	27.34	13.14	3
		GRAND TOTAL	31,20,000			41.60	20.00	

Lock-in period shall start from the date of allotment of Equity Shares in the present Public Issue.

MINIMUM PROMOTERS CONTRIBUTION LOCKED IN FOR A PERIOD OF THREE YEARS:

Name of the Promoter	Date on which equity shares were allotted and made fully paid up	Nature of payment or consideration (Cash, Bonus, Consideration, Kind etc)	Number of equity Shares	Face Value (Rs)	Issue Price (Rs)	% of Paid up Capital		Lock in Period in years
						Pre Issue	Post Issue	
Mr. Shree Gopal Vyas	1.04.1997	Cash	70	10	10	0.00	0.00	3
	15.06.1997	Cash	85,000	10	10	1.13	0.54	3
	28.09.2005	Transfer	5,99,000	10	10	7.99	3.84	3
	30.09.2005	Transfer	3,75,930	10	10	5.01	2.41	3
		Total	10,60,000			14.13	6.79	
Mr. Shiv Kumar Singhal	15.06.1999	Cash	10,000	10	10	0.13	0.06	3
Mr. Shiv Kumar Singhal Jtly with Rita Singhal	30.09.2005	Transfer	20,50,000	10	10	27.34	13.14	3
		Total	20,60,000			27.47	13.21	
		GRAND TOTAL	31,20,000			41.60	20.00	

3. The promoters have given their consent vided letter dated 16th August 2006 for lock in as stated above. The shares acquired last have been locked in first and the lock in period shall commence from the date of allotment of Equity Shares in this issue.
4. The promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the Guidelines.
5. The entire pre issue Equity Share Capital other than the minimum promoter's contribution shall be locked-in for a period of 1 year from the date of allotment in the present issue.
6. Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institution.
7. In terms of clause 4.16 (a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoters prior to the issue may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.
8. As per Clause 4.16 (b) of the SEBI Guidelines, the Equity Shares may be transferred among the Promoters/ Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.
9. Securities issued on firm allotment basis shall be locked-in for a period of one year from the date of Commencement of Commercial Production or the date of allotment in the Public Issue, whichever is later.
10. 10,000 Equity Shares will be allotted on firm basis to the Lead Manager i.e, Centrum Capital Limited. No further application for subscription to the public issue from such person shall be entertained. The Lead Manager to whom firm allotment is proposed to be made if withdraws partially or fully from the offer made to him after filing prospectus with the RoC, the extent of shares proposed to be allotted shall be taken up by the promoters and the subscription amount shall be brought in atleast one day prior to issue opening date. Securities issued on firm allotment basis shall be locked in for a period of one year from the date of commencement of commercial production or the date of allotment in the public issue, whichever is later. In the event that the promoters have to take / acquire the shares as above, such shares will be locked-in for a period of 3 years.

Jagjanani Textiles Limited

11. No payment direct or indirect in nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoters in any public issue to the persons who received firm allotment in such public issue.
12. The Securities which are subject to lock-in shall carry inscription 'non-transferable' along with the duration of specified non-transferable period mentioned in the face of the security certificate.

13. EQUITY SHARES HELD BY TOP TEN SHAREHOLDERS:

- a) Top Ten Shareholders as on the date of filing of the Prospectus with ROC.

Sr. No.	Name of the Shareholders	No. of Shares
1	Mr. Shiv. Kumar. Singhal Jt Rita Singhal	20,50,000
2	Shree Ganesh Projects Private Limited	15,00,000
3	Mr. Shree Gopal Vyas	10,60,000
4	Bsa Holdings Private Limited	10,30,030
5	Neelam Marble & Industries Private Limited	4,88,520
6	Midas Lids Private Limited	4, 00,000
7	Preeti Vanijya Private Limited	4, 00,000
8	Penny Securities & Investment Private Limited	2, 50,000
9	Mr. M. P. Gupta	50,000
10	Mr. Ushma Jindal	30,000
	Total	72,58,550

- b) Top ten shareholders as on two years prior to the date of filing of the Prospectus with ROC.

Sr.No	Name of the shareholders	No. of shares
1	Bsa Holdings Private Limited	18,30,030
2	Shree Ganesh Projects Private Limited	15,00,000
3	Mukul Tayal	3,49,000
4	Penny Securities & Investment Private Limited	2,50,000
5	Mr. Shree Gopal Vyas	85,010
6	Mr. M. P. Gupta	50,000
7	Mrs. Shakuntala Vyas	30,010
8	Mr. Rakesh Jindal	30,000
9	Mrs. Ushma Jindal	30,000
10	Ms Priya Vyas	10,000
	Total	41,64,050

c) Top ten shareholders 10 days prior to the date of filing of the Prospectus with ROC

Sr. No.	Name of the Shareholders	No. of Shares
1	Mr. Shiv. Kumar. Singhal Jt Rita Singhal	20,50,000
2	Shree Ganesh Projects Private Limited	15,00,000
3	Mr. Shree .Gopal. Vyas	10,60,000
4	Bsa Holdings Private Limited	10,30,030
5	Neelam Marble & Industries Private Limited	4,88,520
6	Midas Lids Private Limited	4, 00,000
7	Preeti Vanijya Private Limited	4, 00,000
8	Penny Securities & Investment Private Limited	2, 50,000
9	Mr. M. P. Gupta	50,000
10	Mr. Ushma Jindal	30,000
	Total	72,58,550

14. Details of the shareholding of the Promoter, relatives of the promoter, Promoter Group, Directors of the Promoter Group in the Company is given below:

Shareholding Holding Pattern Pre & Post Issue.

Category	Pre Issue		Post Issue	
	No. of Shares of Rs 10 each	% Holding	No. of Shares of Rs 10 each	% Holding
Promoters Holding				
Mr. Shree Gopal Vyas	10,60,000	14.13	10,60,000	6.80
Mr. Shiv Kumar Singhal	20,60,000	27.47	20,60,000	13.22
Sub Total (A)	31,20,000	41.60	31,20,000	20.02
Promoter Group				
Mrs. Shankutala Vyas	20,010	0.27	20,010	0.13
Sub Total (B)	20,010	0.27	20,010	0.13
Persons Acting in Concert**	43,59,990	58.11	43,59,990	27.92
Sub-Total (C)	43,59,990	58.11	43,59,990	27.92
Sub Total (A+B+C)	75,00,000	100.00	75,00,000	48.07
Others (C)				
Public	-	-	81,00,000	51.93
GRAND TOTAL	75,00,000	100.00	1,56,00,000	100.00

** The above Persons acting in concert do not qualify as part of the Promoters/Promoters Group as per the explanation II of Clause 6.8.3.2 (m) of the SEBI (DIP) Guidelines. They are not PAC's/qualifyas PAC's for any other purpose like compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto.

15. As per SEBI Guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individuals investors applying for Equity Shares of or value of not more than Rs 1, 00,000. The remaining 50% of the net offer to the public is reserved for individuals applying for Equity Shares of a value more than Rs 1, 00,000 and corporate bodies/institutions etc. unsubscribed portion in either of these categories shall be added to the other category interchangeably.
16. There has been no sale or purchase of Equity Shares of the Company by the Directors/Promoters and Promoter Group, during the period of six months preceding the date on which the Prospectus is filed with SEBI.
17. The Company, its Promoters, Directors or the Lead Manager have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company from any person.
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 to the nearest integer subject to a minimum allotment of 200 Equity Shares (which is the minimum application size in this issue), while finalizing the allotment.
19. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on "Basis of Allotment" on page no. 123 of this Prospectus.
20. The Company has not raised any bridge loan against the proceeds of the Issue.
21. The Equity Shares offered through this Public Issue will be fully paid-up.
22. As of the date of the Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
23. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
24. The Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, right issue or public issue or in any other manner, during the period commencing from the submission of Prospectus to SEBI until the equity shares referred in the prospectus have been listed or application moneys refunded on account of failure of issue.
25. The Company presently do not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, either by way of split or consolidation of the Equity Shares or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, during such period or at a later date, the Company may issue equity shares or issue equity shares to finance an acquisition, merger or joint venture by the Company or as consideration for such acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by the Board in the interest of the Company.
26. No single applicant can make an application for number of securities that exceeds the net issue to the public.
27. The total numbers of members of the Company as on 15th January 2007 are 113.
28. No shares have been allotted through a public issue in the last two years nor has the Company bought back its equity shares in the last six months.
29. The Company has not issued any shares for consideration other than cash.
30. The Company has not issued any Bonus Shares, since its inception.
31. The Company has not issued any Equity Shares out of revaluation reserves.
32. The Company has not granted any options or shares of the Company under any scheme of Employee Stock Options or Employee Stock Purchase to its employees.



OBJECTS OF THE ISSUE

The Company proposes the Present Issue for:

I. SPINNING UNIT

1. Setting up Ring Spinning Unit of 6000 spindles on existing land at E-288, RIICO Industrial Area, Bagru Extn, Bagru, Jaipur for manufacturing cotton yarn of counts range Ne 40.
2. Upgradation of Open end Spinning Unit by installing Schlafhorst SE 11 Spin Box and thereby increasing the existing capacity from 3600 MTA to 4320 MTA to manufacture cotton yarn

II. WEAVING UNIT

1. Setting up a weaving unit for forward integration by installing 48 high speed Air Jet Looms for manufacturing of fabric.

III. To meet margin money for working capital requirement

IV. To list the equity shares of the Company to be issued through the Prospectus on Bombay Stock Exchange Limited

The main object clause of the Memorandum of Association of the Company enables to undertake the existing activities and the activities for which the funds are being raised by the Company through the present issue. Further, the Company confirm that the activities have been carrying out until now is in accordance with the objects clause of the Memorandum of Association.

APPRAISAL

The project appraisal has been carried out by the Industrial Development Bank of India Limited (IDBI) vide their letter no. 6337/CFD (Jagjanani) dated 26th December 2005 for the purpose of proposed Project as mentioned in the Prospectus.

The weaknesses and threats in the said Appraisal Report have been included in this Prospectus under the Risk Factor as Sr.No. 24.

Disclaimer by IDBI

The contents of this note are the opinion of IDBI and are based on the data, information furnished by the company.

This Memorandum is not intended to form the basis of evaluation for potential lenders who are willing and eligible to provide the Loan Facility to the Company. No part of this note can be reproduced without the explicit approval of IDBI. No representation, warranty or undertaking (express or implied) is made, and no responsibility is accepted, by IDBI or any of its officers as to the adequacy, accuracy, completeness or reasonableness of the information contained herein or of any further information, statement, notice, opinion, expression or forecast made or supplied at any time in relation thereto. This Memorandum is not intended to provide any basis for any credit or any other evaluation and is not to be considered as a recommendation by IDBI to participate in the Loan Facility. Potential lenders are required to make (and will be deemed to have made) their own independent evaluation and judgement. It is the responsibility of potential lenders to have obtained all consents, approvals or authorizations required by them to offer to participate in the Loan Facility. By offering to participate in the Loan Facility, potential lenders will be deemed to have acknowledged that the IDBI do not owe them any duty of care in this respect.

The delivery of the Memorandum at any time does not imply that the information in it is correct as at any time after the date set out in the cover page hereof, or that there has been no change in the operation, financial condition, prospects, creditworthiness, status or affairs of the company or anyone else since that date. All projections and forecast in this Memorandum are based on assumptions considered to be reasonable but the actual outcome may be materially affected by changes in economic and other circumstances, which cannot be foreseen. No representation or warranty (express or implied) is made that any projection, forecast, assumption or estimate contained in this Memorandum is accurate or will be achieved, and no representation or warranty is made to the future performance or policy of the Company and/or its subsidiaries. The reliance that the recipient of this Information Memorandum places upon the projections and forecasts is a matter for its own judgement.

FUNDS REQUIREMENT

The estimated cost of the project as appraised by IDBI is Rs. 5417.00 Lakhs. The break up of the estimated project cost as mentioned in the appraisal report of IDBI is given in the following table:-

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1.	Imported Machinery	2040.00
2.	Indigenous Machinery	1805.00
3.	Factory Building	750.00
4.	Contingencies	332.00
5.	Margin Money for Working Capital	300.00
6.	Preliminary & Pre Operative Expenses	190.00
	Total	5417.00

Note: The Company proposes to acquire Net Tangible Assets amounting to Rs 4595 Lakhs which represents 84.83% of the project cost.

Net Tangible Assets is defined as the sum of fixed assets (including capital work in progress and excluding reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).

FUNDING PLANS

The details of the proposed means of finance for the project as per the Appraisal Report of IDBI are as follows: -

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1.	Public Issue of Equity Shares	2000.00
2.	Term Loan	
	a) Bank of Baroda	1700.00
	b) UCO Bank	1100.00
3.	Unsecured Loan from Promoters	402.00
4.	Internal Accruals	215.00
	Total	5417.00

Note: - The Revised Means of Finance as arrived at by the Company in consultation with the Lead Manager to the Issue and as taken on record by IDBI vide the Company's letter dated 22nd July 2006 is as under:

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1.	Public Issue of Equity Shares	2025.00
2.	Term Loan:-	
	a) Bank of Baroda	1700.00
	b) UCO Bank	1100.00
3.	Unsecured Loan from Promoters*	377.00
4.	Internal Accruals	215.00
	Total	5417.00



Note: The Company has received sanction for term loan from the following Banks to part finance the Expansion Project, details of the same are as mentioned below:

***Unsecured Loan from Promoters:** The unsecured loan of Rs 377 Lakhs will be brought by Mr. Shree Gopal Vyas and Mr. Shiv Kumar Singhal for the project at the interest rate of 10%. The Promoters has given their undertaking for the same.

DETAILS REGARDING TERM LOAN

BANK OF BARODA

Bank of Baroda vide letter dated 19th April 2006 had given sanction to part finance the expansion project.

Name of the Borrower	Jagjanani Textiles Limited
Amount of Loan	Rs. 1700 Lakhs
Currency	Indian Rupees
Purpose	To part finance the project expansion of Plant, Building and Machinery.
Rate of Interest	9.25% per annum
Margin	45%
Availability period	September 2013
Repayment Schedule	24 equal quarterly installment commencing from September, 2007.
Securities	1. D P Note 2. Letter of installment 3. First pari passu charge on all the fixed assets of the company to be acquired out of proposed term loan, with other term lender under multiple banking arrangements.

OTHER MAJOR TERMS AND CONDITIONS:

- The term loan will be disbursed in phased manner in accordance with the progress of implementation of the project but after successful completion of IPO.
- The loan is secured by personal guarantee of the following:

	Amount (Rs in Lakhs) Worth as on 31.03.2005
Mr. S. G. Vyas	503.00
Mr. S. K. Singhal	598.00
Mrs. Shakuntala Vyas	71.00
Ms. Preeti Vyas	48.00
Mrs. Priya Vyas	50.00
M/s Neelam Marble & Ind. Private Limited	72.00

- The term loan will be collaterally secured by the hypothecation of Plant & Machinery, Vehicles, other Miscellaneous Fixed assets, Stocks and Books- Debt of Company.
- The term loan will be collaterally secured by following immovable properties: -
 - Second charge over entire existing fixed assets of the company situated at E-228, RIICO Industrial area, Bagru, Jaipur.

Jagjanani Textiles Limited

- ii. Additional limit of Rs 200 Lakhs shall be covered by second charge over the new plant and machinery proposed (First charge with Bank of Baroda and UCO Bank on pari passu charge basis)
- iii. Equitable mortgage of commercial showroom at PNB chowk, Opp.Railway station Jalandhar, Punjab in the name of Mr S G Vyas, Mrs Shakuntala Vyas, Ms Priya Vyas and Ms Preeti Vyas.
- iv. Equitable Mortgage of E-45, RIICO Industrial Area Makrana in favour of Neelam Marble Industries Pvt Limited.
- v. Equitable mortgage of Land & building (House) situated at S-25, Krishnanath, Shyam Nagar, Jaipur.
- vi. Equitable Mortgage of factory land and building (proposed at) G-206-207 & G-209.
- vii. First pari passu charge over the proposed fixed assets and plant & machinery etc to be acquired for their expansion project.

UCO BANK

UCO Bank vide letter dated 25th May 2006 had given sanction to part finance the expansion project.

Name of the Borrower	Jagjanani Textiles Limited
Amount of Loan	Rs. 1100 Lakhs
Currency	Indian Rupees
Purpose	To finance the expansion cum diversification project (Plant & Machinery, Building etc)
Rate of Interest	9.25% per annum
Margin	45.00%
Repayment Schedule	24 quarterly installment commencing from September 2007. Interest for the moratorium period be serviced on monthly basis.
Primary Security	Pari-Passu Charge by way of Equitable Mortgage with IDBI & Bank of Baroda under multiple Banking arrangement on <ol style="list-style-type: none">1. Existing Factory Land & Building measuring 9875 sq. mttrs. Situated at E-228, RIICO Indus. Area, Bagru Extn., Bagru & Plant & Machinery and other moveable assets.2. First pari-passu charge by way of Banking arrangement, on Factory Land & Building at G-206, G-207 & G-209, RIICO Industrial Area Bagru Extn., Bagru, measuring 450 sq. mtrs (3 plots of 1500 sq. mtrs), where diversification (fabric unit) is proposed to be set up.3. Hypothecation of Plant & Machinery to be installed on pari- passu basis with Bank of Baroda.
Collateral Security	Second Charge over current assets of the company on pari-passu basis with Bank of Baroda
Personal Guarantee	Mr. S G Vyas (Managing Director)Mr. Shiv Kumar Singhal (Director) Mrs. Shakuntala Vyas

MATERIAL TERMS AND CONDITIONS

UCO BANK: The company has agreed to ensure compliance with, among others, the following financial covenants in relation to all the financing/loan agreements with UCO. The company has undertaken not to do the following without prior written approval from UCO.

- Making any other borrowing arrangement.
- Taking up expansion/modernization/new project/ balancing scheme.
- Effecting any merger or acquisition
- Making investment in or giving loan to its subsidiary/associate/group concerns or to any other concern or individual other than to employees under any welfare scheme approved by Bank
- Giving guarantees on behalf of any third party.
- Paying dividend other than out of current year's profits after making all due provisions and
- Disposing of whole or substantially the whole of the undertaking(s).
- The Company should retain profit in the business and should not make any investment in other firm / companies.

Thus the Company has made firm arrangement through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through public issue.

In case of any shortfall in meeting the project cost, the same shall be met through further internal accruals. Excess money, if any will be utilized for generate corporate purpose including but not restricted to repayment of loan.

No parts of issue proceeds will be paid as consideration to promoters, directors, key managerial personnel or any associates.

BRIEF DETAILS ABOUT THE PROJECT

BUILDING (Rs 750.00 LAKHS)

RING SPINNING UNIT

The Company proposes to construct the ring spinning unit on existing land of size of 3400 sq. meters at E-228, RIICO Industrial Area, Bagru Extn, Bagru, Jaipur.

WEAVING UNIT

The Company proposes to construct the weaving unit on land size of 4500 sq.mtrs at G-206, 207 & G-209, RIICO Industrial Area, Bagru Extn, Bagru, Jaipur which is already acquired from RIICO on 99 years lease for Rs.43.89 Lakhs. The Company has already spent Rs 24.88 Lakhs towards Site Development.

The Company has appointed M/s Jayant Gandhi Associates, A-8, Shivalik, New Delhi-110017, architect for the construction of both the units and also received the quotation number JAG/2568 dated 20. 11.2005.

Sr.No.	Particulars	Area/ Sq. Meter	Rate/Sq.Meter (Rs)	Amount (Rs in Lakhs)
A	Ring Spinning Unit			
	Ground Floor	1700 sq.mtr	6000	102.00
	First Floor	1700 sq. mtr	6000	102.00
B	Weaving Unit			
	Ground Floor	2007.50 sq.mtr	6000	120.45
	First Floor	2007.50 sq.mtr	6000	120.45
C	Other Construction (water tanks, humidification plant room, DG Shed, Compressor room, Electrical sub-station, cotton and cloth godowns, boundary wall etc)	5085 sq.mtr	6000	305.10
	TOTAL	12500		750.00

PLANT AND MACHINERY (RS 3845 LAKHS)

The Company proposes to acquire the Plant & Machineries aggregating to Rs 3845 Lakhs, out of which Plant & Machineries aggregating Rs 2040 Lakhs is imported and the balance Plant & Machineries aggregating Rs 1805 Lakhs is indigenous.

I. OPEN END SPINNING UNIT (960 Rotors)

INDIGENOUS MACHINERY

Machineries already purchased

Sr. No.	Plant & Machinery	Qty	Name of Supplier	Purchase Price (Rs.in Lakhs)
1	UPS (Uninterrupted Power Supply Equipment)	2	D B Power Electronics, Pune	39.68
	TOTAL			39.68

IMPORTED MACHINERY

Machinery for which Orders have been placed:

Sr. No.	Plant & Machinery	Qty	Name of Supplier	Quotation Price (Rs.in Lakhs)	P. O. No./ Q.No & Date
1	Schlafhorst SE 11 Spin Box	1	Schlafhorst, Germany	*58.00	J/Schalffhorst/89 dated 29.09.05
2	Blow Room-CVT	1	Trutzschler, Germany	*60.00	J/Trumac/200 dt 10.01.2006
				118.00	
Add : Import Duty			5.10%	6.02	
CVD			16.32%	20.24	
Local Ft., handling & erection charges			3.00%	4.33	
Cost of Imported Machines				148.59	

Note:

1. The Company estimated Conversion Rate of 1 Euro = Rs 58/-.

* The Company has already paid Rs 48 Lakhs as advance against the above mentioned suppliers.

II. RING SPINNING UNIT (6000 Spindles)

INDIGENOUS MACHINERY

Machinery for which Orders has been placed:

Sr. No.	Plant & Machinery	Qty	Name of Supplier	Quotation Price (Rs.in Lakhs)	P. O. No./ Q.No & Date
1	Card	2	Trumac Engg. Co. Ltd	50	J/Trumac/199 dt 11.1.2006
2	H.S.Warping Machine	1	Jupiter Engg. Co.	35	J/Wvg/Pre/ dt. 21.10.2005
3	Double Sow Box Sizing Machine	1	Jupiter Engg. Co.	105	J/Wvg/Pre/ dt. 21.10.2005

Sr. No.	Plant & Machinery	Qty	Name of Supplier	Quotation Price (Rs.in Lakhs)	P. O. No./ Q.No & Date
4	V L Two for One Twister	4	Veejay Sales and Services Limited	67.69	J/VSSL dt 15.9.04
				257.69	
	Add: Packing		3.00%	7.73	
				265.42	
	Add: Excise Duty		16.32%	43.32	
				308.74	
	Add: CST		4.00%	12.35	
				321.09	
	Add: Ft.,handling & Erection Charges		3.00%	9.63	
	TOTAL			*330.72	

* The Company has already paid Rs 51.82 Lakhs as advance against the above mentioned suppliers.

Machineries for which orders have not been placed nor quotations have been received

Sr. No.	Plant & Machinery	Nos.	Budgeted Price (Rs.in lacs)
1	Draw Frame LDA 2	1	35.00
2	Draw Frame DO6	1	7.00
3	Lap Former	1	30.00
4	Comber	4	120.00
5	Speed Frame	3	75.00
6	Ring Frame	6	180.00
7	P S Precision Propeller Winder	1	25.56
8	Humidification Plant & Ducting	1	50.00
9	UPS		44.10
			566.66
	Add: Packing	3.00%	17.00
			583.66
	Add: Excise Duty	16.32%	95.25
			678.91
	Add: CST	4.00%	27.16
			706.07
	Add: Ft.,handling & Erection Charges	3.00%	21.18
	TOTAL		727.25

III. WEAVING UNIT (48 Air Jet Looms)

INDIGENOUS MACHINERY

Machineries for which orders have been placed

Sr. No.	Plant & Machinery	Nos.	Name of Supplier	Quotation Price (Rs.in Lakhs)	Quotation no. & Date
1	Air Compressor	4	URSS Techservices Pvt. Ltd.	60.00	URSS/CP/AIF/108/2004 dt. 1.9.04
2	Boiler & Water Softing Plant	1	Synergy Associates	30.00	SA:VIN dt 3.9.04
				90.00	
	Add: Packing		3.00%	2.70	
				92.70	
	Add: Excise Duty		16.32%	15.13	
				107.83	
	Add: CST		4.00%	4.31	
				112.14	
	Add: Ft., handling & Erection Charges		3.00%	3.36	
	TOTAL			*115.50	

*The Company has already paid Rs 22 Lakhs as an advance against the above mentioned suppliers.

IMPORTED MACHINERY

Machineries for which orders have not been placed but quotations have been received:

Sr. No.	Plant & Machinery	Nos.	Name of Supplier	Quotation Price (Rs.in Lakhs)	Quotation no. & Date
1	Airjet Looms	48	Picanol	1252.80	VQHO4-23624083 dt 26.12.2006
2	Slub Attachment		K M Associates	49.40	Jagjanani/1801-GOE/ACO dt.18.1.05
3	Auto Coners	2	Schlafhorst	200.00	000029503 dt.27.12.2006
	TOTAL			1502.20	
	Add : Import Duty		5.10%	76.61	
	CVD		16.32%	257.66	
	Local Ft., handling & erection charges		3.00%	55.09	
	Cost of Imported Machines			1891.56	

Note: The Company estimated conversion rate of 1 Euro= Rs 58/- and 1 Swiss Franc = Rs 38/-

*The Company has already paid Rs 49 Lakhs as an advance against the above mentioned suppliers.

Machineries for which orders have not been placed nor quotations have been received

Sr. No.	Plant & Machinery	Nos.	Budgeted Price (Rs.in lacs)
1	Lab Equipments (Lot)	1	40.00
2	Fabric Inspection Machine	4	28.00
3	Roll Pkg. Machine	4	20.00
4	Electrical Installation	Lot	60.00
5	Knotting Machine	5	5.00
6	Material Handling Equipments	1	60.00
7	33 KV Sub Station for Power		80.00
8	D G Set for stand by Power		100.00
9	Misc. Assets		20.00
10	Weaving Accessories	Lot	48.00
			461.00
	Add: Packing	3.00%	13.83
			474.83
	Add: Excise Duty	16.32%	77.49
			552.32
	Add: CST	4.00%	22.09
			574.41
	Add: Ft.,handling & Erection Charges	3.00%	17.23
	TOTAL		591.64

SUMMARY:

Sr. No	Particulars	Budgeted price
1	Machineries already purchased	39.68
2	Machinery for which orders have been placed	594.81
3	Machineries for which orders have not been placed but quotations have been received	1891.56
4	Machineries for which orders have not been placed nor quotations have been received	1318.89
	Total	3,844.94
	Rounded Off	3,845.00

CONTINGENCIES (Rs 332.00 LAKHS)

Contingency at 5% has been provided on total civil construction and machinery cost of the project and 5% of cost of imported machineries for foreign exchange fluctuation.

Sr.No.	Particulars	Amount (Rs in Lakhs)
1	Contingency on Plant & Machinery and Civil Work	230.00
2	Foreign Exchange Fluctuation for imported Machinery	102.00
	Total	332.00

MARGIN MONEY FOR WORKING CAPITAL (Rs 300.00 LAKHS)

The incremental working capital requirement for the proposed project for 2006-07 (first year of operations-9 months) has been worked out on the basis of 1 month of WIP, 1 months of finished goods, 2 months' consumables and 1.50 months debtors. The total current assets in FY 2007 are estimated at approx. Rs 2126 Lakhs which would be financed by current Liabilities of approx Rs 262 Lakhs. Bank Borrowings Rs 600 Lakh and balance Rs 1264 Lakhs i.e, (Rs 1864 Lakhs-Rs 600 Lakhs) from own sources. The Company is estimated to have about Rs 964 Lakhs invested in current assets from own sources at the end of FY 2006. Therefore, the incremental margin money requirement in FY 2007 is estimated at Rs 300 Lakhs which has been considered as part of project cost.

The Working Capital to be funded out of the proposed issue has been computed as follows:-

			2005-06	2006-07	2007-08
		Holding	-	-	Amount
		Months	-	-	Rs in lac
I.	CURRENT ASSETS				
	Raw material-indigenous	2.50	370.11	400.90	474.48
	Stock in process	1.00	189.27	278.79	350.13
	Finished goods	1.00	188.28	272.70	348.17
	Other Consumables	2.00	6.44	18.65	21.98
	Receivables	1.50	337.70	583.07	720.46
	Advances		572.38	572.38	572.38
	Total Current assets (1)		1664.18	2126.49	2487.60
II.	CURRENT LIABILITIES				
	Other Current Liabilities		102.00	102.00	102.00
	Creditors for RM	1.00	148.04	160.36	189.79
	Total Current Liabilities (2)		250.04	262.36	291.79
III	Gap in working capital (1-2)		1414.14	1864.13	2195.81
IV	Margin @25%		416.05	531.62	621.90
V	MPBF		998.09	1332.51	1573.91
VI	Projected Bank Borrowings		450	600	1250
VII	Difference (V- VI)		548.09	732.51	323.91
	Margin as on March 31, 2005				841.68
	Margin as on March 31, 2006				964.14
	Additional Margin required				299.99
	Approx				300.00

PRELIMINARY & PRE-OPERATIVE EXPENSES (RS 190.00 LAKHS)

The pre-operative expenses include public issue expenses, interest during construction period and other expenses

Particulars	Amount (Rs in Lakhs)
Public Issue Expenses	120.00
Interest During Construction Period	42.00
Other Expenses	28.00
TOTAL	190.00

Public Issue Expenses

The expenses on the IPO & the preliminary costs have been estimated at Rs 120 Lakhs as per the details given below:

Activity	Amount (Rs. in Lakhs)	% of the total issue expenses	% of total issue size
Lead Managers & Registrar Fees, Audit Fees & Consultancy	44.00	36.67	2.17
Printing & Stationery / Dispatch	18.00	15.00	0.89
Brokerage & Selling Commission	25.00	20.83	1.25
Advertisement & marketing Expenses	15.00	12.50	0.74
Other Expenses (Listing Fees, Depository Charges etc.)	18.00	15.00	0.89
TOTAL	120.00	100.00	5.94

SCHEDULE OF IMPLEMENTATION

The following schedule of implementation of the project was as per the Project Appraisal Report of IDBI dated 26th December 2005

	Commencement	Completion
Acquisition of land	Already acquired	-
Site Development	Already completed	-
Main factory Building	1.10.2005	31.03.2006
Placement of orders for Machinery mainly the Air Jet looms	Being placed	31.03.2006
Installation of Machines	1.04. 2006	31.05.2006
Trial runs	16.06.2006	30.06.2006
Commercial production	1.07. 2006	

REVISED IMPLEMENTATION SCHEDULE OF THE PROJECT

IDBI has appraised the project on 26th December 2005. The financial tie up was completed in 26th May 2006. However, there is no cost over run in the project cost.

The revised Schedule of Implementation of the Project is as under and as taken on record by IDBI vide the Company's letter dated 27th December 2006 is as under:

	Commencement	Completion
Acquisition of land	Already acquired	-
Site Development	Already completed	-
Main factory Building	1.08.2006	31.03.2007
Placement of orders for Machinery	1.03.2006	28.02.2007
Installation of Machines	1.12.2006	31.05.2007
Trial runs	1.04.2007	15.06.2007
Commercial production	30.06.2007	

FUNDS DEPLOYED

The Company has already deployed Rs. 263.61 Lakhs upto 15th December 2006 towards the proposed project as envisaged in the present issue. The details of funds already deployed are as under:

Sr. No	Details	Amount (Rs. In Lakhs)
1	Purchase of Indigenous Machinery	39.68
2.	Advance paid for Imported Machinery	97.00
3.	Advance paid for Indigenous Machinery	73.82
4.	Building	24.88
5.	Contingencies	0.00
6.	Margin Money for Working Capital	0.00
7.	Preliminary & Pre Operative Expenses	28.23
	TOTAL	263.61

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

The Company has already deployed Rs 263.61 Lakhs upto 15th December 2006 towards the proposed project as envisaged in the present issue. The same has been certified by M/s G.Dutta & Co., Chartered Accountants, vide their certificate dated 18th December 2006. The details of sources of funds already deployed are as under:

Sr. No	Details	Amount (Rs. in Lakhs)
1.	Internal Accruals	215.00
2.	Unsecured Loan from Promoters	48.61
	TOTAL	263.61



DETAILS OF BALANCE FUND DEPLOYMENT

The remaining amount is proposed to be incurred by the Company in the fiscal year 2006 & 2007 as per details hereunder:

(Rs in Lakhs)

Sr. No.	Description	Already Incurred	Fiscal 2006-07 (Quarter wise)		Total
		Upto 15 th December 2006	Jan-Mar	Apr-June	
1.	Imported Machinery	136.68	-	1903.32	2040.00
2.	Indigenous Machinery	73.82	214.00	1517.18	1805.00
3.	Building	24.88	190.12	535.00	750.00
4.	Contingencies	-	-	332.00	332.00
5.	Margin Money for Working Capital	-		300.00	300.00
6.	Preliminary & Pre Operative Expenses	28.23	101.77	60.00	190.00
	Total	263.61	505.89	4647.50	5417.00

INTERIM USE OF FUNDS

Pending utilization of funds as stated above, the Company intends to keep the proceeds of the issue in fixed deposits with any of the Scheduled Commercial Bank for the necessary duration.

MONITORING OF UTILISATION OF FUNDS

The Company has appointed UCO Bank as Monitoring Agency to monitor the utilization of the proceeds of the issue. UCO Bank had also sanctioned term loan for financing the expansion project.

The Company will disclose the utilization of the proceeds of the Issue under a separate head in the Balance Sheet clearly specifying the purpose for which such proceeds have been utilised. It shall also, in its Balance Sheet, provide details, if any, in relation to all such proceeds have not been utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

No part of the proceeds of this issue will be paid by the Company as consideration to Promoters, directors, key management employees or Companies promoted by the Promoters, save and except in the course of normal business.

BASIC TERMS OF ISSUE

The Equity shares proposed to be issued are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this Prospectus, application form and other documents/certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and/or other authorities as in force on the date of issue and to the extent applicable.

BASIS FOR ISSUE PRICE

Investors should read the following summary with the Risk Factors included from vii to xvi and the details about the Company and its financial statements included in this Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

Qualitative Factors:

1. The Company has been a profit making Company for last four years. For details please refer "Financial Statements" beginning on page no. 72 of this Prospectus.
2. The Company is managed by the team who is qualified and has relevant experience in their respective spheres. The Board of Directors of the Company has the blend of people from various fields viz. people with experience in the Textile Industry, people with expertise in finance, administration etc. For details please refer "Profile of Directors" on page no. 62 of this Prospectus.
3. The Company has installed most recent technology for production of Cotton Yarn. For more details on technology, please refer section "Technology" beginning on page no. 44 of this Prospectus.
4. The Company has attained optimum utilization of Plant capacity within the shortest possible time.
5. The major customers of the Company are Arvind Mills Limited, Ashima Limited, Raymond Limited etc. For details of major customers please refer section "Top Ten customers" on page no. 52 of this Prospectus.

Quantitative Factors:

1. Adjusted earning per share (EPS) weighted

Year	EPS	Weightage
31 st March 2004	0.74	1
31 st March 2005	1.74	2
31 st March 2006	2.80	3
Weighted average	2.10	

The EPS for the first 6 months of the current financial year (Based on audited accounts) for the period ended 30th September 2006 is Rs 1.67 per share

2. Price Earning ratio (P/E ratio) in relation to the Issue Price of Rs 25 per share

	Issue Price of Rs. 25 per share
(a) Based on EPS of 12 Months Ended 31 st March 2006	8.93
(b) Based on weighted average (EPS)	11.90
(c) PE Multiple Textiles Industry	
• Highest	198.10
• Lowest	0.9
• Average	11.1

Source: Capital Market Volume XXI/22, dated Jan 01-14, 2007; Category: Textiles: Cotton/Blended



The Company is in Cotton Yarn business. The accounting ratios of Companies in the Industry Group (Cotton/ Blended) are as follows:

Company	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Jagjanani Textiles Limited (As on 31 st March 2006)	2.80	-	16.41	17.06
Vardhman Polytex	29.4	8.1	19.8	166.5
R M Mohite Text	2.5	25.0	12.2	22.4
Bannari Amm Spinning	9.0	11.2	16.0	96.2

Source: Capital Market Volume XXI/ 22, dated Jan 01-14, 2007; Category: Textiles: Cotton/Blended

3. Return on Net Worth:

Year	RONW (%)	Weightage
12 Months Ended 31 st March 2004	5.25	1
12 Months Ended 31 st March 2005	10.81	2
12 Months Ended 31 st March 2006	16.41	3
Weighted Average	12.68	

Minimum return on total Net worth after issue needed to maintain pre-issue EPS of Rs 2.80 is 13.22 %

4. Net Asset Value (NAV) per share (Rs.)

a) As on 31 st March 2006	17.06
b) After Issue	21.18
c) Issue Price	25

The Face value of shares is Rs.10/- per share and the issue price is 2.5 times of the face value.

The Lead Manager believes that the Issue Price of Rs. 25/- is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors beginning from page no. vii of the Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report beginning from page no. 72 of the Prospectus to have a more informed view of the investment proposition.

TAX BENEFITS

The Auditors of the company M/s G. Dutta & Co., Chartered Accountants who vide their letter dated 12th August 2006 have stated the possible tax benefits available to Jagjanani Textiles Limited ("the Company") and its shareholders under the current tax laws presently in force in India. They have stated that 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 dependant upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. Their statement is only intended to provide general information to the investors and is neither designated nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. The auditors do not express any opinion or provide any assurance as to whether:

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

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

As per the existing provisions of the Income Tax Act, 1961 (the Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and wil interalia be available to M/s Jagjanani Textiles Limited and its Shareholders.

ANNEXURE TO THE STATEMENT OF TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS.

A. BENEFITS TO THE COMPANY UNDER THE INCOME-TAX ACT, 1961 "ACT":

1. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation: -
 - In respect of machinery or plant (other than ships & aircrafts) which has been acquired and installed after 31st March, 2005 by the Company for the purpose of its business of manufacture or production, a further sum equal to 20% of the actual cost of such machinery or plant will be allowed as deduction.
2. The Company is eligible under Section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.

B. TO THE MEMBERS OF THE COMPANY

Under the Income-tax Act, 1961

Resident Members

- o Under section 10(34) of the Act income earned by way of dividend from domestic company referred to in section 115O of the Act is exempt from income-tax in the hands of the shareholders.
- o Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund is exempt u/s 10(38), where the transaction of sale of such equity share or unit is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to Securities Transaction Tax.
- o In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve bank of India subject to the conditions specified therein are eligible for exemption from Income-tax on their entire income, including income from investment in the shares of the company.

- o Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- o Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
- o Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- o Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].
- o Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

Non Resident Indians / Members other than FIIs and Foreign Venture Capital Investors

- o By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, is exempt from tax in the hands of the recipients.

Tax on income from investment and Long Term Capital Gains:

- A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIII A of the Act viz. “Special Provisions Relating to certain incomes of Non-Residents”.

- Under section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess on income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.
- o Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases
 - Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- o Return of income not to be filed in certain cases
 - Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.

Other Provisions

- Under section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply.
- Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10 (38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by -
 - a. National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company, will

be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.

- Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge and the education cess on income-tax) (without indexation), at the option of assessee.
- Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].

Foreign Institutional Investors (FIIs)

- o By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.
- o The income realized by FIIs on sale of shares in the company by way of short term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and educational cess on income-tax) as per section 115AD of the Act.
- o The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.
 - Short term capital gains - 30% (plus applicable surcharge and education cess on income-tax)
 - Long term capital gains - 10% (without cost indexation plus applicable surcharge and education cess on income-tax)
(shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).
- o Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by -
 - a. National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and

- e. Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.
- o Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] on the transfer of shares of the company, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer for one year.

Venture Capital Companies / Funds

- o In terms of section 10(23FB) of the Act and subject to the conditions specified therein, all Venture Capital undertakings referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette and Venture Capital Companies, are eligible for exemption from income tax on all their income, including income from dividend.

Infrastructure Capital Companies / Funds or Co-operative Bank

- o In accordance with and subject to the conditions specified in section 10(23G) of the Act, income from specified investments made to a power sector company by an Infrastructure Capital Fund or Infrastructure Capital Company or Cooperative Bank on or after first day of June, 1998 is exempt from levy of Income-Tax.

However the aforesaid Income would be subjected to Minimum Alternative Tax under section 115JB of the Act.

(ii) Under the Wealth-tax Act, 1957

- o Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, hence Wealth-tax Act will not be applicable.

(iii) Under the Gift-tax Act, 1957

- o Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Notes:

- We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the Prospectus which the Company intends to submit to the Securities and Exchange Board of India, Mumbai.
- Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

IN VIEW OF THE INDIVIDUAL NATURE OF TAX CONSEQUENCE, EACH INVESTOR IS ADVISED TO CONSULT HIS / HER OWN TAX ADVISER WITH RESPECT TO SPECIFIC TAX CONSEQUENCES OF HIS / HER PARTICIPATION IN THE SCHEME.



SECTION IV: ABOUT JAGJANANI TEXTILES LIMITED

INDUSTRY OVERVIEW

Information presented in the section has been extracted from publicly available documents, industry publications and, websites and has not been prepared or independently verified by the Company or Lead Manager or any of its respective affiliates. Unless, indicated, information presented extracted from the **Confederation of Indian Textile Industry (CITI), and Ministry of Textiles of India**

INDIAN TEXTILE INDUSTRY - A BROAD PERSPECTIVE

The Indian textile industry is one of the largest segments of the Indian economy accounting for over one-fifth of the total industrial production. The industry has a complex structure marked by presence of large scale production units as well as small scale independent units. The industry is manufacturer driven with spinning having large scale operations and the retailing as the weakest link.

The Indian Textile industry occupies an important place in the economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings. At present, the contribution of the textile industry to GDP is about 4 percent. The textile industry provides direct employment to about more than 30 million people and is the second largest employment provider in India after agriculture. The contribution of this industry to gross export earnings is about 37% and it adds less than 1.5 % to the gross import bill of the country.

Textiles account for 14 per cent of India's industrial production and around 27 per cent of its export earnings. From growing its own raw material (cotton, jute, silk and wool) to providing value added products to consumers (fabrics and garments), the textile industry covers a wide range of economic activities, including employment generation in both organized and unorganized sectors.

(Source: www.indianbusiness.nic.in)

CAPACITY

As on 31.01.2006 there were 1779 cotton/man-made fibre textile mills (non-SSI) in the country as on 31.01.2006 with an installed capacity of 34.10 million spindles and 39, 5000 rotors.

CAPACITY UTILISATION

The capacity utilization in the spinning sector of the organized textile mill industry ranged between 80 to 87% during 1999-00 to 2004-05 while the capacity utilization in the weaving sector of the organized textile mill industry ranged between 41 to 58% during 1999-00 to 2004-05. The details of the capacity utilization in cotton/man-made fibre textile mills during the last six years

Capacity Utilisation at Mill Sector

Year	Installed Spindles Nos. (in Million)	Percentage Utilisation	Installed Looms Nos. (in Thousand)	Percentage Utilisation
1999-00	37.08	83	123	514
2000-01	37.91	85	123	47
2001-02	38.32	82	123	42
2002-03	39.03	80	119	41
2003-04	37.03	83	88	53
2004-05(P)	37.46	87	86	58

Notes:-

- 1) Installed Spindles include SSI Unit.
- 2) Percentage Utilisation Regarding Spindles include Rotor also.
- 3) Installed Rotor include SSI Unit.

P- Provisional

(Source: www.texmin.nic.in)

PRODUCTION OF SPUN YARN

The production of spun yarn, including the production of yarn from SSI spinning sector, was 3046 million kg. in 1999-2000. It is estimated to be 3411 million kg. in 2005- 06. The contribution of SSI sector in the total spun yarn production is about 5%. A statement showing the production of spun yarn (including SSI units) during the last six years along with anticipated figures for the current year.

(In Million Kg)

Year	Cotton Yarn	Blended Yarn	100% Non Cotton Yarn	Total Yarn
1999-00	2204	621	221	3046
2000-01	2267	646	247	3160
2001-02	2212	609	280	3101
2002-03	2177	585	319	3081
2003-04	2121	589	342	3052
2004-05	2272	585	366	3223
2005-06(A)	2434	585	392	3411

Note-:

A- Anticipated

(Source: www.texmin.nic.in)

The details of count-wise production of cotton yarn during the last six years along with anticipated figures for 2005-06

Count-Wise Production of Cotton Yarn

(In Million kg)

Count Group	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006 (Apr-Aug) (P)	2005-2006 (A)
1-10s	509	521	524	459	435	482	225	533
11-20s	504	469	439	445	403	435	194	469
21-30s	455	479	456	476	493	509	235	525
31-40s	524	561	548	533	522	546	236	570
41-60s	131	146	147	161	161	175	77	190
61-80s	44	52	61	61	64	80	40	100
81s and above	37	39	37	42	43	45	23	47
Total	2204	2267	2212	2177	2121	2272	1030	2434

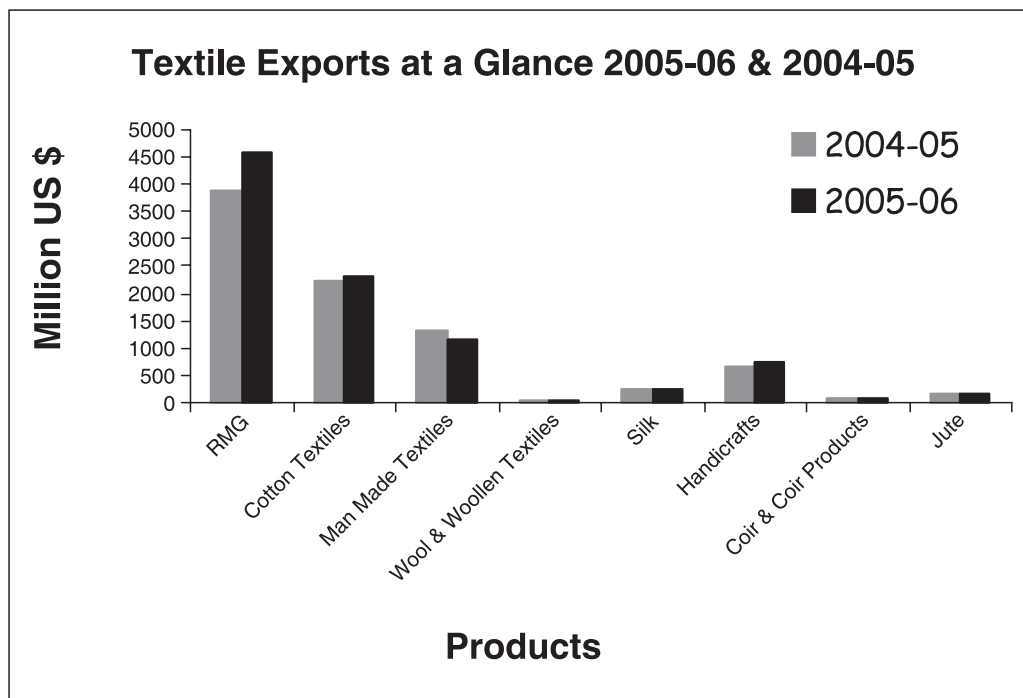
Note-:

A- Anticipated, P- Provisional

(Source: www.texmin.nic.in)

EXPORTS OF TEXTILES

At present, (2004-05) the exports of textiles (including handicrafts, jute, and coir) account for about 17% of total exports from India and are the largest net foreign exchange earner for the country as the import content in textile goods is very little as compared to our other major export products. Further, the export basket consists of wide range of items containing cotton yarn and fabrics, man-made yarn and fabrics, wool and silk fabrics, made-ups and variety of garments.



(Source: www.texprocil.com)

MULTI FIBRE ARRANGEMENT (MFA)

The Multi Fibre Arrangement (MFA) that came to an end on January 1, 2005 has opened up a plethora of opportunities for the Indian textile industry. With textiles accounting for almost 20 percent of Indian exports, and the industry and allied areas providing employment to around 80 million people in India, the Indian government is turning its attention to removing the bottlenecks that hinder its growth. The Indian textile industry has the advantages of high operational efficiencies in spinning and weaving, low-cost skilled labour, availability of raw materials and design capabilities. Yet, infrastructural bottlenecks like the transaction time at ports, inland transportation time, lack of initiative by textile manufacturers to go in for technological upgradation, fragmentation of the Indian textile industry etc., have been limiting the growth of the industry.

HIGHLIGHTS OF THE UNION BUDGET, 2005-2006.

Custom Duty

- The peak rate of Customs duty reduced from 20% to 15%.
- In order to enable the textile industry to acquire a competitive edge in the post quota regime, the Customs duty has been reduced from 20% to 10% for most of the textile machinery.
- The Custom duty rates on polyester and nylon chips, textile fibres, yarns and intermediates, fabrics and garments reduced from 20% to 15%.
- The Custom duty on motor spirit (MS) and diesel (HSD) reduced from the current level of 20% or 15% to 10 %.

Excise Duty

- The CENVAT exemption route for natural fibres / cotton continues.
- For independent texturizers an option given to avail of the exemption route or pay 8% excise duty with CENVAT credit.
- The excise duty on polyester filament yarn reduced to 16% from the existing 24%.

Foreign Trade

- In order to double India's share in world exports to 1.5%, Government intends to further liberalise trade policy and extend full support to the efforts of exporters.

SSI Exemption

- The ceiling for SSI exemption based on turnover raised from the level of Rs. 3 crores per year to Rs. 4 crore per year. SSI units will now have only two options:- (i) either full exemption on the first clearance of Rs.1 crore or (ii) normal duty on the first clearance of Rs.1 crore with CENVAT credit.
- 30 items in the category of "textile products including hosiery" have been de-reserved from the SSI Sector.

Technology Upgradation Fund (TUF)

- The (TUF) Scheme is being continued with an enhanced allocation of Rs. 435 crores.
- Capital subsidy Scheme for the textile-processing sector in addition to the normal benefits available under the TUF Scheme has been introduced. The subsidy amount is 10%.

(Source: CITI: Confederation of Indian Textile Industry)

OUTLOOK

The Indian textile industry is one of the largest and most important sectors in the economy in terms of output, foreign exchange earnings and employment in India. It contributes 20 per cent of industrial production, 9 per cent of excise collections, 18 per cent of employment in the industrial sector, nearly 20 per cent to the country's total export earnings and 4 per cent to the GDP.

According to a study by CRISIL, the Indian textile and apparel industry can achieve a potential size of US\$ 85 billion by 2010, with a domestic market size of US\$ 45 billion and nearly 60 per cent of exports comprising garments. India has a natural competitive advantage in terms of a strong and large multi-fibre base, abundant cheap skilled labour and presence across the entire value chain of the industry ranging from spinning, weaving, and made-ups to manufacturers of garments. India's textile industry comprises mostly small-scale, non-integrated spinning, weaving, finishing and apparel-making enterprises.

During 2004-05, production of fabrics touched a peak of 45,378 million square meters. In the year 2005-06 up to November, production of fabrics registered a further growth of 9 per cent over the corresponding period of the previous year.

Textile exports during April-November 2005 were at US\$ 9,309.81 million, up 8.21 per cent from US\$ 8,603.33 million during the corresponding period of the previous year.

The first year of the non-quota regime for textiles has seen Indian exports to the US grow by 27 per cent year on year to US\$ 4.6 billion, according to data released by the Office of Textiles and Apparels (OTEXA), USA.

In keeping with the trend of textile companies increasing capacity and adding new manufacturing units, the last week of 2005 saw a substantial number of firms, both new and existing, queuing up to file an intent to manufacture document with the Department of Industrial Policy and Promotion (DIPP). Out of 161 companies that have filed Industrial Entrepreneur Memoranda (IEM) in the last week of December, textile firms accounted for more than a quarter of all new applications.

In fact, in the last six years, an estimated US\$ 6.7 billion has been invested in the textiles sector, aided by the Technology Upgradation Fund (TUF) scheme. The TUF scheme expires in March next year (2007) and the quotas on China will be lifted in 2008. Hence, companies will continue to add capacities over the next year. Also, according to CRISIL, the sector is likely to raise over US\$ 3.5 billion from the capital markets in the next few years.

(Source : www.ibef.org.in)



BUSINESS OVERVIEW

Jagjanani Textiles Limited (JTL), an existing assisted profit making Company, incorporated on 1st April 1997 promoted by Mr. Shree Gopal Vyas and Mr. Shiv Kumar Singhal is engaged in manufacturing of cotton yarn with an installed capacity of 3600 MTA at RIICO Industrial Area, Bagru Extension, Bagru near Jaipur. The Company is engaged in manufacture of cotton and blended yarn with counts ranging from Ne 3 to Ne 16 for sale in domestic market and exporting to Bahrain, Dubai, Egypt, Hongkong and Pakistan. The Company falls under the spinning segment of textile industry.

Project Expansion

Considering the opportunity available, favourable government policies and possible growth opportunities available, the Company proposes to upgrading the Open End Spinning unit by installing Schlafhorst SE 11 Spin Box and thereby increasing the yarn capacity from 3600 MTA to 4320 MTA and installing ring spinning unit of 6000 spindles. Further in forward integration of operations the Company proposes to install 48 high speed Air Jet Looms for fabric, which has been supported by Term Loan partly from Bank of Baroda and UCO Bank under Technology Up-gradation Funds Scheme (TUFS) introduced by Government of India.

SWOT ANALYSIS

STRENGTHS

- Proposed diversification will provide economies of scale and improve profitability.
- It will insulate the Company from fluctuations in cotton prices.
- Company will be able to manufacture finer counts and enlarge its product mix.
- The Company has an existing network of raw material suppliers and clients.

WEAKNESS:

- The existing production base is small
- Public Issue has not been underwritten.

OPPORTUNITIES:

- Track record of Company has been satisfactory. It will have potential for further business in future.

THREATS:

- Foreign exchange fluctuations beyond envisaged limits.
- Cotton price fluctuations beyond reasonable limits.

LOCATION OF THE PROJECT

RING SPINNING UNIT

The ring spinning unit will be set up on existing land at E-228, RIICO Industrial Area, Bagru Extension, Bagru, Sanganer, Jaipur, Rajasthan, India.

WEAVING UNIT

The weaving unit will be set up at G-206, 207 & G-209, RIICO Industrial Area, Bagru Extension, Bagru, Sanganer, Jaipur, Rajasthan, India.

PLANT AND MACHINERY, TECHNOLOGY, PROCESS ETC.

PLANT AND MACHINERY

The Company proposes to acquire the Plant & Machineries aggregating to Rs 3845 Lakhs, out of which Plant & Machineries aggregating Rs 2040 Lakhs is imported and the balance Plant & Machineries aggregating Rs 1805 Lakhs is indigenous.

I. OPEN END SPINNING UNIT (960 Rotors)

INDIGENOUS MACHINERY

Machineries already purchased

Sr. No.	Plant & Machinery	Qty	Name of Supplier	Purchase Price (Rs.in Lakhs)
1	UPS (Uninterrupted Power Supply Equipment)	2	D B Power Electronics, Pune	39.68
	TOTAL			39.68

IMPORTED MACHINERY

Machinery for which Orders have been placed:

Sr. No.	Plant & Machinery	Qty	Name of Supplier	Quotation Price (Rs.in Lakhs)	P. O. No./ Q.No & Date
1	Schlafhorst SE 11 Spin Box	1	Schlafhorst, Germany	58.00*	J/Schalffhorst/89 dated 29.9.05
2	Blow Room-CVT	1	Trutzschler, Germany	60.00	J/Trumac/200 dt 10.1.2006
				118.00	
Add : Import Duty			5.10%	6.02	
CVD			16.32%	20.24	
Local Ft., handling & erection charges			3.00%	4.33	
Cost of Imported Machines				148.59	

Note:

1. The Company estimated Conversion Rate of 1 Euro = Rs 58/-.

* The Company has already paid Rs 48 Lakhs as advance against the above mentioned suppliers.



II. RING SPINNING UNIT (6000 Spindles)

INDIGENOUS MACHINERY

Machinery for which Orders has been placed:

Sr. No.	Plant & Machinery	Qty	Name of Supplier	Quotation Price (Rs.in Lakhs)	P. O. No./ Q.No & Date
1	Card	2	Trumac Engg. Co. Ltd	50	J/Trumac/199 dt 11.1.2006
2	H.S.Warping Machine	1	Jupiter Engg. Co.	35	J/Wvg/Pre/ dt. 21.10.2005
3	Double Sow Box Sizing Machine	1	Jupiter Engg. Co.	105	J/Wvg/Pre/ dt. 21.10.2005
4	V L Two for One Twister	4	Veejay Sales and Services Limited	67.69	J/VSSL dt 15.9.04
				257.69	
	Add: Packing		3.00%	7.73	
				265.42	
	Add: Excise Duty		16.32%	43.32	
				308.74	
	Add: CST		4.00%	12.35	
				321.09	
	Add: Ft.,handling & Erection Charges		3.00%	9.63	
	TOTAL			330.72*	

* The Company has already paid Rs 51.82 Lakhs as advance against the above mentioned suppliers.

Machineries for which orders have not been placed nor quotations have been received

Sr. No.	Plant & Machinery	Nos.	Budgeted Price (Rs.in lacs)
1	Draw Frame LDA 2	1	35.00
2	Draw Frame DO6	1	7.00
3	Lap Former	1	30.00
4	Comber	4	120.00
5	Speed Frame	3	75.00
6	Ring Frame	6	180.00
7	P S Precision Propeller Winder	1	25.56
8	Humidification Plant & Ducting	1	50.00
9	UPS		44.10
			566.66
	Add: Packing	3.00%	17.00
			583.66
	Add: Excise Duty	16.32%	95.25
			678.91
	Add: CST	4.00%	27.16
			706.07
	Add: Ft.,handling & Erection Charges	3.00%	21.18
	TOTAL		727.25

III. WEAVING UNIT (48 Air Jet Looms)

INDIGENOUS MACHINERY

Machineries for which orders have been placed

Sr. No.	Plant & Machinery	Nos.	Name of Supplier	Quotation Price (Rs.in Lakhs)	Quotation no. & Date
1	Air Compressor	4	URSS Techservices Pvt. Ltd.	60.00	URSS/CP/AIF/108/2004 dt. 1.9.04
2	Boiler & Water Softing Plant	1	Synergy Associates	30.00	SA:VIN dt 3.9.04
				90.00	
	Add: Packing		3.00%	2.70	
				92.70	
	Add: Excise Duty		16.32%	15.13	
				107.83	
	Add: CST		4.00%	4.31	
				112.14	
	Add: Ft.,handling & Erection Charges		3.00%	3.36	
	TOTAL			115.50*	

*The Company has already paid Rs 22 Lakhs against the above mentioned suppliers.

IMPORTED MACHINERY

Machineries for which orders have not been placed but quotations have been received:

Sr. No.	Plant & Machinery	Nos.	Name of Supplier	Quotation Price (Rs.in Lakhs)	Quotation no. & Date
1	Airjet Looms	48	Picanol	1252.80	VQHO4-23624083 dated 26.12.2006
2	Slub Attachment		K M Associates	49.40	Jagjanani/1801-GOE/ACO dt.18.1.05
3	Auto Coners	2	Schlafhorst	200.00	000029503 dt. 27.12.2006
	TOTAL			1502.20	
	Add : Import Duty		5.10%	76.61	
	CVD		16.32%	257.66	
	Local Ft., handling & erection charges		3.00%	55.09	
	TOTAL			1891.56	

*The Company has already paid Rs 49 Lakhs as an advance against the above mentioned suppliers.

Machineries for which orders have not been placed nor quotations have been received

Sr. No.	Plant & Machinery	Nos.	Budgeted Price (Rs.in lacs)
1	Lab Equipments (Lot)	1	40.00
2	Fabric Inspection Machine	4	28.00
3	Roll Pkg. Machine	4	20.00
4	Electrical Installation	Lot	60.00
5	Knotting Machine	5	5.00
6	Material Handling Equipments	1	60.00
7	33 KV Sub Station for Power		80.00
8	D G Set for stand by Power		100.00
9	Misc. Assets		20.00
10	Weaving Accessories	Lot	48.00
			461.00
	Add: Packing	3.00%	13.83
			474.83
	Add: Excise Duty	16.32%	77.49
			552.32
	Add: CST	4.00%	22.09
			574.41
	Add: Ft.,handling & Erection Charges	3.00%	17.23
	TOTAL		591.64

SUMMARY:

Sr. No.	Particulars	Budgeted price (Rs. in Lakhs)
1	Machineries already purchased	39.68
2	Machinery for which orders have been placed	594.81
3	Machineries for which orders have not been placed but quotations have been received	1891.56
4	Machineries for which orders have not been placed nor quotations have been received	1318.89
	Total	3,844.94
	Rounded Off	3,845.00

TECHNOLOGY

EXISTING

OPEN END SPINNING

The Company has adopted BELCORO technology from Schalfhorst, Germany for manufacture of yarn on Open End Spinning machines. The Company has installed latest state of art manufacturing equipments from Trumac-Truetzschler and Schlafhorst.

PROPOSED

OPEN END SPINNING

The Company proposes to install Schlafhorst SE 11 Spin Box to fifth Auto-coro Machine which will increase the spinning capacity of the machine.

RING SPINNING

The Company proposes to adopt Rieter technology for production of yarn on ring frames. This Swiss technology is in use for decades through out the Globe.

WEAVING

Weaving is interlacing two sets of yarn and making fabric. One set is called warp thread which is in sheet form, the other one is called weft thread which is inserted between two layers of warp sheet by means of a suitable carrier i.e. Shuttle, Projectile, Rapier, air current, water current, etc. depending upon the type of the weaving machines. The different types of technologies available for weaving machines are briefly explained as below:

- Conventional Shuttle Weaving System by Ordinary Looms or Automatic Looms
- Shuttle less Weaving System by Airjet /Waterjet/Rapier/Projectile

Shuttle loom is a conventional Technology with much less production on account of slow speed and excessive wear and tear of machinery. This shuttle loom technology has now become Obsolete. The Company proposes to weave cloth through Shuttle less Weaving System by using Airjet looms.

Airjet Looms

These types of looms adopt the latest development in Weaving Technology where weft insertion is done with the help of compressed air. A very high weft insertion rate up to 1800 meter per minute is achieved. Compared to rapier and projectile looms, these looms are less versatile but are economical and are used in mass textile production unit. As said earlier, the Company will be weaving only Grey Fabric and hence preferring Shuttle less Weaving System by Airjet Looms. These are tested technology and operating successfully at similar textile producing Companies like Arvind Mills Ltd, Ashima Ltd and Raymond Mills.

PROCESS

MANUFACTURING PROCESS IN A COTTON SPINNING UNIT

OPEN END SPINNING

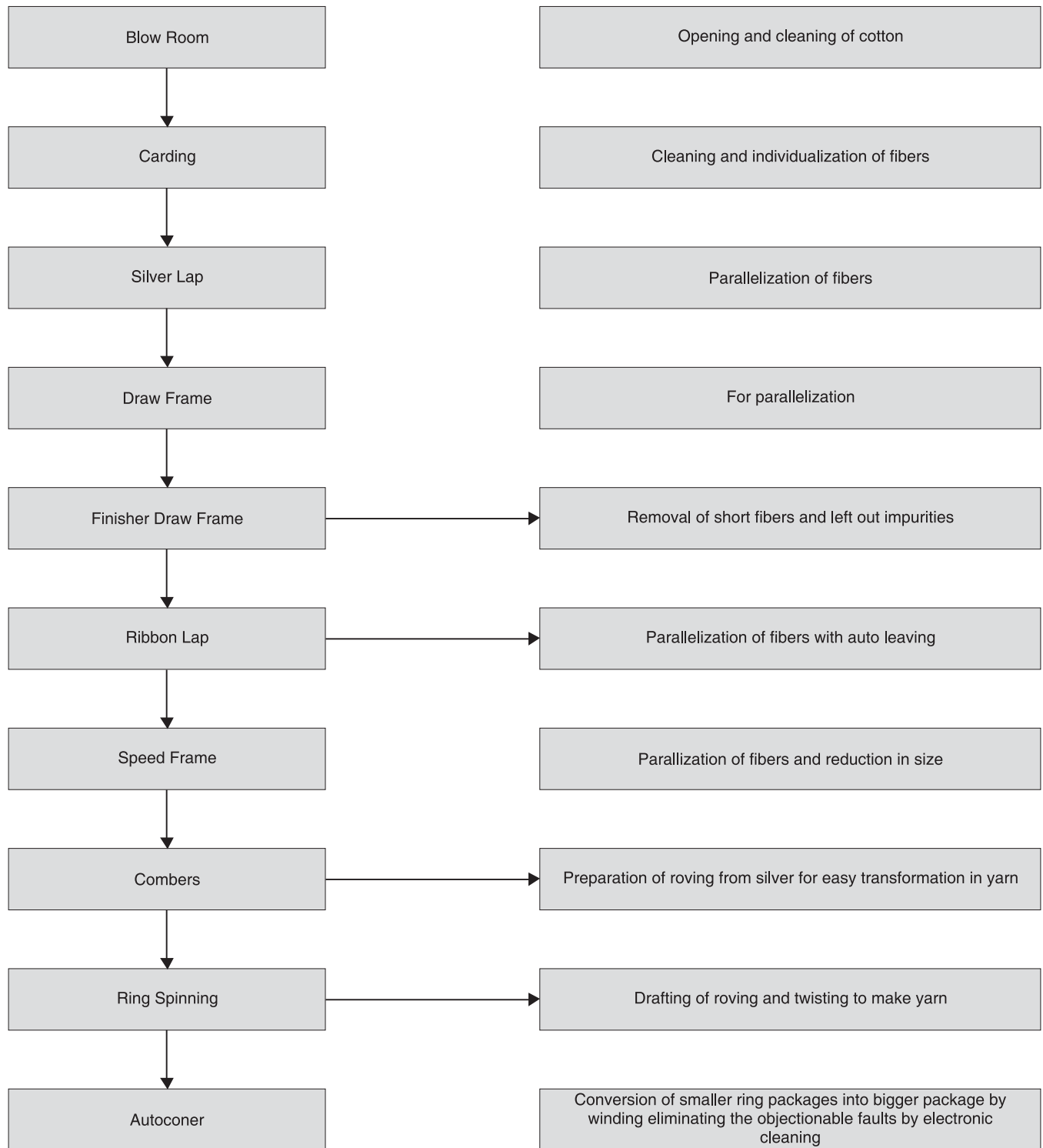
The open end spinning is one of the most modern method in spinning technology. Waste Cotton (comber Noil) received in bales, are opened manually as well as through machines. Waste Cotton along with Flat Strips, Droppings and other ingredients are mixed according to the Specified proportion to arrive at the necessary material namely Processed Cotton. The mixing varies depending upon the count required. Mixing is done using blending machines. The blended cotton is fed into the Blow Room machine. This machine opens the cotton mixing by use of air pressure resulting into all trash getting separated in the form of droppings. The clean cotton is automatically transferred to Carding machines. Carding machine further purifies by removing any left-over impurities and makes sliver from the cotton. The sliver is taken to Draw Frames, which is essentially used for drawing and doubling of sliver to reduce variation in mass per unit length of this sliver. The sliver is then fed into the Open End Spinning machine where the final Yarn (Count) is produced. The yarn in Cheeses are packed based on weight and then dispatched.

RING SPINNING

Ring spinning is normally favoured for finer counts of yarn. Different varieties of Cotton received in bales, are opened manually as well as through machines. Cotton comes in different varieties are mixed based on the quality, type and application of the yarn required to be produced. Mixing is done using blending machines. The blended cotton is fed into the Blow Room machine. This machine opens the cotton by use of air pressure resulting into all trash getting separated in the form of droppings. The clean cotton is automatically transferred to Carding machines. Carding machine further purifies by removing any left-over impurities and makes sliver from the cotton. The sliver is taken to Draw Frames, which is essentially used for drawing and doubling of sliver to reduce variation in mass per unit length of this sliver. The sliver is then taken to another machine that makes sliver lap by bringing together several slivers to form a bedding of sliver. This is called Sliver Lap. The Sliver Lap is further processed on Ribbon Lap machine, which is finally fed to the combing machine to produce combed sliver (if combed yarn is required to be produced). The combing machine is used to separate all cotton fibers that are shorter than the desired length. It holds the lap at one end and then literally combs through a fixed distance of fiber fringe. Those fibers that are shorter than this fixed length get dropped and the lap having the remaining fibers of the desired length is accepted. The process is repeated for the entire length of the lap. The combed sliver is taken to a draw frame again so that the sliver could be made of the requisite fineness, which is determined by the count of the yarn required to be produced. This is called the Finisher Draw Frame. The drawn sliver is taken to the Speed Frame to produce Roving. Since the final output of the yarn on Ring Spinning machine would be of finer counts, it is necessary to literally spin the yarn by increasing the fineness of the sliver (which naturally increases the length) before it can be taken for final spinning. This action is performed by Speed Frame. Roving produced on Speed Frame is taken to Ring Frames for spinning into yarn of the requisite count.

Winding and Doubling: Doubling, as the name suggests means, plying of two yarns. This results in improvement of yarn uniformity and strength as well as reduction in yarn hairiness. For doubling the yarn, a parallel winding of the yarn is done on parallel winder and the same is then fed into Two-for-One-Twister (TFO). While a normal Ring Doubler would just ply the two yarns together, a TFO, imparts two turns in yarn for every one rotation of the spindle, thus increasing the production. Further, the package prepared on TFO has uniform package density, which helps during warping, knitting and weaving. Thus doubling adds value to the yarn.

The process flow diagram for ring spinning can be shown as follows:



MANUFACTURING PROCESS IN A WEAVING UNIT

YARN

Yarn received from spinning section can be used as it is or is sent for multiply twisting.

CHEESE WINDING

To make multiply yarn two threads are wound on single cheese for twisting.

TWO FOR ONE TWISTER

In this process two ends of parallel yarn are twisted together. This machine is known as two for one twister.

WARPING

For the warp requirement of fabric yarn is wound on a beam in the sheet form for further processing.

SIZING

Depending upon the requirement of warp ends in the fabric the beams received from warping section are treated with chemicals to strengthen the yarn.

DRAWING-IN

The size beams are drawn as per weaving pattern.

WEAVING

By interlacing the warp and weft threads cloth is woven on the weaving machine. It is popularly known as Loom.

INSPECTION & MENDING

The cloth received from looms is inspected for any irregularities in weaving and thereafter necessary corrective action is taken to reduce the defect.

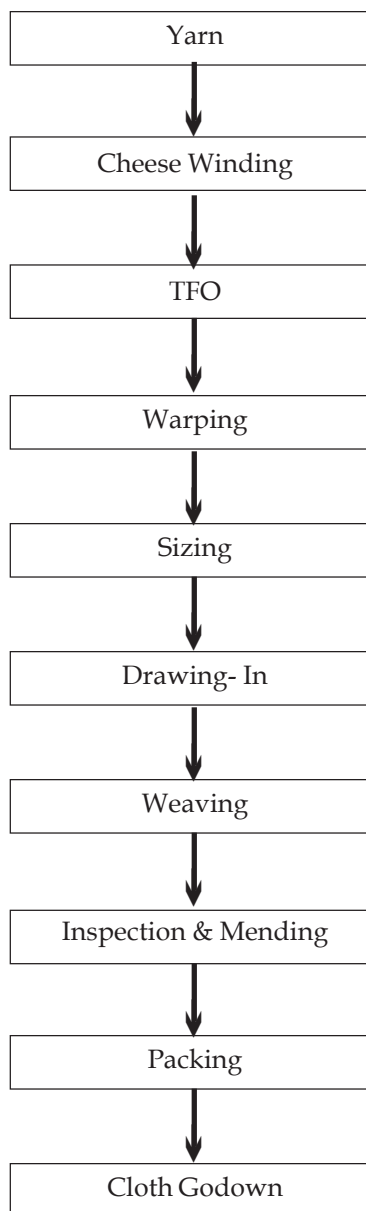
PACKING

After the cloth is thoroughly inspected and defects are mended properly the same is packed on a roll for transfer to finished godown section.

CLOTH GODOWN

At this stage the fabric is ready for despatch to prospective buyer.

The process flow diagram for weaving unit can be shown as follows:



COLLABORATIONS

The Company has not entered into any Collaboration nor has any Performance Guarantee or assistance in marketing by any Collaborator.



INFRASTRUCTURE FACILITIES

RAW MATERIAL

The main raw material is cotton and the same is grown in large area of Rajasthan. The State produces cotton suitable for existing and proposed unit at Alwar, Bhilwara, Beawar and Sriganganagar districts. The availability of cotton at near by stations has given the Company freight advantage besides easy access to market for procurement.

Depending upon the quality, rates and availability cotton is also covered from Madhya Pradesh, Haryana, Punjab and Gujarat. These states are adjoining Rajasthan and offer their produce of cotton at competitive rates. This is sufficient to meet the requirement of industry. In case of shortfall or excess production, cotton is freely imported/exported to keep the prices at reasonable level. The cotton market is fully synchronized with international trade.

PRESENT REQUIRMENT

The Company used mainly cotton and cotton waste for spinning yarn of varying counts from Ne 3 to Ne 16. The total raw cotton and cotton waste consumed in FY 2006 is 44.10 Lakhs Kgs.

PROPOSED REQUIRMENT

FOR SPINNING UNIT

For the proposed project Company would be sourcing cotton during arrival season as is being done for its existing units. At 100 % capacity utilisation the total per day requirement of raw cotton is estimated at 14072.44 kgs (960 rotors:10582.51 kgs and 6000 spindles: 3489.93 kgs) for manufacturing of cotton yarn. The yarn would be manufactured from the spinning unit and send to weaving unit.

WEAVING UNIT

The Company would be producing 12192 kgs of cotton yarn per day from the spinning unit and about 98% would be used in house for manufacture of cotton fabrics and hence no difficulty is envisaged in procurement of yarn.

MANPOWER

Existing Manpower Requirement

The present strength of the Company is 29 employees as on 15th January 2007

Nature of Work	Nos.
Administrative Staff	8
Skilled Personnel	12
Unskilled Labour	9
Total	29

Proposed Manpower Requirement

Nature of work	Nos.
Administrative Staff	8
Skilled	92
Semi Skilled	100
Unskilled	95
Total	295

Jagjanani Textiles Limited

POWER

The Company meets its present power requirement of 11,000 units per day from JVVNL and two DG sets of 625 KVA and 125 KVA as Stand by arrangement. For the proposed project, additional requirement of 32,000 units would be met from JVVNL. The Company has approach JVVNL for increase in power load for the proposed project.

	EXISTING	PROPOSED	TOTAL
Sources of Power & Supply Voltage Purchased	4172.88 KW/day	31456.8 KW/day	42349.68 KW/day
Own Generation	11 KW/day	Nil	Nil
Stand By Arrangements	1375 KVA	1375 KVA	1375 KVA
Maximum Demand	750 KVA	2150 KVA	2800 KVA
JVVNL	217.33 KVA	1638.37 KVA	2205.71 KVA
DG Set	720 KVA	--	--
Connected	576 KW	1648.58 KW	2224.58 KW
Peak Hour Requirements	453.87 KW	1310.7 KW	1764.57 KW
Contracted Load JVVNL	750 KVA	2050 KVA	2800 KVA
Power TariffRunning Load	Purchased- Rs.4. 50/- KWH Own Generation @ Rs.8.26/KWH	urchased- PRs.4. 50/- KWH	Purchased- Rs. 4.50/- KWH

WATER

The existing requirement of water at about 51.1 KL per day is met from own tube well and from RIICO. Additional requirement of water is estimated at 159.2 KL per day, which is proposed to be sourced from the existing bore well, as well as RIICO. The arrangements made by the Company have been working satisfactorily for last five years. The existing arrangements are considered adequate for taking care of the additional requirement.

	EXISTING	PROPOSED	TOTAL
Requirement of Water	51.1 KL	159.2 KL	210.3 KL
Circulating	500 KL	1 KL	1.5 KL
Make Up	49.6 KL	120 KL	169.6 KL
Process	16 KL	40 KL	56 KL
Boiler Feed	-	35.2 KL	35.2 KL
Drinking	1KL	3KL	4 KL
Cooling			
Sources of Water Arrangements Present	Own tube well & RIICO	Own tube well & RIICO	Own tube well & RIICO
Water Charges Payable	Rs. 0.026 per Liter	Rs. 0.026 per Liter	Rs0.026 per Liter
Capacities of Tanks	50 KL	100 KL	150 KL
Capacities of Reservoirs	150 KL	300 KL	450 KL

FUEL

For its fuel requirement, the Company is purchasing HSD from Indian Oil Corporation Limited (IOC), Jaipur. It has created storage facility of 57 KL at its factory premises. Since IOC has its Depot at Jaipur, company has the advantage of freight and lead-time.



PRODUCTS / SERVICES OF THE COMPANY

Existing: -

The existing product of the Company is cotton and blended yarn.

Proposed: -

The proposed product of the Company will be cotton & blended fabrics.

COMPETITION, KEY PLAYERS AND MARKET SHARE

Company's competition is from manufacturers and exporters of yarn who are manufacturing for the domestic and the international market. Company is facing competition from yarn manufacturers from countries such as Indonesia, Korea, and Turkey etc in the domestic and export markets on the basis of price as well as the quality of products and also facing competition from manufacturers in other cost efficient supplier countries such as China, Bangladesh, Thailand and Vietnam which have low labour costs. However, due to economies of scale, Company has edge over other small & medium size manufacturers in the country.

Presently, this segment is dominated by the following manufacturers:

Arvind Mills
Ashok Textiles
Nahar Spinning
Vardhaman
Ramkumar
KG Denim

Apart from these established players the Company will face competition from the cotton yarn and fabric manufacturers.

MARKET SHARE

The Textile Industry is highly fragmented and is dominated by majority of large number of unorganized players. So, it is very difficult to ascertain the market share.

APPROACH TO MARKETING & PROPOSED MARKETING SET - UP

Presently, the Company is engaged in the manufacture of Cotton Yarn in the range of Ne 3 to Ne 16 and is selling the same to consuming mills directly or through canvassing agents. The average production is 3600 M.T per annum and the same is sold in advance. Presently, the main customers are as under:

1. Arvind Mills Limited, Ahmedabad
2. Ashima Limited, Ahmedabad
3. Auro Weaving Mills, Baddi
4. Modern Denim Limited, Ahmedabad
5. Malwa Industries Limited, Ludhiana
6. Rainbow Denim Limited, Lalru
7. Raymond Limited, Yavatmal
8. Soma Textiles & Industries Limited, Ahemdabad
9. JCT Limited, Phagwara.

Besides, the yarn is also being exported to Bahrain, Dubai, Egypt, Hongkong and Pakistan.

For sale of cotton fabric, the Company proposes to supply the same to its existing customers.

The marketing strategy is based on the products type and the end user segment. Company will adopt hybrid-marketing module comprising of direct customers approach and existing agents network. The Company has appointed various agents in domestic as well as international market to obtain regular orders.

TOP TEN CUSTOMERS FOR THE PERIOD ENDED 30th SEPTEMBER 2006

Sr.No.	Name of the Client	Sale Amount (Rs in Lakhs)	% of Total Sale
1	Soma Textiles & Industries Limited	287.90	28.24
2	Nandan Exim Limited	218.99	21.48
3	Rainbow Denim Limited	215.05	21.09
4	Jindal Denim Inc.	107.10	10.51
5	Nitin Spinners Ltd	78.79	7.73
6	Ashima Limited	41.53	4.07
7	Bharat Vijay Mills	20.22	1.98
8	The Dhar Textiles Ltd	12.74	1.25
9	Bhaskar Industries Ltd	11.78	1.16
10	Mandhna Weaving House	10.13	0.99
	Total	1004.23	98.50

EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS

At present the Company has no Export Obligations

Country wise Exports

(Rs in Lakhs)

Country	2001-02	2002-03	2003-04	2004-05	2005-06	30.09.2006
Bahrain	195.91	76.47	118.34	40.48	360.39	-
Pakistan	4.67	83.39	385.4	-	-	-
Dubai	10.65	-	137.52	-	-	-
Egypt	-	22.16	-	-	-	-
Hongkong	-	170.34	-	129.63	46.87	-
TOTAL	211.23	352.36	641.26	170.11	407.26	-

BUSINESS STRATEGY

In last two decades, the Multi Fibre Agreement (MFA) governed international trade in textile and clothing. Post January 2005, the Agreement on Textiles and Clothing to abolish MFA quotas marked a significant turn around in textile trade. In this backdrop, Indian Textile Companies have a place to occupy in the global trade. The removal of quota has opened up new avenues and opportunities for further growth. The Company proposes the following strategies for future growth:

➤ **CONTINUE TO BUILD-UP A PROFESSIONAL ORGANIZATION**

The Company has a team of professionals and technocrats to look after various stages of production, commercial and marketing divisions of the Company. Company believes in transparency, flow of information, commitment to the work among work force and with their valuable customers, suppliers, investors, government authorities, banks, financial institutions etc. Over a period of time, Company has been able to build an image that can be matched with their peers.

➤ **ENHANCING CUSTOMER BASE**

Company intends to grow business continuously by adding new customers both in existing as well as in the new countries. Company aims to do this by effective leveraging of marketing skills & relationship and further enhancing customer satisfaction.



➤ **QUALITY PRODUCTS**

Company intends to produce among the best quality yarns and knitted fabrics, which are acceptable worldwide. For that, Company has installed latest state of art manufacturing equipments from Trumac-Truetzschler and Schlafhorst from Germany.

➤ **MAINTAIN OPERATIONAL EFFICIENCIES AND COST COMPETITIVENESS**

Company intends to maintain operational efficiencies to levels comparable with their peers in the industry. Further, Company intends to reduce operational costs to maintain competitiveness and offer the quality products at reasonable prices.

CAPACITY AND CAPACITY UTILISATION

EXISTING CAPACITY UTILISATION

Financial Year	Open End Yarn (Rotors)		
	Installed Capacity (Rotors) (Nos.)	Production Capacity (MT/Annum)	Capacity Utilisation (MT/Annum)
2003-04	960	3600	3536.25
2004-05	960	3600	3289.91
2005-06	960	3600	3922.89

The Production Capacity of 3600 MT has been arrived by taking into account production of finer counts Ne 10 & Ne 12 counts on an average. The Production of finer counts of cotton yarn takes more time as compared to coarser counts because the time required by machines to give twisting to finer counts is more which results in less production as compared to coarser counts. During 2005-06, the production is higher mainly on account of manufacture of coarser counts from Ne 3 to Ne 9.

PROPOSED CAPACITY UTILISATION

Sr.No.	Products	Existing Capacity(Nos)	Proposed Additional Capacity (Nos)	Total Capacity
1	Open Ended Yarn (Rotors)	960 Rotors	Nil	960 Rotors
2	Spinning	Nil	6000 spindles	6000 spindles
3.	Weaving	Nil	48 Looms	48 Looms

COMPETITIVE STRENGTH

➤ **COST EFFICIENCY**

The Company is to produce the right product at the optimum cost translating into value for money pricing. The Company has consistently focused on quality and confirms to the quality standards of its customers.

➤ **PROFESSIONAL MANAGEMENT**

The Company possesses strong technical team, which is led by the Whole Time Director Mr. Shree Gopal Vyas who having 26 years of experience in textile Industry and is also supported by qualified professionals like Mr. Shiv Kumar Singhal and Mr.Bharat Shah who having experience in the same field.

➤ **CAPABILITY TO MANAGE MULTIPLE AND LARGE ORDERS**

Large orders require capabilities to manage large workforce, complex outsourcing, 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 concurrently. The Company has also developed a diversified product range, which has helped it grow.

➤ **STRONG CUSTOMER RELATIONSHIP**

The Company works closely with its existing customers to help them meet their desired purchase price. This is done through a process of identifying areas wherein costs can be reduced by re-engineering the equipments, which enables the Company to maintain the relationship with each of the existing clients and enhance the client base.

INSURANCE

Sr. No.	COMPANY NAME	POLICY NO.	POLICY TYPE	FROM	TO	AMOUNT (Rs. in Lakhs)
1	Bajaj Allainz General Insurance Company Limited	OG-06-1401-4001-00004180	Fire & Special Perils Policy	31.03.2006	30.03.2007	2000.00
2	Bajaj Allainz General Insurance Company Limited	OG-06-1401-4011-00000212	Cash in Transit Policy	28.03.2006	27.03.2007	200.00
3	Bajaj Allainz General Insurance Company Limited	OG-07-1401-1055-000000 42	Cotton in Transit Policy	14.12.2006	13.12.2007	1000.00
4	Bajaj Allainz General Insurance Company Limited	OG-06-1401-1055-00000034	Yarn Transit Policy	14.11.2006	13.11.2007	1225.00

PROPERTY

Sr. No.	Particulars of Property with address	Area in Sq. mtrs/ft	Leased or Owned	Residential/ Commercial	Rent Amount/ Agreement value	Date of the agreement	Name of the Lessor/Vendor
1	Plot No E-228 # Rajasthan state Industrial Development & Investment Corporation Limited (RIICO) Udyog Bhavan ,Tilak Marg, Jaipur-302005	9875 sq..mtr	Lease	Commercial	Rs 21,817 per annum	99 years from 15.11.1997	Rajasthan state Industrial Development & Investment Corporation Limited, Jaipur
2	Plot No G-206, 207 # Rajasthan state Industrial Development & Investment Corporation Limited (RIICO)Udyog Bhavan , Tilak Marg, Jaipur-302005	3000 sq. mtr	Lease	Commercial	Rs 21, 817 per annum	99 years from 28.02.1996	Rajasthan state Industrial Development & Investment Corporation Limited, Jaipur
3	Plot No G-209# Rajasthan state Industrial Development & Investment Corporation Limited (RIICO)Udyog Bhavan, Tilak Marg, Jaipur-302005	1500 sq. mtrs	Lease	Commercial	Rs 21, 817 per annum	99 years from 15.02.1995	Rajasthan state Industrial Development & Investment Corporation Limited, Jaipur
4	Registered Office S-25, Shyam Nagar,Jaipur-302019		Lease*	Commercial	Rs. 12000 Per annum	1.4.2006-31.03.2008	Mr. S.G. Vyas
5	Corporate Office R/o F-14, Ashok Vihar. Phase-I,New Delhi-110052		Lease*	Commercial	Rs. 12000 Per annum	1.4.2006-31.03.2008	Mr. Rita Sighal

* The lease agreement executed by the Company in relation to the registered office and Corporate office situated at Jaipur and New Delhi, are not duly registered.

The Company has been mortgaged the properties with Bank of Baroda.

The Company proposes to construct factory building for ring spinning unit on existing land at plot no E-288 and weaving unit at plot no G-206, 207 and G-209 . The cost of construction for both the units is Rs 750 Lakhs which will be paid out of the proceeds of the present issue.



Except as stated hereinabove, No property which the Company has purchased or acquired or propose to purchase or acquire which is to be paid wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into the ordinary course of business, and the contracts were not entered in the contemplation of the Issue nor is the Issue contemplated in consequence of the contract;
- The amount of the purchase money is not material

FINANCIAL INDEBTEDNESS:

Name of the Bank	Nature of Loan	Loan Sanctioned (Rs. in Lacs)	Loan Outstanding as on 30/9/06 (Rs. in Lacs)	Rate of Interest	Repayment Schedule	Security Offered
IDBI	Term Loan	725.00	383.87	9%	Quarterly Rest	**Note
Bank of Baroda	Term Loan	115.70	60.80	11.75%	Monthly Rest	

**Security Offered

Term loans are secured by way of equitable mortgage created or to be created on all the present and future immovable properties of the Company and hypothecation of all the movable properties (save and except book debts) including movable machinery, spares, tools and accessories etc, present and future subject to prior charge created and / or to be created in favor of the Company's banker on stock of raw materials, semi-finished goods, store and spares and other movables as may be required for securing the borrowings for working capital requirements in the course of business. The mortgage and charges referred to above rank pari-passu. The term loans are further personally guaranteed by two Directors of the Company.

B. Working Capital Facilities

Name of the Bank	Nature of Loan	Loan Sanctioned (Rs. in Lacs)	Loan Outstanding as on 30/9/06 (Rs. in Lacs)	Rate of Interest	Security Offered
Bank of Baroda	Cash Credit	450.00	450.00	11.00%	**Mentioned here below
	FBPInland/	50.00	-		
	Import L/c's	125.00	116.73		

**Security Offered

Cash Credit and Letter of Credit facilities are secured by hypothecation of raw materials, finished goods, stock in process, stores and spares, and book debts, both present and future and also personally guaranteed by two Directors of the Company. Additionally secured by mortgage of immovable properties and 2nd charge over the fixed assets of the Company.

MATERIAL TERMS AND CONDITIONS

IDBI: The company has agreed to ensure compliance with, among others, the following financial covenants in relation to all the financing/loan agreements with IDBI. The company has undertaken not to do the following without prior written approval from IDBI.

- Furnish an undertaking that it would not take up any project or further expansion without prior approval of IDBI.
- Not escrow its future cash flows or create any charge or lien or interest whatsoever nature thereon

BOB: The company has agreed to ensure compliance with, among others, the following financial covenants in relation to all the financing/loan agreements with BOB. The company has undertaken not to do the following without prior written approval from BOB.

- The promoters/directors of the Company shall undertake not to dispose off/transfer/pledge/encumber or deal in any other way the shares held by them.
- Effect any change in the constitution/capital structure of the Company.
- Implement any scheme of expansion/Modernisation/Diversification/Renovation or acquire any fixed assets except as has been approved by the Bank
- Formulate any scheme of merger /acquisition/amalgamation/reconstitution.
- Enter into borrowing arrangement either secured or unsecured with any other banks/financial institutions/corporate bodies/firms or person.
- Undertake guarantee obligations on behalf of any other Company, firm or person.
- Declare dividend for any year, except out of the profits related to the year, after paying all dues and making provisions as required for that year, provided there is no default in repayment obligation by the Company.
- Allow the level of Net Working Capital to come down from the projected level.
- Pay commission/brokerage/fees etc to Guarantors/or any other person for guaranteeing the facilities sanctioned to the Company.
- Sell, assign, mortgage or otherwise dispose off any of the Company's fixed assets charged to the Bank.
- Make any drastic change in its management set up.
- Create any further charge, lien or encumbrance over the assets and properties of the Company to be charged to the Bank, in favour of any other Bank, Financial Institutions, Company, Firm or Person.
- Invest/deposit/lend funds to group/family/other corporate bodies/firms/persons.

HUMAN RESOURCE

For recruiting personnel, regular process of selection is carried out like shortlisting CV's (received through available databank or advertisement or placement agency), interviews, fixation of existing salary structure etc.

KEY INDUSTRY- REGULATIONS

In order to encourage upgradation of Textile Sector and to give a fillup to exports of Textile products, some of the important initiatives taken by the Government of India 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 NTxP- 2000, 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 :- In view of the urgent need for stepping up the process of modernisation 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 31.3.2004, providing for 5% interest reimbursement in respect of loans availed thereunder from the concerned financial institutions for investments in benchmarked technology for the sectors of the Indian textile industries specified thereunder. An amount of Rs. 7148.89 crores involving 2634 applications has been sanctioned upto 29th February, 2004. Out of which, an amount of Rs.5129.81 crores stands disbursed to 2227 applicants.

(iii) Liberalization 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 investment limit for the knitwear/knitting sector has been increased from Rs.1 crore to Rs. 5 crores w.e.f. 9th October 2001.

(iv) 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.

(v) 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.

(vi) 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 rationalized.

(vii) 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. Changes in All Industry Drawback Rates for year 2003-04 were last revised on 29.01.2004, which came into effect from 09.02.2004. These changes were effected consequent on reduction in Basic customs duty from 25% to 20% and abolition of SAD (Special Additional Duty).

(viii) 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 crores was released during the year 2001-02 and of Rs. 30 crores has been released during the year 2003-04. The total area of the plot is 5 acres and it is proposed to build an Apparel International Mart (AIM) Complex and 250-300 showrooms also which will be allotted to the exporters. This will provide a world class facility to the apparel exporters to showcase their products and will serve as one stop shop for reputed international buyers. The work for construction of apparel mart is in progress. The apparel international mart is expected to start functioning from November/December.

(ix) 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.

(x) 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 fillup to exports. Since the inception of scheme in

March 2002, eleven Project Proposals has been sanctioned for setting up Apparel Parks at Tronica City & Kanpur (U.P.), Surat (Gujarat), Thiruvananthapuram (Kerala), Visakhapatnam (Andhra Pradesh), Ludhiana (Punjab), Bangalore (Karnataka), Tirupur & Kanchipuram (Tamil Nadu), SEZ, Indore (Madhya Pradesh) and Mahal (Jaipur, Rajasthan).

(xi) Textiles Centres infrastructure Development Scheme (TCIDS)

TCIDS Scheme is a part of the drive to improve infrastructure facilities at potential textile growth centres and therefore, aims at removing bottlenecks in exports so as to achieve the target of US\$ 50 billion by 2010 as envisaged in the National Textile Policy, 2000. The scheme shall cover investments, which are in the nature of exigencies, or emergencies and which could not be foreseen as part of the annual plan scheme proposals. Broadly, the scheme covers and Investments required for quicker and strategic removal of bottlenecks and for general export facilitation. The investment must reflect its linkage to export promotion.

(xii) Apparel Park Scheme (SITP)

Government of India has launched "Integrated Textile Parks " scheme. SITP would create new textile parks of international standards at potential growth centers by 2007-08. The "Scheme for Integrated Textile Parks (SITP)" is launched by merging the existing two schemes namely, the Scheme for Apparel Parks for Exports (APE) and the Textile Center Infrastructure Development Scheme (TCIDS). One of the main purposes of introducing the SITP is to provide the industry with world-class infrastructure facilities for setting up their textile units. The scheme would facilitate textile units to meet international environmental and social standards.



HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

History and Major Events

Jagjanani Textiles Limited is a Public Limited Company incorporated on 1st April 1997 under Companies Act and Registered with ROC Jaipur vide incorporation No.17-013498 and obtained certificate for commencement of Business as 7th May 1997. The main objective of the Company is to manufacture/trade-yarn/textile. The registered office of the Company is at S-25 Shyam Nagar, Ajmer Road, Jaipur and works at E-228 RIICO Industrial Area, Bagru, Jaipur.

Keeping in view the object of the Company the promoters decided to set up a quality yarn Production Unit with latest state of art facilities. The Company acquired land for this purpose in November 1997 and took effective steps for installation of spinning plant at a total cost of Rs. 1650 lakhs. The plant was partially commissioned in March 1999 and completed by February 2000. Further there was addition of one AutoCoro machine with 192 Rotors was purchased in the FY 2003-04

The existing project is situating at RIICO Industrial Area Bagru, Jaipur on a plot of 9875 Sq. mts. The site is 25 kms from Jaipur (on NH-8 Jaipur Ajmer Road) and RIICO has provided all infra structural support like Roads, Water, Electricity etc.

The project envisaged installation of 4 Auto Coro machines with 768 Rotors. As planned 2 machines were commissioned in March 1999 with 384 rotors and after watching the performance of the equipments and market response remaining 2 machines with 384 Rotors were commissioned in February 2000. The Company has selected Open End spinning machines keeping in view the higher speed of yarn production and lower involvement of labour. Moreover in this process no separate winding machines are required. In house power generating facilities have been installed for ensuring quality and continuity of power for production. The manufacturing process comprises cleaning of Cotton (Blow Room stage), elimination of short fibres (Carding) parallelization of fibres (draw frame) and Spinning (Rotors 768 in number). The unit is equipped to manufacture yarn in the count range of Ne 3 to Ne 30 depending upon the market requirement. The machines installed by the Company ensure on line quality monitoring. Due to better quality standards Company's products enjoy patronage from all leading fabric manufacturers in India and abroad. Company supplies yarn to Arvind Mills, Ashima, Raymond, K G Denim, Vardhman Group, Soma Textiles, Malwa Industries of Oswal Group, Rainbow Denim etc. Yarn is also regularly exported to HongKong, China, Pakistan, Egypt, Dubai and Bahrain.

MAJOR EVENTS IN THE HISTORY OF THE COMPANY

Year	Events
1997	Incorporation under the Companies Act, 1956
1999	Commissioning of two nos Auto Coro Machines completed and Commenced Production of Cotton yarn
2000	Commissioning of all four Auto Coro machines with preparatory as per project.
2000	First Export order executed
2001	Production of Hosiery Yarn for Knitting on O E machines
2002	Production of Polyester Cotton Blended Yarn for work wear fabrics for export.
2003	Major thrust in Export Market (Export turnover USD 13, 67,286/-)
2004	Addition to capacity by installing one number Auto Coro machine and other balancing equipments.
2004	Achieved highest production – 3536 MT and sales 3535 MT of yarn.
2005	Introduction of 100% Viscose Yarn – Ne 30 for exports. Export House eligibility.

MAIN OBJECTS OF THE COMPANY

The main objects of the Company as stated in the Memorandum are as under:

1. To carry on the business of spinners, weavers, manufacturers, producers, ginners, pressers, packers, balers, liners, cleaners, processors. doublers, combers, wool combers, worsted spinners, woollen spinners, knitters, printers, dyers, bleachers, calenderers, sellers, buyers, traders, brokers, stockists, importers, exporters,

Jagjanani Textiles Limited

mercerisers, distributors, barterers, shippers and dealers in all kinds of threads, fabric/cloth, yarn, fibres, jeans, suitings, shirtings, sarees, dress materials, readymade garments of all fabrics including waste cotton, linen, hemp, jute, wool, polyester, acrylics, silk, artificial silk, rayon, manmade synthetic fibres, staple synthetic yarn and any other fibrous material. allied products, by-products and to treat and utilise any waste arising from any such manufacturing, production or process.

2. To carry on the business of manufacturers, processors, producers, jobbers including doing the job work for others and getting the job work done from others, designers, distributors, stockists, importers and exporters, buyers, sellers and dealers of all or any of the products of fabrics and textiles, industrial fabrics, non woven fabrics, sheets, tapes, ropes, cords, twines, canvas, territowels, durries, newar, parachutes, carpets rugs, blankets, namdas, tarpaulins, lines, worsted stuff and other products as are prepared or manufactured from nylon, polyesters, acrylics, rayon, silk, artificial silk, linen, cotton, wool, foam and any other synthetic, artificial and natural fibres and intermediates of all types, grades and formulations and including specifically plastics, polyester fibres, polyacrylonitrile, polyvinylacetate, polypropylene, nylon and rayon.
3. To carry on the business of manufacturers, producers, processors, importers, exporters, buyers, sellers and dealers in and as brokers, agents, stockists, distributors and suppliers of all kinds of waterproof fabrics, pavlin, floorclothes, carpets, tent clothes, tweed, patta, pashminas blazer, gaberdine, drill, tapestry, georgetta, linen, velvet, tarpaulin, khaddar, lace and lining, surgical cotton, surgical bandages, lints, gauge, sanitary goods necessary for medical aid, hospital needs, as are made from or with cotton, nylon, silk, polyester acrylics, jute, wool and other kinds of fibre, by whatever name called or made under any process, whether natural or artificial and by mechanical or other means.

The present business is in line of the main Objects of the Company.

CHANGES IN MEMORANDUM OF ASSOCIATION OF THE COMPANY

Since incorporation of the Company, the following changes have been incorporated in the Memorandum:-

Date of Amendment	Amendments
28 th August 1998	Increase in Authorised Capital from 50,000 Equity Shares of Rs 10/- each aggregating Rs 5,00,000 to 75,00,000 Equity Shares of Rs 10/- each aggregating Rs 7,50,00,000.
12 th December 2005	Increase in Authorised Capital from 75,00,000 Equity Shares of Rs 10/- each aggregating Rs 7,50,00,000 to 1,50,00,000 Equity Shares of Rs 10/- each aggregating Rs 15,00,00,000.
25 th August 2006	Increase in Authorised Capital from 1,50,00,000 Equity Shares of Rs 10/- each aggregating Rs 15,00,00,000 to 18,00,00,000 Equity Shares of Rs 10/- each aggregating Rs 18,00,00,000

SUBSIDIARIES OF THE COMPANY

The Company does not have any subsidiary.

SHAREHOLDERS AGREEMENTS

There are no subsisting shareholders agreements that the Company is aware of.

OTHER AGREEMENTS

Except the Agreements/Contracts entered in the ordinary course of business carried on or intended to be carried by the Company the Company has not entered into any other Agreement / Contract.

STRATEGIC PARTNERS

At present, the Company does not have any strategic partners.

FINANCIAL PARTNERS

At present, the Company does not have any financial partners.



MANAGEMENT OF THE COMPANY

The Company is a professionally managed by Board of Directors. The day-to-day matters are looked after by qualified key personnel.

Name, Address, Designation and Occupation	Age (in years)	Date of Appointment	Qualification	Other Directorships	Compensation (2005 - 06)	Date of Expiration of the Current term of office
Mr. Shree Gopal Vyas S/o:Mr. Birdichand Vyas Whole Time Director S-25, Shyam Nagar, Jaipur -302 019 Executive Occupation: Business Term:Retirement by Rotation	51	1.04.1997	Chartered Accountant	Nil	Rs. 8.16 Lakhs	AGM to be held in 2007
Mr. Shiv Kumar Singhal S/o: Mr. R.P. SinghDirector F-14, Ashok Vihar, Phase - I, Delhi - 110 052 Executive Occupation: Business Term:Retirement by Rotation	52	23.07.1997	Chartered Accountant	Gupta & Sayal Ltd KCT Textiles Ltd	Nil	AGM to be held in 2008
Mr. Narendra Kumar Khurana S/o: Mr. Desraj Khurana Director Dilkhush Building, Tilak Bazar, Delhi -110 006 Non-Executive & Independent Occupation: Business Term:Retirement by Rotation	54	23.07.1997	B.Com	L D Rangwala Pvt Ltd	Nil	AGM to be held in 2009
Mr. Ram Saran Mehra S/o: Mr. Palmukund Mehra DirectorA-11, Sneh Sadan, Nowrojee Gamadia Street, Mumbai - 400 002 Non-Executive & Independent Occupation: Retired Term: Retirement by Rotation	91	20.08.1997	B.A	Nil	Nil	AGM to be held in 2008
Mr. Har Krishanlal Agarwal S/o: Mr. Ral Lal Agarwal Director D-2385, Vasant Kunj, New Delhi - 57 Non-Executive & Independent Occupation: Business Term:Retirement by Rotation	59	24.12.1997	B.E, M.B.A	Cosmo Films Ltd	Nil	AGM to be held in 2009

Jagjanani Textiles Limited

Name, Address, Designation and Occupation	Age (in years)	Date of Appointment	Qualification	Other Directorships	Compensation (2005 - 06) the Current term of office	Date of Expiration of
Mrs Shakuntala Vyas D/o: Mr. S. K. Mishra Director S-25, Shyam Nagar, Jaipur -302 019 Non-Executive & Independent Occupation: Business Term: Retirement by Rotation	48	1.04.1997	B.A	Nil	Nil	AGM to be held in 2007
Mr. Akash Bharatbhai Shah S/o: Mr. Bharatbhai Shah Director 30, Adarsh Society, C.G.Raod Swastik Char Rasta, Navrangpura Ahmedabad-380009 Non-Executive & Independent Occupation: Business Term: Retirement by Rotation	32	13.01.2006	B.E (Chemical)	Nil	Nil	AGM to be held in 2008
Mr. Anil Goyal S/o: Mr. Magh Raj Agarwal Director C-2004, Oberoi Gardens, Thakur Village, Kandivali (E), Mumbai-4700 101 Non-Executive & independent Occupation: Professional Term: Retirement by Rotation	44	25.07.2006	M.Com, Chartered Accountant	<ul style="list-style-type: none"> • Osiris Infortech Pvt Ltd • Osiries Software Pvt Ltd • Netsilik Software Pvt Ltd • Better Equity Services Pvt Ltd • Mic Electronics Ltd • Lifecycle Infotech Pvt Ltd 	Nil	AGM to be held in 2009

PROFILE OF THE DIRECTORS OF THE COMPANY IS GIVEN BELOW:

1. MR.SHREE GOPAL VYAS, age 51 years, is a Chartered Accountant. He is one of the main promoters of the Company and has experience of textile industry for about 26 years in manufacturing and marketing. From 1978 to 1997 he worked with M/s JCT Limited in various capacities as head of accounts/ commercial/administration and finally as head of Unit and Sr. Vice President for textiles reporting to Chairman & Managing Director of that Company. During his career of 18 years with JCT Limited. He gained considerable experience in all aspects of working of a composite mill. In 1997 he started his own Company i.e Jagjanani textiles Limited. He conceptualised and implemented modernisation projects involving installation of Open End Spinning machines, high speed weaving machines and Benninger Continuous Bleaching & Dyeing machines.

2. MR. SHIV KUMAR SINGHAL, age 52 years, is a Chartered Accountant. He has an experience of corporate affairs and has acquired expertise in commercial and finance management. He is working with JCT Limited since 1975 in various capacities from Industrial Trainee to Executive Director. He has been involved in working of various departments at corporate office of the Company from accounts to commercial to business development.



3. **MR. NARENDRA KUMAR KHURANA**, age 54 years, a postgraduate in Commerce started his career as a Lecturer in Commerce Department of University of Delhi. He joined his family business of dyes and chemicals for textile industry through which he acquired considerable knowledge of textiles.
4. **MR. RAM SARAN MEHRA**, age 91 years, he has been associated with Textile industry for over 60 years and he was on Board of reputed textile companies like Madura Coats, JCT Limited etc and Chairman of Cotton Textile Promotion Council of India (TEXPROCIL) for two terms.
5. **MR. HAR KRISHANLAL AGARWAL**, age 59 years, done his B.E and MBA. He has been associated with large number of Companies with diverse interests as Consultant for business strategies.
6. **MRS. SHAKUNTALA VYAS**, age 48 years, she has been in marble business at Makrana for about 10 years. Thereafter she has been associated with the Company as Director from its inception and takes active interest in management.
7. **MR. AKASH BHARAT BHAI SHAH** age 32 years is a Chemical Engineer. He is presently engaged in cotton business as a partner in the family owned firm "M/s Shah PunamChand DevChand Cotton Department" Ahmedabad. After qualifying as a Chemical Engineer from Regional Engineering College, Warangal, Andhra Pradesh in 1996 he joined the company named ABB, Bangalore. Keeping in view the opportunities available in the business, he quit ABB and joined family business M/s Shah Punamchand Devchand cotton Deptt. in 1997.
8. **MR ANIL GOYAL**, age 44 years, is a Chartered Accountant and practicing since 1990. The main areas of practice are Project Finance, Audit and Taxation.

RELATIONSHIP BETWEEN DIRECTORS OF THE ISSUER COMPANY

None of the Directors are related to each other except Mrs. Shakuntala Vyas, who is a wife of Mr. Shree Gopal Vyas.

DETAILS OF THE BORROWING POWERS

Vide a resolution passed at the Extraordinary General Meeting of the Company held on 25th August 2006, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293 (1) (d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), shall not exceed in the aggregate at any one time Rs. 5000 Lakhs (Rupees Four thousand Lakhs only) over and above the paid up capital and free reserves of the Company.

COMPENSATION OF WHOLE TIME DIRECTOR

Mr. Shree Gopal Vyas appointed as a Whole Time Director of the Company w.e.f 1st October 2001 for a period of three years which expired on 30th September 2004 and hence he was reappointed as Whole Time Director for 5 years w.e.f 1st October 2004 in the Annual General Meeting of the Company held on 25th September 2004.

The remuneration of Mr Shree Gopal Vyas was fixed as under:

Salary: Rs. 60,000/- per month

Perquisites: He is entitled to perquisites as per schedule XIII of Companies Act, 1956

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company stands committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of our stakeholders. The Guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the Company immediately upon applying for the in-principle approval for listing of the Equity Shares on the stock exchange. Accordingly, the Company has undertaken steps to comply with the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit, etc, details of which are as follows:

AUDIT COMMITTEE

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

Composition of Audit Committee:

Sr. No	Name of the Director	Designation	Nature of Directorship
1.	Mr Har Krishanlal Agarwal	Chairman	Non-Executive, Independent
2.	Mr Narendra Kumar Khurana	Director	Non-Executive, Independent
3.	Mrs. Shakuntala Vyas	Director	Non-Executive, Non Independent

The scope and function of the Audit Committee are as per section 292A of the Companies Act. Its main function is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and controls systems. It acts as a link between the Management, and the statutory auditors. The scope of Audit Committee shall include, but shall not restrict to the following.

Power of Audit Committee

The powers of the audit committee are as under:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Audit Committee is as under:

- a. Information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

- d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function, 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.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. 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.
- h. Discussion with external auditors before the audit commences nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies
- j. 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

The company secretary shall act as secretary to the committee."

SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE-

The Committee inter alia, approves issue of Duplicate share certificates & reviews all matters connected with the Securities transfer. The Committee also looks into redressing of Shareholders/Investors Compliance like transfer of shares, Non receipt of Balance sheet, Non receipt of Dividend warrants & also handles the queries/ complaints relating to dematerialisation of shares etc. The committee oversees the performance of the Registrar & transfer agent & recommends measures for the overall improvement of the quality of Investors services.

Composition of Shareholders/ Investors Grievance Committee

Sr. No	Name of the Director	Designation	Nature of Directorship
1.	Mrs. Shakuntala Vyas	Chairman	Non-Executive, Non-Independent
2.	Mr. Narendra Kumar Khurana	Director	Non-Executive, Independent
3.	Mr. Akash Bharatbhai Shah	Director	Non-Executive, Independent

REMUNERATION COMMITTEE

The Remuneration Committee consists of non-executive Directors, with the Chairman of the Compensation Committee being an independent Director. The Committee determines the grant of stock option and also reviews the overall compensation structure including managerial remuneration and related policies aimed at attracting, motivating and retaining personnel. The Committee has the authority to determine the compensation packages of executive Directors and senior management and determine the parameters and supervise the operation of the bonus schemes of the Company. The Committee will review recommendations made to it by the Company and others and is authorized to investigate any activity within its terms of reference, seek any information from any employee of the Company and obtain independent professional advice.

The Committee comprises of the following persons: -

Sr. No	Name of the Member	Designation	Nature of Directorship
1	Mr. Akash Bharatbhai Shah	Chairman	Non-Executive, Independent
2	Mr. Narendra Kumar Khurana	Director	Non-Executive, Independent
3	Mr. Har Krishanlal Agarwal	Director	Non-Executive, Independent

SHAREHOLDING OF THE DIRECTORS

The Articles of Association of the Company do not require the Directors to hold any Equity Shares as qualification shares in the Company. The following table details the shareholding of the Directors, as at the date of filing of this Prospectus with ROC:

Sr. No.	Names of the Directors	Number of shares of Rs.10 each
1	Mr. Shree Gopal Vyas	10,60,000
2	Mr. Shiv Kumar Singhal	20,60,000

INTERESTS OF DIRECTORS (OTHER THAN THE PROMOTER DIRECTORS)

Except as stated in “Related Party Transactions” on page 82 of this Prospectus, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page 77 of this Prospectus, and their shareholding or shareholding of Companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreement/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 declared in their respective declarations.

The Company has taken a registered office premises, situated at S-25, Shyam nagar, Jaipur-302019 on lease for monthly rent of Rs 1000 per month from Mr. Shree Gopal Vyas, one of the Promoter of the Company and also taken Corporate office premises, situated at F-14, Ashok Vihar, Phase I, Delhi-110052 on lease for monthly rent of Rs 1000 per month from Mrs. Rita Sigal wife of Mr Shiv Kumar Sigal .

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

The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

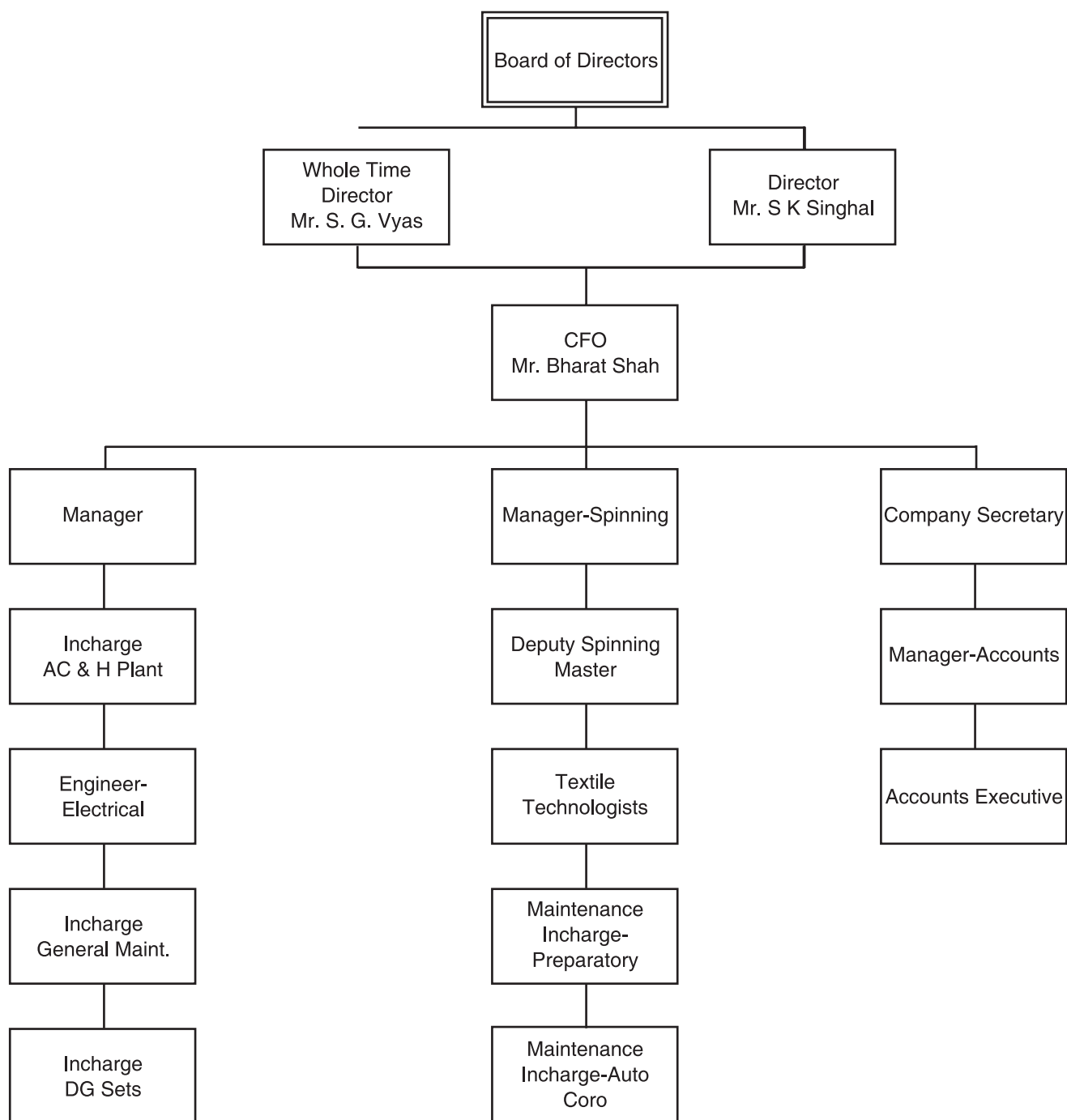
CHANGES IN THE BOARD OF DIRECTORS IN THE LAST 3 YEARS

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place.

Sr.No.	Name of the Director	Date of Appointment	Date of Cessation	Reason
1	Mr. Akash Bharatbhai Shah	13.01.2006	-	To broad base the Board
2	Mr. Anil Goyal	25.07.2006	-	To broad base the Board
3	Mr. Chander Mohan Khurana	13.01.2006	25.07.2006	Health Problem



MANAGEMENT ORGANIZATION CHART



KEY MANAGEMENT PERSONNEL

The Board of Directors of the Company is supported in their endeavor by the following key personnel:

Sr. No.	Name	Designation	Age (years)	Date of Joining	Qualification	Experience (Years)	Functional Responsibility	Previous Employment
1	Mr. Bharat Shah	CFO	50	27.06.2006	Textile Engn. & MBA	27	Overall Incharge for operations	Arvind Mills Ltd, Ahmedabad.
2	Mr. Umesh Bhadoria	Manager (Engg.)	32	17.09.2005	Diploma in Industrial Electronics & Communication AMIE (Electronics)	8	Engg. Deptt.	Nitin Spinners Ltd, Bhilwara
3	Mr. Iqbal Singh Dhillon	Manager (Spinning)	40	10.07.2006	Diploma in Textiles Technology (Spinning)	19	Production-Spinning	Maharaja Umed Mills Ltd, Pali
4	Mr Naresh Sharma	Company Secretary	34	05.07.2000	Company Secretary	12	Accounts, Legal Secretarial & Compliance	Pratap Rajasthan Special Steels Limited
5	Mr. Suresh Kumawat	Manager (Accounts)	35	06.05.2004	MBA,M.Com	10	Accounts	Mayur Uniquoters Ltd, Jaipur

All the Key Managerial Personnel mentioned above are the permanent employees of the Issuer Company.

BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

1. MR. BHARAT SHAH, CFO, age 50 years, is a Textile Engineer and an MBA, having 27 years of experience in the field of Finance, Administration and Production & Technology in various reputed textile mills. In Jagjanani Textiles Limited he is overall incharge of Finance and operation including production, finance, administrative etc. Previously, he was working with M/s Arvind Mills Ltd, Ahmedabad as a Senior Manager.

2. MR. UMESH BHADORIA, age 32 years, he holds a Diploma in Industrial Electronics & Communication. He has about 8 years of experience in the Electrical department of various textile mills such as JCT Ltd., Sriganganagar, Mamb Threads Ltd., Bhadoi and Nitin Spinners Ltd., Bhilwara.as a utility Engineer.

3. MR.IQBAL SINGH DHILLON, Age 40 years, he is a Diploma holder in Textiles Technology (Spinning). He is incharge of Engineer department including power generation as a Manager.He has experience of 19 years in various reputed textile mills. He is incharge of of spinning operation and quality maintainance as a Manager. Earlier he was working with Maharaja Umed Mills Limited, Pali as a Manager.

4. MR.NARESH SHARMA, age 34 years, having 10 years of experience in the field of legal, commercial, secretarial and compliance .Previously, he worked with M/s Pratap Rajasthan Special Steels Limited as an assistant Company Secretary.

5. MR. SURESH KUMAWAT, age 35 years, he is an MBA and M. Com in Business Administration, having 10 years of experience in the filed of accounts. Before joining this Company he worked with M/s Mayur Uniquoters Limited, Jaipur as an Accounts Executive.



SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

No Key Managerial Personnel has any Shareholding in the Company.

BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

There is no fixed or certain bonus or profit sharing plan for the Key Managerial Personnel.

CHANGES IN THE KEY MANAGERIAL PERSONNEL WITHIN THREE YEARS

Sr.No.	Name	Designation	Date of Joining	Date of Leaving	Remarks
1	Mr. Bharat Shah	CFO	27.06.2006	—	Appointment
2	Mr. Umesh Bhadoria	Manager (Engg)	17.09.2005	—	Appointment
3	Mr. Iqbal Singh Dhillon	Manager (Spinning)	10.07.2006	—	Appointment
4	Mr. Naresh Sharma	Company secretary	05.07.2000	—	Appointment
5	Mr. Suresh Kumawat	Manager (Accounts)	06.05.2004	—	Appointment
6	Mr. N. C. Kit	General Manager	01.05.1999	30.06.2006	Resigned

EMPLOYEES

The present strength of the Company is 29 employees as on 15th January 2007

Summary of Administrative, Skilled & Unskilled Personnel

Nature of Work	Nos.
Administrative Staff	8
Skilled Personnel	12
Unskilled Labour	9
Total	29

DISCLOSURES REGARDING EMPLOYEES STOCK OPTION SCHEME / EMPLOYEES STOCK PURCHASE SCHEME

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY (NON-SALARY RELATED)


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

PROMOTERS/ PRINCIPAL SHAREHOLDERS

DETAILS OF PROMOTERS BEING INDIVIDUALS

NAME: MR. SHREE GOPAL VYAS


DESIGNATION: WHOLE-TIME DIRECTOR

	<p>Permanent Account Number AATPV8476G</p> <p>Passport Number: E8594453</p> <p>Driving License Number: 4525/RDL/KPT</p> <p>Address: S-25 Shyam Nagar, Jaipur-300 209</p>
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MR.SHREE GOPAL VYAS, aged 51 years, Whole Time Director of the Company, is a Chartered Accountant and has experience of textile industry for about 26 years in manufacturing and marketing. From 1978 to 1997 he worked with M/s JCT Limited in various capacities as head of accounts/ commercial/administration and finally as head of Unit and Sr. Vice President for textiles reporting to Chairman & Managing Director of that company. During his career of 18 years with JCT, he gained considerable experience in all aspects of working of a composite mill. In 1997, he started his own Company i.e, Jagjanani Textiles Limited.He conceptualised and implemented modernisation projects involving installation of Open End Spinning machines, high speed weaving machines and Benninger Continuous Bleaching & Dyeing machines.

NAME: MR. SHIV KUMAR SINGHAL

DESIGNATION: DIRECTOR

	<p>Permanent Account Number: AAZPS6608M</p> <p>Passport Number: A7328109</p> <p>Driving License Number: P08062002298613</p> <p>Address: Phase-I, F-14 Ashok Vihar, Delhi-52</p>
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MR. SHIV KUMAR SINGHAL, aged 52 years, age 52 years, is a Chartered Accountant. He has an experience of corporate affairs and has acquired expertise in commercial and finance management. He is working with textile mill named JCT Limited;since 1975 in various capacities industrial Trainee to Executive Director. He has been involved in working of various departments at corporate office of the Company from accounts to commercial to business development

DECLARATION

It is confirmed that the PAN, Passport Number and Driving License Number of **Mr.Shree Gopal Vyas and Mr Shiv Kumar Singhal** have been submitted to the Stock Exchange on which Equity Shares are proposed to be listed, at the time of filing of Prospectus with them.



COMMON PURSUITS

There is no other Company in the Group, which is engaged in the same business as that of Jagjanani Textiles Limited.

FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER

The Company is promoted by Mr Shree Gopal Vyas and Mr Shiv Kumar Singhal. In addition to the “Related Party Transaction” beginning on page no 82 of this Prospectus, all our promoters are interested to the extent of equity shares held by them and also to the extent of any dividend payable thereon. Further, our Whole Time Director, who is Promoter of the Company, may be interested to the extent of remuneration payable to them, if any, for services rendered to the Company.

The Company has taken a registered office premises, situated at S-25, Shyam nagar, Jaipur-302019 on lease for monthly rent of Rs 1000 per month from Mr. Shree Gopal Vyas, one of the Promoter of the Company and also taken Corporate office premises, situated at F-14, Ashok Vihar, Phase I, Delhi-110052 on lease for monthly rent of Rs 1000 per month from Mrs. Rita Sighal wife of Mr Shiv Kumar Sighal.

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

There are no sums paid or an agreement to pay any sum to the Director or promoter or to Company in cash or shares or otherwise by any person either to induce him to become or qualify him as a Director or otherwise for services rendered by him or by the Company, in connection with the promotion or formation of the Company.

PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled “Compensation and Perks to Managing Director/ Whole-time Directors” on page 63 of this Prospectus, there are no payment or benefit to promoters of the Company.

RELATED PARTY TRANSACTIONS AS PER THE FINANCIAL STATEMENTS

The details of related party transactions please refer to Annexure VI of the Financial Statement on page no. 82.

CURRENCY OF PRESENTATION

In this Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India; all references to “Euro” and “Swiss Franc” are to the legal currency of the European Union.

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion” and “Analysis of Financial Condition and Results of Operations” in this Prospectus, unless otherwise indicated, have been calculated on the basis of the financial statements prepared in accordance with Indian GAAP.

DIVIDEND POLICY

The declaration and payment of dividends will be 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 the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

The company has not paid any dividend during the last year.

SECTION V: FINANCIAL STATEMENTS

The Lead Manager to the Issue, confirm that all the notes to accounts, significant accounting policies as well as the auditor's qualification have been incorporated.

AUDITORS' REPORT

The Board of Directors
M/s JAGJANANI TEXTILES LIMITED,
S-25, SHYAM NAGAR
JAIPUR- 302019

Dear Sirs,

In accordance with the requirements of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('SEBI Guidelines') and our terms of reference with M/s JAGJANANI TEXTILES LIMITED ('the Company') dated 15th December, 2006 requesting us to make this report for the purpose of Offer Document in connection with the Public Issue, we have examined the attached Statement of Adjusted Profit and Loss (Annexure I), the Statement of Adjusted Assets and Liabilities (Annexure II) and the financial information contained in Annexure III to XVII. Preparations of Annexures I to XVII are the responsibility of the Company's management. Our responsibility is to report on the Annexures I to XVII based on our examination. The Annexures I to XVII have been prepared by the Company & are based on:

1. The audited financial statements of the Company for the years ended 31st March, 2002, 2003, 2004, 2005 and 2006 and for the period ended 30th September, 2006 audited by us.

Based on our examination and the information and explanations received by us, we report that:

- 1.00 a) The restated results of the company for the accounting years ended on 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005, 31st March 2006 and for the period ended 30th September, 2006 as set out in **Annexure I** to this report. These results have been arrived at after making adjustments, wherever quantifiable, for Audit Qualifications, Prior Period items and changes in Accounting Policies and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in **Annexure IV**.
- b) The restated assets and liabilities of the company for the accounting years ended on 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005, 31st March 2006 and for the period ended 30th September, 2006 are as set out in **Annexure II** to this report. These results have been arrived at after making adjustments, wherever quantifiable, for Audit Qualifications, Prior Period items and changes in Accounting Policies and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in **Annexure IV**.
- 2.00 The Significant Accounting Policies adopted by the company are enclosed as **Annexure III** to this report.
- 3.00 The rates of dividends paid by the Company, where applicable, in respect of the accounting years ended on 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005, 31st March 2006 and for the period ended 30th September, 2006 are as shown in **Annexure V** to this report.
- 4.00 We have examined the accompanying 'Statement of Related Party Disclosure' for the accounting years ended on 31st March, 2002, 31st March, 2003, 31th March, 2004 31st March, 2005, 31st March 2006 and for the period ended 30th September, 2006 enclosed as **Annexure VI** to this report.
- 5.00 We have examined the accompanying Statement of 'Segment-wise Results' for the period ended 30th September, 2006 enclosed as **Annexure VII** to this report.
- 6.00 We have examined the 'Cash Flow Statement' of the Company in respect of each of the accounting years ended on 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005, and 31st March 2006 and for the period ended 30th September, 2006 enclosed as **Annexure VIII** to this report.



7.00 We have also examined the following financial information relating to the Company for the purpose of inclusion in the Prospectus:

- i) Notes on accounts as at 30th September, 2006 as appearing in **Annexure IV**;
- ii) Accounting ratios as appearing in **Annexure IX**;
- iii) Statement of capitalization as at 30th September 2006 as appearing in **Annexure-X**;
- iv) Details of Other income as appearing in **Annexure XI**;
- v) Statement of tax shelters as appearing in **Annexure XII**;
- vi) Statement of Secured loan as appearing in **Annexure XIII**;
- vii) Statement of unsecured loan as appearing in **Annexure XIV**;
- viii) Statement of Investment as appearing in **Annexure XV**;
- ix) Ageing Schedule of Debtors as appearing in **Annexure XVI**; and
- x) Statement of Loans & Advances given as appearing in **Annexure XVII**.

In respect of the financial information contained in this report, we have relied upon the audited financial statements.

In our opinion, the above financial information of the Company, read with significant accounting policies attached in Annexure III to this report after making adjustments, wherever quantifiable, and regrouping as considered appropriate, has been prepared in accordance with the SEBI Guidelines.

This report is intended solely for your information for the purpose of incorporating in the Offer Document to be issued by the Company in connection with the proposed Public Issue of the Company.

For G DUTTA & Co.
CHARTERED ACCOUNTANTS

sd/-

[G DUTTA]
PARTNER

Place : JAIPUR
Date : 18.12.2006

INDEX OF FINANCIAL INFORMATION

Annexure I	: Statement of Profit and Losses, as restated
Annexure II	: Statement of Assets and Liabilities, as restated
Annexure III	: Significant Accounting of Policies
Annexure IV	: Significant Notes to Accounts
Annexure V	: Details of Dividends, as restated
Annexure VI	: Details of Transactions with Key Managerial Personnel & Related Parties
Annexure VII	: Statement of Segment Reporting
Annexure VIII	: Restated Cash Flow Statement
Annexure IX	: Statement of Accounting Ratios
Annexure X	: Capitalisation Statement as on 30 th September 2006
Annexure XI	: Statement of Other Income, as restated
Annexure XII	: Statement of Tax Shelter
Annexure XIII	: Statement of Secured Loans as on 30 th September 2006
Annexure XIV	: Statement of Unsecured Loans and Fixed Deposits
Annexure XV	: Statement of Investments, as restated
Annexure XVI	: Statement of Sundry Debtors
Annexure XVII	: Statement of Loans & Advances



ANNEXURE I

Rs. In lakhs

PARTICULARS	Year					Half yearly
	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Income :						
Sales	1,966.86	2376.17	2893.66	2754.67	2749.87	1019.50
Other Income	13.69	23.40	28.05	1.73	11.49	—
Increase(Decrease in Inventories)	-19.80	-37.67	24.47	-24.42	13.40	85.67
Less : Excise Duty	147.19	158.73	190.92	70.29	0.00	0.00
	1813.56	2203.17	2755.26	2661.69	2774.76	1105.17
Expenditure:						
Raw Material Consumed	1,295.85	1,495.61	1,981.40	1,811.65	1,817.36	724.99
Other Manufacturing Expenses	208.76	258.95	264.30	314.17	329.09	98.61
Staff Cost	28.63	28.61	27.31	39.38	45.14	14.93
Selling & Distribution Cost	33.25	56.08	90.1	61.01	98.02	18.10
Administrative Cost	32.05	33.54	34.13	37.44	34.67	9.30
Other Expenses	0.61	0.61	0.61	0.61	0.61	0.30
	1,599.15	1,873.40	2,397.85	2,264.26	2,324.89	866.23
Earnings Before Interest, Depreciation & Tax	214.41	329.77	357.41	397.43	449.87	238.94
Interest	179.66	188.60	180.30	154.70	125.62	52.39
Depreciation	100.50	102.85	112.97	115.74	116.23	60.23
Earnings before Tax and Extra ordinary items	(65.75)	38.32	64.14	126.99	208.02	126.32
Provision for Taxation						
Current Tax	-	3.02	4.96	10.22	18.73	14.29
Deferred Tax Asset	56.26	7.43	(9.37)	0.58	20.77	13.04
Profit Before Extra Ordinary Items	(9.49)	42.73	49.81	117.35	210.06	125.07
Extra Ordinary Items	-	-	-	-	-	-
Adjustment on account of prior Period Items	-	-	-	-	-	-
Adjusted Net Profit	(9.49)	42.73	49.81	117.35	210.06	125.07

ANNEXURE II

Rs. In lakhs

PARTICULARS	Year					Half yearly
	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Fixed Assets						
Gross Block	1,524.14	1,610.36	1,658.37	1,676.61	1,717.70	1717.70
Less: Depreciation and amortization	270.35	373.20	485.74	601.48	717.71	777.94
Net Block (A)	1253.79	1237.16	1172.63	1075.13	999.99	939.76
Add: Capital WIP	21.80	18.82	5.61	9.49	189.22	195.70
Investments : (B)	0.23	0.39	0.39	0.39	0.39	0.39
Current Assets, Loans and Advances :						
Inventories	350.11	360.53	980.43	593.00	631.07	684.82
Sundry Debtors	391.65	311.67	226.91	267.45	211.20	259.08
Cash and Bank Balances	34.33	34.51	44.42	48.59	72.86	101.60
Loans and Advances	321.10	377.89	560.94	572.38	416.68	360.09
Total (C)	1097.19	1084.60	1812.70	1481.42	1331.81	1405.59
Liabilities and Provisions :						
Secured Loans	1188.77	1095.89	1096.24	1144.41	1092.91	1011.40
Unsecured Loans	72.95	76.17	103.79	32.29	28.80	28.80
Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00	0.00
Current Liabilities	267.17	321.44	843.40	303.87	119.93	96.10
Provisions						
Total (D)	1528.89	1493.50	2043.43	1480.57	1241.64	1136.30
Miscellaneous Expenditure	3.68	3.06	2.45	1.84	22.99	22.69
(to the extent not w/off)						
Net Worth (A+B+C-D) :	844.12	847.47	947.90	1085.86	1279.77	1405.14
Represented by						
Share Capital	715.00	675.00	725.00	745.00	750.00	750.00
Reserves and Surplus	132.80	175.53	225.35	342.70	552.76	677.83
Total	847.80	850.53	950.35	1087.70	1302.76	1427.83
Net Worth (G-E)	844.12	847.47	947.90	1085.86	1279.77	1405.14

ANNEXURE III

1. SIGNIFICANT ACCOUNTING POLICIES

a) System of Accounting

Financial statements are prepared under the historical cost convention, in accordance with Accounting Standards applicable in India.

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except in case of significant uncertainties relating to income.

b) Fixed Assets & Depreciation

Fixed Assets are recorded at cost. The Company capitalizes all costs relating to acquisitions and installations of fixed assets. Direct financing cost, if any, incurred during construction period in respect of major projects is also capitalized.

Depreciation is provided on straight line method on all Fixed Assets at the rates prescribed in Schedule XIV to the Companies Act, 1956. In respect of assets acquired during the financial year, depreciation is provided on Pro-rata basis with reference to the period each asset was put to use during the financial year.

c) Investments

Investment of Rs.39000/- in form of National Saving Certificates has been pledged with Sales Tax Authorities.

d) Inventories

(i) All inventories are valued at cost or market value whichever is lower.

(ii) For arriving cost of Finished Goods and stock in process all production expenses and depreciation except financing and marketing cost are considered.

(iii) Cost of raw materials, stores and spares is taken on weighted average basis.

(iv) Fixed overheads are allocated for inclusion in the cost of conversion on the basis of normal levels of production capacity. Conversion cost is apportioned to finished goods in process on the basis of estimated values and proportions arrived at by the cost sheet of the last month of financial period in which production had taken place

e) Retirement Benefits

Liabilities in respect of gratuity and leave encashment are provided on the basis of actual calculations.

f) Sales Purchases

Sales are recognized on completion of sale of goods and are recorded gross of excise but net of trade discounts & rebates.

g) Foreign Currency Transactions

Foreign currency transactions are accounted at exchange rates prevailing on the date of the transaction. Any exchange variation realized in subsequent Financial Year is shown separately on realization.

ANNEXURE IV

2. NOTES TO ACCOUNTS

2.1 Contingent Liabilities

Rs.In lacs

	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/06
a) Income Tax	Nil	Nil	Nil	Nil	Nil	Nil
b) Sales Tax	Nil	Nil	Nil	Nil	Nil	Nil
c) Excise Duty	Nil	Nil	Nil	Nil	Nil	Nil
d) Bill Discounting	Nil	Nil	Nil	Nil	Nil	Nil
e) Letter of Credit	Nil	Nil	Nil	Nil	Nil	Nil
f) Bank Guarantee (Export obligation since completed)	62.29	Nil	Nil	Nil	Nil	Nil
g) Contingent liability on Capital Account	42.00	42.00	42.00	42.00	350.41	350.41

In the year 2001-02, 2002-03 & 2003-04 the company sold DEPB licences . As per auditors sales tax liability for such sales has been considered as Contingent liability.

However Sales tax assessment of the company has been completed upto 2004-05 and no demand has been raised for sales tax on such sales.

2.2 Auditors Remuneration

Amount (Rs./lacs)

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Audit Fees	0.16	0.16	0.16	0.18	0.18	0.09
Legal & Professional Fees	0.10	0.10	0.10	0.11	0.11	0.06
Out of Pocket Expenses	0.05	0.09	0.10	0.14	0.22	0.11
Other Services						

2.3 Remuneration Paid to Executive Director

	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Salary	2.40	3.00	3.00	5.10	7.20	3.60
Contribution in P/f	0.29	0.36	0.36	0.61	0.86	0.43
Medical Insurance Premium	0.10	0.10	0.10	0.10	0.10	0.05
Total	2.79	3.46	3.46	5.81	8.16	4.08

2.4 Secured Loans

A. Term Loans

Name of the Bank	Nature of Loan	Loan Sanctioned (Rs. in Lacs)	Loan Outstanding as on 30/9/06 (Rs. in Lacs)	Rate of Interest	Repayment Schedule	Security Offered
IDBI	Term Loan	725.00	383.87	9%	Quarterly Rest	**Note
Bank of Baroda	Term Loan	115.70	60.80	11.75%	Monthly Rest	

**Security Offered

Term loans are secured by way of equitable mortgage created or to be created on all the present and future immovable properties of the Company and hypothecation of all the movable properties (save and except book debts) including movable machinery, spares, tools and accessories etc, present and future subject to prior charge created and / or to be created in favour of the Company's banker on stock of raw materials, semi-finished goods, store and spares and other movables as may be required for securing the borrowings for working capital requirements in the course of business. The mortgage and charges referred to above rank pari-passu. The term loans are further personally guaranteed by two Directors of the Company.

B. Working Capital Facilities

Name of the Bank	Nature of Loan	Loan Sanctioned (Rs. in Lacs)	Loan outstanding as on 30/9/06 (Rs. in Lacs)	Rate of Interest	Security Offered
Bank of Baroda	Cash Credit	450.00	450.00	11.00%	**Mentioned here below
	FBP	50.00	—		
	Inland/ Import L/c's	125.00	116.73		

**Security Offered

Cash Credit and Letter of Credit facilities are secured by hypothecation of raw materials, finished goods, stock in process, stores and spares, and book debts, both present and future and also personally guaranteed by two Directors of the Company. Additionally secured by mortgage of immovable properties and 2nd charge over the fixed assets of the Company.

2.5 Raw Materials Consumed

	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
	1295.85	1495.61	1981.4	1811.65	1817.36	724.99

2.6 Earning in foreign currencyCountry wise Exports

(FOB value in Rs./Lacs)

Country	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/06
Bahrain	195.91	76.47	118.34	40.48	360.39	-
Pakistan	4.67	83.39	385.4	-	-	-
Dubai	10.65	-	137.52	-	-	-
Egypt	-	22.16	-	-	-	-
Hongkong	-	170.34	-	129.63	46.87	-
TOTAL	211.23	352.36	641.26	170.11	407.26	-

2.7 Small Scale Industrial Undertaking

There was no amount due to Small Scale Industrial Undertaking as on 30.09.2006 and further there was no claim from suppliers under the “interest on delayed payment to Small Scale Industrial Undertaking Act, 1993”.



ANNEXURE V

JAGJANANI TEXTILES LTD.

DIVIDENDS

(Rs.in Lacs)

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Equity shares						
Number of shares	6750000	6750000	6750000	6750000	7500000	7500000
Face value (Rs.)	675.00	675.00	675.00	675.00	750.00	750.00
Paid-up value (Rs.)	675.00	675.00	675.00	675.00	750.00	750.00
Rate of dividend	nil	nil	Nil	Nil	nil	nil
Total dividend (Rs)	nil	Nil	Nil	Nil	nil	nil
Corporate dividend tax on above (Rs)	Nil	Nil	Nil	Nil	nil	nil

ANNEXURE : VI

JAGJANANI TEXTILES LTD

Details of Transactions with Key Management Personnel and Related Parties of the Key Management Personnel:-

There has been no transactions with key management personnel and related parties of the key management personnel except Rs. 12000/- has been paid to Mrs Rita Singhal (related to Promoter) and Mr S G Vyas towards lease rent of head office and registered office during the period from 1.4.2006 to 30.9.2006.

Sales and Purchase between group companies/ firms in the promoter group

Sales and Purchase between group companies/ firms in the promoter group for the financial year ended 31st March 2002,2003,2004,2005, 2006 and for period ended 30.9.2006 is nil.

RELATED PARTIES AS DISCLOSED BY THE COMPANY

i] Directors/promoters

Sr.	Name	Designation
1	Shri S G Vyas	Whole time Director
2	Shri S K Singhal	Director
3	Shri R S Mehra	Director
4	Shri N K Khurana	Director
5	Shri H K Agarwal	Director
6	Shri Akash Bharatbhai Shah	Director
7	Smt. Shakuntala Vyas	Director
8	Mr Anil Goyal	Director

ii] List of other Related Parties with whom transactions have taken place during the period :-

Sr.	Name
	NIL

iii] List of the Key managerial Personnel

Sr.	Name	Designations
1	Mr Bharatbhai N Shah	CFO
2	Mr N K Sharma	Company Secretary
3	Mr Iqbal Singh Dhillon	Manager - Spinning
4	Mr Suresh Kumawat	Manager - Accounts
5	Mr Umesh Bhadoria	Manager - Engg.



ANNEXURE VII

JAGJANANI TEXTILES LIMITED

STATEMENT OF SEGMENT REPORTING

The Company is engaged in manufacturing of COTTON / BLENDED YARN As per Accounting Standard AS-17 "Segment Reporting", these have been considered as the only reportable business segments.

The composition of business segment are:-

Name of Segment	Comprise of
a) COTTON / BLENDED YARN	Cotton, Viscose & Polyester

SEGMENT REPORTING

(Rupees in Lacs)

A] Primary Segment:

	For the quarter ended 30th September 2006		
	Cotton Yarn	Blended Yarn	Total
Revenue:			
Segment Revenue	1019.50	0	1019.50
Less: Excise Duty	0	0	0
	1019.50	0	1019.50
Result:			
Segment Result	126.32	0	126.32
Less: Un allocable expenditure net of un allocable income (Interest Expenses)	0	0	0
Profit before Taxation	126.32	0	126.32
Less: Provision for Income Tax	14.17	0	14.17
Less: Fringe Benefit Tax	.12	0	.12
Add: Deferred Tax Asset	13.04	0	13.04
Net Profit	125.07		125.07
Capital Employed:			
Segment Assets	2564.13	0	2564.13
Segment Liabilities	2564.13	0	2564.13
Net Segment Assets	-	0	-

B] SECONDARY SEGMENT - GEOGRAPHICAL CUSTOMERS

	2003-04	2004-05	2005-06	30/09/2006
1 Segment Revenue:				
In India	2280.45	2586.29	2354.09	1019.50
Outside India	641.26	170.11	407.27	—
Total:	2921.71	2756.4	2761.36	1019.50
2 Net Carrying Cost of Assets by location of Assets:				
In India	N.A	N.A	N.A	N.A
Outside India	N.A	N.A	N.A	N.A
Total:	N.A	N.A	N.A	N.A

ANNEXURE VIII
 RESTATED CASH FLOW STATEMENT

Rs in lacs

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Net Profit after tax	132.8	42.73	49.82	117.35	210.06	125.07
Adjustments for:						
Depreciation	100.51	02.85	112.54	115.74	116.23	60.23
Interest/Dividend Income	0	0	0	0	0	0
Preliminary expenses Written off	0.61	0.62	0.61	0.61	-21.15	0.30
Profit & Loss A/c	26.55	0	0	0	0	0
Operating Profit before Working						
Capital Changes	260.46	146.2	162.97	233.7	305.14	185.60
Change in Trade and Other	-129.02	79.98	84.76	-40.54	56.25	-47.88
Receivables						
Change in Inventories	14.77	-10.42	-619.9	387.43	-38.07	-53.75
Change in Other Current Assets	-183.37	-56.79	-183.05	-11.44	155.7	56.59
Change in Current Liabilities	35.65	54.27	521.96	-539.53	-183.94	-23.83
Income- taxes paid	0	0	0	0	0	0
Prior Period Expenditure	0	0	0	0	0	0
Net Cash Flow from Operating Activities	-1.51	213.24	-33.26	29.62	295.08	116.73
Cash Flow from Investing Activities						
Purchase of Fixed Assets	-30.33	-86.22	-48.01	-18.24	-41.09	0
Change In Capital WIP	-3.17	2.98	13.21	-3.88	-179.73	-6.48
Investments Purchased	0	-0.16	0	0	0	0
Net Cash Flow used in Investing Activities	-33.5	-83.4	-34.8	-22.12	-220.82	-6.48
Cash Flows from Financing Activities						
Changes in Borrowings	53.59	-89.65	27.96	-23.33	-54.99	-81.51
Proceeds from Issuance of Capital	-10	-40	50	20	5	0
Miscellaneous Exp incurred	0	0	0	0	0	0
Interest Received	0	0	0	0	0	0
Exchange Gain	0	0	0	0	0	0
Dividend Paid	0	0	0	0	0	0
Net Cash Flow from Financing Activities	43.59	-129.65	77.96	-3.33	-49.99	-81.51
Net increase in cash and cash equivalents	8.58	0.19	9.9	4.17	24.27	28.74
Cash and Cash Equivalents (Opening Balance)	25.75	34.33	34.52	44.42	48.59	72.86
Net increase in cash and cash equivalents	8.58	0.19	9.9	4.17	24.27	28.74
Cash and Cash Equivalents (Closing Balance)	34.33	34.52	44.42	48.59	72.86	101.60

ANNEXURE IX

STATEMENTS OF ACCOUNTING RATIOS

Particulars	2002	2003	2004	2005	2006	30/09/2006
Earnings per share (Rs.)	-0.14	0.63	0.74	1.74	2.80	1.67
Net Asset value per share (Rs.)	12.50	12.56	14.04	16.09	17.06	18.74
Return on Net Worth (%)	-1.12	5.04	5.25	10.81	16.41	8.90
Weighted average number of equity Shares in the period (in Nos.)	67.50	67.50	67.50	67.50	75.00	75.00

Formula:

1. Earnings per share (Rs.) = $\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$
2. Net Asset Value per share (Rs.) = $\frac{\text{Net Worth excluding revaluation reserve at the end of the period/year}}{\text{Weighted average number of equity shares outstanding during the period}}$
3. Return on Net Worth (%) = $\frac{\text{Net profit attributable to equity shareholders}}{\text{Net Worth excluding revaluation reserve at the end of the period/year}}$

ANNEXURE X

STATEMENT OF CAPITALIZATION

Particulars	Pre-Issue as at 30.09.2006	As Adjusted for Issue
Borrowings:		
Short-term Debt	595.53	595.53
Long-term Debt	444.67	444.67
Total Debt	1040.20	1040.20
Shareholder's Funds:		
Equity Share Capital	750.00	1560
Reserves and Surplus	677.83	1892.83
Total Shareholder's Funds	1427.83	3452.83
Long-term Debt/Equity ratio	0.31	0.13



ANNEXURE : XI

STATEMENT OF OTHER INCOME

Rs.in lacs

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
<i>Details of Other Income</i>						
Export- Incentive	7.38	20.8	27.34	1.7	8.53	-
Miscellaneous Receipts	6.31	2.6	0.71	0.03	2.96	-
Total	13.69	23.4	28.05	1.73	11.49	-

ANNEXURE XII

STATEMENT OF TAX SHELTER

Rs. In lakhs

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Profit/Loss after tax as per audited accounts	-9.49	42.73	49.81	117.35	210.06	125.07
Tax Rate	35%	35%	35%	35%	35%	35%
Adjustments:						
Difference between Tax Depreciation And Book Depreciation	157.61	20.22	-26.13	1.58	56.77	33.21
Other Adjustments	0	0	0	0	0	0
Net Adjustments	-167.10	22.51	75.94	115.77	153.29	91.86
Tax Saving Thereon	56.26	7.43	-9.37	0.58	20.77	13.04
Total Taxation						
Taxation on extra-ordinary Items	0	0	0	0	0	0
Tax on Profits before extra-ordinary items	0	3.02	4.96	10.22	18.73	14.29

ANNEXURE : XIII

STATEMENT OF SECURED LOANS

Particulars	Amount (Rs. In lakhs)					
	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
a) Term Loan	694.79	694.79	665.00	584.19	455.98	383.87
From IDBI						
From RFC / Bank of Baroda	167.85	141.42	115.7	97.4	73.00	60.80
Interest accrued & due	76.30					
b) Cash Credit Limit with J & K Bank / BOB	249.82	249.68	250	346.09	438.35	450.00
c) Letter of Credit Facility (from J & K Bank / BOB)		60	60	113.84	125.58	116.73
d) Temporary Loan against FDR		10.00				
e) Secured Loan against Car			5.54	2.89		
	1,188.76	1,155.89	1,096.24	1,144.41	1,092.91	1,011.40

ANNEXURE: XIV

STATEMENT OF UNSECURED LOANS & FIXED DEPOSITS

Rs. In Lacs

	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Loans from Directors	0	0	0	0	0	0
Deposits from Share holders & Others *	4.40	2.15	3.79	3.79	3.80	3.80
Deposits from Selling Agent	0	0	0	0	0	0
Loans from any associate Company	0	0	0	0	0	0
Loans from other (incl. temporary Book overdraft)**	68.55	74.02	100	28.5	25.00	25
Total	72.95	76.17	103.79	32.29	28.80	28.80

Additional Information

* It includes deposits received from parties towards security only.

** It represents the amount of unsecured loan taken from persons other than directors without interest and repayable on demand.



ANNEXURE : XV

STATEMENT OF INVESTMENTS

Rs. In Lacs

	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Investments in Promotor/ Promoters' Group Companies :-	Nil	Nil	Nil	Nil	Nil	Nil
Non Quoted						
Other Quoted Investments in shares of :-						
	Nil	Nil	Nil	Nil	Nil	Nil
<u>Other Non Quoted Investments :-</u> NSC (Pledged with Sales Tax Department)	0.23	0.39	0.39	0.39	0.39	0.39
Total	0.23	0.39	0.39	0.39	0.39	0.39

ANNEXURE : XVI

STATEMENT OF SUNDRY DEBTORS

Rs. In lakhs

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
More than 6 months						
Receivable from others	33.56	31.59	31.59	31.59	31.60	31.60
Less than 6 months						
Receivable from others	358.08	165.79	195.32	235.86	179.60	227.48
Receivable from promoters groups	0.00	0.00	0	0	0	0
	391.64	197.38	226.91	267.45	211.20	259.08

ANNEXURE : XVII

STATEMENT OF LOANS AND ADVANCES

Rs. In lakhs

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Receivable from Promoters	0	0	0	0	0	0
Promoters Group Companies	0	0	0	0	0	0
Others						
Advances Recoverable in Cash or in Kind						
or for the value to be received						
- From Directors						
- From Others	93.89	257.53	335.67	346.93	163.43	93.80
Security Deposits	2.10	2.1	2.1	1.7	8.73	8.73
Deferred Tax Credit	225.11	232.54	223.17	223.75	244.52	257.56
	321.1	492.17	560.94	572.38	416.68	360.09

2. FINANCIAL INFORMATION OF THE GROUP COMPANIES

There are no Group Companies of Jagjanani Textiles Limited

3. DISASSOCIATION BY PROMOTERS

The Promoters have not disassociated themselves from any of the Companies/firms during preceding three years.

4. CHANGE IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There has been no change in the Accounting Policies during the last three years.

5. STATEMENT IN TERMS OF CLAUSE OF 6.10.3.5

There has been no sale or purchase between Companies in the Promoter Group, which exceeds in value in the aggregate 10% of the total sales or purchase of the Issuer Company.

SUNDRY DEBTORS

None of the Sundry Debtors are related to the Issuer Company or its Directors or Promoters.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS:

Overview of the Business of the Company:

Jagjanani Textiles Limited incorporated on 1st April 1997 as a Public Limited Company under the Companies Act, 1956. Certificate for Commencement of Business has been issued by ROC on 7th May 1997. The Company mainly produces cotton yarn for apparels and industrial fabrics. Keeping in view the market conditions polyester-cotton, 100% viscose and cotton viscose blended yarn is also manufactured.

It is proposed to install 6000 spindles and 48 nos. Air jet Looms along with requisite preparatory and winding/doubling machines. Presently the Company mainly produces yarn in count range of Ne 3 to Ne 16. To enlarge its product base as also to cater to a larger market. The Company has proposed for installation of additional yarn production capacity through ring spinning system for medium and fine counts. To manufacture high value fault free fancy fabrics from top quality in house yarn production high speed Air jet Looms for weaving are proposed to be installed.

Significant Developments subsequent to the last financial year

Except as specifically stated in this Prospectus, to their knowledge, no circumstances have arisen or developments have taken place since the date of the last audited financial statement disclosed in this Prospectus which materially and adversely affect or are likely to affect the trading or profitability of the Company or the value of their assets or ability to pay material liabilities within the next twelve months.

Factors that may affect Results of the operations

- The Capacity of the Company to successfully commission the expansion project at the scheduled time;
- Non- availability of skilled labour force or any dispute between the labour and the management;
- Changes in Government Policies relating to Textile Sector;
- Fluctuation in Exchange Rates; and
- Aptitude of the Company to continuously operate optimally.

Summary of Past Financial Results (Recasted)

(Rs. in Lakhs)

PARTICULARS	Year					Half yearly
	2001-02	2002-03	2003-04	2004-05	2005-06	30/09/2006
Income :						
Sales	1,966.86	2376.17	2893.66	2754.67	2749.87	1019.50
Other Income	13.69	23.40	28.05	1.73	11.49	—
Increase(Decrease in Inventories)	-19.80	-37.67	24.47	-24.42	13.40	85.67
Less : Excise Duty	147.19	158.73	190.92	70.29	0.00	0.00
	1813.56	2203.17	2755.26	2661.69	2774.76	1105.17
Expenditure:						
Raw Material Consumed	1,295.85	1,495.61	1,981.40	1,811.65	1,817.36	724.99
Other Manufacturing Expenses	208.76	258.95	264.30	314.17	329.09	98.61
Staff Cost	28.63	28.61	27.31	39.38	45.14	14.93
Selling & Distribution Cost	33.25	56.08	90.1	61.01	98.02	18.10
Administrative Cost	32.05	33.54	34.13	37.44	34.67	9.30
Other Expenses	0.61	0.61	0.61	0.61	0.61	0.30
	1,599.15	1,873.40	2,397.85	2,264.26	2,324.89	866.23
Earnings Before Interest, Depreciation & Tax	214.41	329.77	357.41	397.43	449.87	238.94
Interest	179.66	188.60	180.30	154.70	125.62	52.39
Depreciation	100.50	102.85	112.97	115.74	116.23	60.23
Earnings before Tax and Extra ordinary items	(65.75)	38.32	64.14	126.99	208.02	126.32
Provision for Taxation						
Current Tax	-	3.02	4.96	10.22	18.73	14.29
Deferred Tax Asset	56.26	7.43	(9.37)	0.58	20.77	13.04
Profit Before Extra Ordinary Items	(9.49)	42.73	49.81	117.35	210.06	125.07
Extra Ordinary Items	-	-	-	-	-	-
Adjustment on account of prior Period Items	-	-	-	-	-	-
Adjusted Net Profit	(9.49)	42.73	49.81	117.35	210.06	125.07



Comparison of six months i.e, 30.09.2006 vis-à-vis 12 months ended on 31.03.2006

As the two periods are not comparable we have compared per month figures of the above two periods , wherever required.

SALES AND OTHER INCOME

The turnover of the Company during the first six months ended 30.09.2006 is Rs.1019.50 lakhs against last full year (2005-06) turnover of Rs. 2749.87 lakhs. The average monthly sales is Rs. 170 lakhs during the first six months.

EXPENDITURE

The cost of the material sold is at 78.38% of sales for the six months ended 30.09.2006 (after considering increase / decrease of closing stock of Stock in process & Finished goods) whereas it worked out to 83.79% of Sales during the previous year ended 31.03.2006.

INTEREST AND FINANCIAL EXPENSES

Interest cost is lower as compared to previous year mainly due to repayment of principal amount of loan consequently reducing interest cost.

PROFIT BEFORE TAX

The profit before tax is Rs 126.32 Lakhs for the half year ended on 30.09.2006 while it was at Rs 208.02 lakhs in the year 2005-06. The profit before tax has increased mainly due to decrease in raw material rates and lower interest cost.

PROFIT AFTER TAX

The profit after tax is Rs 125.07 Lakhs for the half year ended on 30.09.2006 while it was at Rs 210.06 Lakhs in the year 2005-06.

Comparison of 12months i.e, 31.03.2006 vis-à-vis 12 months ended on 31.03.2005

SALES AND OTHER INCOME

During 2005-06 Company produced 3922.89 MT Yarn as compared to 3289.91 MT in the previous year. Sales for the year ended 31.03.2006 amounted to Rs 2761.36 lakhs as against Rs. 2756.40 lakhs in 2004-05. Sales and other income is higher due to increase in quantity of Yarn sales.

EXPENDITURE

During the current year period, raw material cost has been lower as compared to previous year due to decrease in raw material prices. Company has been able to reduce the power cost by sourcing the same from State Board instead of 100% captive generation on D G Set. Administrative & other expenses have reduced due to decrease in bank charges.

SELLING EXPENSES

During 2005-06 raw material cost per kg was Rs.41.20 as compared to Rs. 48.81 per kg in 2004-05 resulting in lower Raw Material cost.

FINANCIAL EXPENSES

Interest cost is lower as compared to previous year mainly due to repayment of principal amount of loan consequently reducing interest cost.

PROFIT BEFORE TAX

The profit before tax is Rs 208.02 Lakhs for the FY 2005-06 while it was at Rs 126.99 lakhs in the year FY 2004-05. The profit before tax has increased mainly due to decrease in raw material rates and lower interest cost.

PROFIT AFTER TAX

The profit after tax is Rs 210.06 Lakhs for the FY 2005-06 while it was at Rs 117.35 Lakhs in the year FY 2004-05.

Comparison of 12 months ended on 31.03.05 vis-vis 12 months ended on 31.03.04

SALES AND OTHER INCOME

During 2004-05 Company produced 3289.91 MT Yarn as compared to 3536.25 MT in the previous year due to change over to finer counts for better realization. 3319.65 MT Yarn was sold during year ended 31.03.2005 for Rs 2756.40 Lakhs. After adjusting for selling & distribution expenses the net Sales realization comes to Rs. 2623.37 Lakhs. The average realization per Kg of Yarn improved to Rs. 79.03 from Rs. 73.91 during 2003-04. Year 2004-05 witnessed increase in net sale as also per unit realization on account better product mix.

EXPENDITURE

During 2004-05 raw material cost per kg was Rs.48.81 as compared to Rs. 50.49 per kg in 2003-04 resulting in lower Raw Material cost.

Company generates power from D.G Sets and cost of fuel is covered under the head "Other Manufacturing Expenses". Increase in fuel bill on account of upward revision of HSD rates by Government resulted in higher "Other Manufacturing Expenses". Staff cost has increased on account of provision for gratuity benefits for employees for the first time. Administrative & other expenses have witnessed normal changes.

SELLING EXPENSES

Selling & Distribution expenses are directly linked to the sale and have been adjusted from the sales. Higher export sales involve higher Selling & Distribution Expenses as the yarn is sold on CFR basis.

FINANCIAL EXPENSES

Interest cost is lower on account of downward revision of interest rate by IDBI Bank.

PROFIT BEFORE TAX

The profit before tax is Rs 126.99 Lakhs for the FY 2004-05 while it was at Rs 64.14 Lakhs in the year FY 2003-04. The profit before tax has increased mainly due to decrease in raw material cost and reduction in interest rate on term loan.

PROFIT AFTER TAX

The profit after tax is Rs 117.35 Lakhs for the FY 2004-05 while it was at Rs 49.81 Lakhs in the year FY 2003-04.

Comparison of 12 months ended on 31.03.04 vis-vis 12 months ended on 31.03.03

SALES AND OTHER INCOME

During 2003-04 Company produced 3536.25 MT Yarn as compared to 3255.30 MT in the previous year. 3535.10 MT Yarn was sold during year-ended 31.03.2004 for Rs 2702.74 Lakhs. After adjusting for selling & distribution expenses the net sales realization comes to Rs. 2612.64 Lakhs. The average realization per Kg of Yarn comes to Rs. 73.91 up from Rs. 65.26 during 2002-03. Year 2003-04 witnessed increase in net sale as also per unit realization.

EXPENDITURE

During 2003-04 raw material cost increased to Rs.50.49 from Rs. 40.85 per kg in 2002-03 due to wide spread draught in India and consequent lower cotton production.

Company generates power from D.G Sets and cost of fuel is covered under the head " Other Manufacturing Expenses". Increase in fuel bill on account of upward revision of HSD rates by Govt. resulted in higher "Other Manufacturing Expenses". Administrative & other expenses have not witnessed any major changes.

SELLING EXPENSES

Selling & Distribution expenses are directly linked to the sale and have been adjusted from the sales.

FINANCIAL EXPENSES

Interest cost is lower as compared to previous year mainly on account of repayment of principal installments.



PROFIT BEFORE TAX

The profit before tax is Rs 64.14 Lakhs for the FY 2003-04 while it was at Rs 38.32 Lakhs in the year FY 2002-03. The profit before tax has increased mainly due to better sales realization.

PROFIT AFTER TAX

The profit after tax is Rs 49.81 Lakhs for the FY 2003-04 while it was at Rs 42.73 Lakhs in the year FY 2002-03.

Comparison of 12 months ended on 31.03.03 vis-vis 12 months ended on 31.03.02**SALES AND OTHER INCOME**

During 2002-03 Company produced 3255.30 MT Yarn as compared to 2580.86 MT in the previous year. 3311.99 MT Yarn was sold during year ended 31.03.2003 for Rs 2217.44 Lakhs. After adjusting for selling & distribution expenses the net sales realization comes to Rs. 2161.36 Lakhs. The average realization per Kg of Yarn comes to Rs. 65.26 up from Rs. 62.92 during 2001-02. Year 2002-03 witnessed increase in net sale as also per unit realization.

EXPENDITURE

During 2002-03 raw material cost per kg was Rs.40.85 as compared to Rs. 44.13 per kg in 2001-02. Company generates power from D.G Sets and cost of fuel is covered under the head " Other Manufacturing Expenses". Increase in fuel bill on account of upward revision of HSD rates by Govt. resulted in higher "Other Manufacturing Expenses". Administrative & other expenses have not witnessed any major changes.

SELLING EXPENSES

Selling & Distribution expenses are directly linked to the sale and have been adjusted from the sales. Higher export sales involves higher Selling & Distribution Expenses as the yarn is sold on CFR basis.

FINANCIAL EXPENSES

Interest cost is higher on account of increase in working capital limits.

PROFIT BEFORE TAX

The profit before tax is Rs 38.32 Lakhs for the year FY 2002-03 while it was loss of Rs 65.7 Lakhs in the year FY 2001-2002. The profit before tax has increased due to better sales realization.

PROFIT AFTER TAX

The profit after tax is Rs 42.73 Lakhs for the FY 2002-03 while it was loss of Rs 9.49 Lakhs in the year FY 2001-02.

AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN HEREUNDER:

a. Unusual or infrequent events or transactions:

There have been no unusual or infrequent transactions have taken place during the last three years.

b. Significant Economic changes that materially affected or are likely to affect income from continuing operations:

Government's focus on textile will have major bearing on the Companies involved in Textile sector. Any major changes in policies of the Government may have the significant impact on the profitability of the Company, as applicable to Textile Industry.

Expect the above, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

c. Known trends or uncertainties that has or is expected to have a material adverse impact on sales, revenue or income from continuing operations:

Apart from the risks as disclosed under heading "RISK FACTORS" appearing on page vii of this Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

d. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known:

Administrative Expenses (including staff cost) are in the range of around 2.2% to 3.3% of Receipts, which are expected to decline further due to continuous increase in turnover. The expansion of the current operations would enable the Company to procure raw materials such as cotton in bulk. This may result in negotiations for competitive prices and help the Company to achieve economics of scale.

e. The extent to which material increases in net sales or revenue is due to increased sales volume, introduction of new products or services or increased sales prices:

The increase in turnover is mainly on account of increase in sales volume.

g. Status of any publicly announced new products or business segment:

No public announcement has been made for the new products.

h. The extent to which business is seasonal:

The business of the Company is not seasonal in nature.

i. Any significant dependence on a single or few suppliers or customers:

The list of buyers and vendors is fairly well spread and there is no dependence on any one buyer/supplier.

j. Competitive conditions

The Company enjoys competitive advantage due to proximity to cotton growing areas as also market for its products. No serious competition is foreseen for the proposed product.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The Company certifies that there are no:

- Pending litigations against the Company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370 (1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other than those mentioned in this Prospectus and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Prospectus.
- Promoters, their relatives (as per Companies Act, 1956), Issuer, Group Companies, Associated Companies are detained as willful defaulters by RBI/Government Authorities.
- Violations of Securities Laws committed by the Promoters, their relatives (as per Companies Act, 1956), Issuer, Group Companies, Associated Companies in the past or pending against them.
- Major creditors having an outstanding balance for more than six months as on 30th September 2006 is Nil

LITIGATIONS AGAINST THE PROMOTERS/DIRECTORS

There are no outstanding litigations, disputes, defaults, non-payment of statutory dues, overdues to banks and/or FIs, defaults against banks and/or FIs, proceedings initiated for economic/civil/criminal or any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of Jagjanani Textiles Limited.

REQUIREMENT OF CLAUSE 6.11.1.5

None of the financial litigations have arisen after filing the Prospectus with ROC.

LITIGATIONS AGAINST SUBSIDIARY COMPANIES / GROUP COMPANIES / ASSOCIATE CONCERNS

There are no criminal, securities, statutory or other litigations against any of the Subsidiary Companies /Group/ Associate Companies. There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/civil prosecutions for any offence irrespective of whether specified under any enactment in paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against the Group companies / Associate Concerns promoted by the Promoters.

There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956).

Jagjanani Textiles Limited

The promoters, their relatives as per Companies Act, 1956, issuer, group Companies, associate companies are not detained as willful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them

AMOUNTS DUE TO SMALL SCALE UNDERTAKINGS

There are no amounts due by the Company to any small-scale undertaking. Also there are no amounts due to individual creditors in excess of a sum of Rs. 1, 00, 000/- which are outstanding for more than 30 days.

MATERIAL DEVELOPMENTS SINCE LAST BALANCE SHEET DATE

There have been no material developments after the date of last balance sheet i.e, 30th September 2006.

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements as disclosed in page no 72 of this Prospectus, any circumstance that materially or adversely affect or likely to affect the profitability of the Company or the value of its consolidated assets to its liability to pay its material liabilities within the next twelve months.

GOVERNEMENT APPROVALS/LICENSING ARRANGEMENTS

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required by the Company for carrying on the present business activities of the Company. 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 the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

SATUTORY APPROVALS OBTAINED BY THE UNIT OF THE COMPANY:

Sr. No.	Issuing Authority	Registration/ LicenseNo.	Nature of Registration/License	Validity / Date
1	Registrar of Companies	17-013498	Certificate of Incorporation	-
2	Ministry of Industry - Secretariat for Industrial Assistance, Jaipur	2536/SIA/IMO/97	Acknowledgement of Memorandum for the manufacture of Spun Yarn (Cotton/Blended)	-
3	Chief Inspector of Factory, Jaipur	RJ23661	Factory Licence	31.3.2009
4	Rajasthan State Pollution Control Board	RPCB/ROJPR(S)/ BAG/83/3260	Permission under Air and Water Pollution Act 1974	31.3.2011
5	Superintendent of Central Excise Officer	AAACJ6739QXM001	Registration under Central Excise	-
6	Office of Explosive Dept.	RA 2315	HSD storage Licence	31.12.2006
7	Jt. Director General of Foreign Trade	1398011291	Importer Exporter Code Number	-
8	Superintendent of Central Excise	81/S.T./GTO/ R-VII/JPR-II/2005	Service Tax	-
9	Commissioner of Income Tax- Jaipur	AAACJ6739Q	Permanent Account Number	-
10	Sales Tax Department - Rajasthan	RST/1426/03680	Registration under CST & RST Act	-
11	Income Tax Department - Jaipur	JPRJ06541D	TAN Number	-
12	Regional Provident Fund Commissioner	RJ 9795	Employees Provident Fund	-
13	Jivan Vidyut Vitaran Nigam Limited (JVNL)	AEN/Bagru/ U.S.P 406	Power consent for E-288, RIICO Industrial Area, Jaipur	-

GOVERNMENT APPROVALS REQUIRED FOR PROJECT

The Company has not yet applied for the following government/statutory approvals and licences for their new projects from the appropriate authority

Sr.No.	Approval/Consent	Concerned Authority
1	Factory Licence	Deputy Chief Inspector of Factories & Boilers, Rajasthan
2	Power supply connection	Jaipur Vidyut Vitaran Nigam Limited. (JVVNL)
3	Permission under Air and Water (Prevention and Control of Pollution Act, 1974)	Rajasthan State Pollution Control Board
4	Industrial Entrepreneurs' Memorandum (IEM) - Addition in the installed capacity from 3600 MT to 4320 MT	Department of Industrial Policy and Promotion, SIA, Rajasthan



SECTION VII: REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company passed at its meeting held on 28th July 2006 and by a Special Resolution passed under section 81(1A) of the Companies Act, 1956 at the Extra-Ordinary General Meeting of the Company held on 25th August 2006.

PROHIBITION BY SEBI

The Company, its directors, its Promoters and persons in control of the Company, the subsidiaries, the group companies and companies with which the Company's directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of the Issuer has never been refused at anytime by any of the stock exchanges in India.

Further, confirm that neither the company nor the promoters, their relatives and group concerns are not detained as wilful defaulters by RBI/ Government Authorities and there are no violations of securities laws committed in past or pending against the Company.

ELIGIBILITY FOR THE ISSUE

The Company is eligible to access the capital market through public issue of Equity Shares as per Clause 2.2.1 of SEBI (Disclosure & Investor protection) Guidelines.

- a) The Company has net tangible assets of atleast Rs. 3 crores in each of the preceding 3 full years (of 12 months each). The monetary assets in each of these years are less than 50% of the net tangible assets amount (As per summary statement of Assets and liabilities) and its compliant with clause 2.2.1 (a) of the SEBI (DIP) Guidelines.

(Rs in Lakhs)

	2005-06	2004-05	2003-04
Fixed Assets (Net)	999.99	1075.13	1172.63
Add: Capital WIP	189.22	9.49	5.61
Add: Investments	0.39	0.39	0.39
Add: Current Assets	1331.81	1481.42	1812.70
Less: Current Liabilities	119.93	303.87	843.40
Less: Cash Credit Facilities	438.35	346.09	250.00
Net Tangible Assets	1963.13	1916.47	1897.93

Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade in investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).

(Rs in Lakhs)

	2005-06	2004-05	2003-04
Cash and Bank Balance	72.86	48.59	44.42
50% of Net Tangible Assets	981.56	958.23	948.96

Jagjanani Textiles Limited

- b) The Company has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three (3) out of the immediately preceding five (5) years (As per restated statement of profit and loss Account) and its compliant with clause 2.2.1 (b) of the SEBI (DIP) Guidelines.

(Rs in Lakhs)

	2005-06	2004-05	2003-04
Profit After Tax	210.06	117.35	49.81

- c) The Company has a pre-issue net worth of at least Rs 1 crore in each of the Preceding 3 full years (of 12 months each) (As per restated summary of Asset and liabilities) and its compliant with clause 2.2.1 (c) of the SEBI (DIP) Guidelines.

(Rs in Lakhs)

	2005-06	2004-05	2003-04
Share Capital	750.00	745.00	725.00
Reserves & Surplus	552.76	342.70	225.35
Less: Misc Expenditure	22.99	1.84	2.45
Net Worth	1279.77	1085.86	947.90

- d) There has been no change in the name of the company in last year from the date of filing of Prospectus and its compliant with clause 2.2.1 (d) of the SEBI (DIP) Guidelines.
- e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through Prospectus + firm allotment + promoters contribution through the Prospectus), issue size does not exceed 5 times its pre issue net worth as per the audited balance sheet of the last financial year i.e. 2005-06 and its compliant with clause 2.2.1 (e) of the SEBI (DIP) Guidelines. The above is illustrated below: -

(Rs. In Lakhs)

1. Offer through Prospectus	2025.00
2. All Previous Issues made in the same financial year in terms of size (i.e. offer through Prospectus - firm allotment - Promoters' contribution through the Prospectus)	0.00
3. Net worth as per audited balance sheet for year 2005-06	1279.77
4. 5 times the Net worth results in the Company eligible to raise	6398.85

In addition to these, as per clause 2.2.2A of SEBI (DIP) Guidelines, the Company shall ensure that the number of allottees getting Equity Shares is not less than one thousand (1000) in number.

DISCLAIMERS

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED/ 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 PROSPECTUS. THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION 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 COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 2ND SEPTEMBER 2006 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAIDISSUE;
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 MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

- a. THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- c. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE;
- d. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;
- e. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS 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 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 PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER (S) (MERCHANT BANKERS) ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

CAUTION

The Company, the Directors and the Lead Manager accept no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company's website, www.jagjanani.com would be doing so at his/ 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 and the Company.

All information shall be made available by the Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports at collection centers or elsewhere.

GENERAL DISCLAIMER OF THE ISSUER

The Company accepts full responsibility for the accuracy of the information given in this Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which makes any statement in this Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Company further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this proposed public issue or for the price at which the equity shares are offered or for the correctness of the statements made or opinions expressed in this Prospectus.

The Promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to an misstatements/misrepresentation, the promoters /directors undertake to refund the entire application monies to all subscribers within seven days thereafter without prejudice to the provision of section 63 of the Companies Act,1956.

In the event of the market Capitalisation (product of issue price and the post issue number of shares) requirement of the Exchange not being met, the securities of the issuer would not be listed on the Exchange.

The issuer will update the Prospectus and keep the Public informed of any material changes in the document till the listing and trading.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), Companies, Corporate bodies and societies registered under the applicable laws in India and authorized to invest in 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 to non-residents including NRIs and FIIs as defined under the Indian Laws. This Prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself / herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Jaipur only.



No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. 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 since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investors may please note that Central Government/ RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Prospectus.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (BSE):

As required, a copy of the Prospectus has been submitted to BSE (the Designated Stock Exchange). The BSE has given vide its letter No. DCS/SK/MT/16102006 dated 16th October 2006 granted permission to this Company to use the BSE's name in this Prospectus as one of the stock exchange on which this Company's 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.

The BSE does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- b) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- c) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company; and

it should not for any reason be deemed or construed to mean 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 the 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.

FILING

A copy of the Prospectus has been filed with the Corporate Finance Department of SEBI at SEBI Bhavan, Plot C-4A,G-Block, Bandra Kurla Complex, Mumbai -400 021 for its observations and SEBI has given its observations.

A copy of the Prospectus, along with the documents required to be filed under 60 of the Companies Act would be delivered for registration to the Registrar of Companies 132, Vijay Nagar, Near Kartarpura Railway Crossing, Kartarpura, Jaipur-302006.

LISTING

The Equity Shares to be issued through this Prospectus are proposed to be listed on BSE (Designated Stock Exchange) and listing applications has been made to the Bombay Stock Exchange Limited for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company.

In case, the permission for listing of the equity shares is not granted by any of the above mentioned Stock Exchange, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 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 expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at BSE are taken within 7 working days of the finalization of allotment.

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.”

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors to the Issue, Bankers to the Issue, Bankers to the Company; Monitoring Agency, and (b) Lead Manager and Registrar to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus, with the Registrar of Companies, 132, Vijay Nagar, Near Kartarpura Railway Station, Kartarpura, Jaipur-302006 and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration.

EXPERT OPINION

Except for the various tax benefits available to the Company and its member expressed by the Auditors of the Company on page 30 in this Prospectus, the Company has not obtained any other expert opinions.

EXPENSES OF THE ISSUE

The expenses of the Issue include *interalia* Management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Amount (Rs. in Lakhs)	% of the total issue expenses	% of total issue size
Lead Managers & Registrar Fees, Audit Fees & Consultancy	44.00	36.67	2.17
Printing & Stationery / Dispatch	18.00	15.00	0.89
Brokerage & Selling Commission	25.00	20.83	1.25
Advertisement & marketing Expense	15.00	12.50	0.74
Other Expenses (Listing Fees, Depository Charges etc.)	18.00	15.00	0.89
TOTAL	120.00	100.00	5.94

FEES PAYABLE TO THE LEAD MANAGER TO THE ISSUE

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding executed between the Company and the Lead Manager dated 18th February 2006 a copy of which is available for inspection at the Registered Office of the Company.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding between the Company and the Registrar dated 29th November 2005 copy of which is available for inspection at the registered office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.



BROKERAGE AND SELLING COMMISSION

Brokerage for the Issue will be paid by the Company at the rate of 1.25% on the issue price of Equity Shares offered to the public on the basis of allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

PREVIOUS PUBLIC OR RIGHTS ISSUE DURING THE LAST 5 YEARS

The Company has not made any public or rights issue during the last five years. The details of issue of capital have been outlined in the paragraph on the build up of the share capital under the Capital Structure on page no 10.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

The Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled Capital Structure in this Prospectus.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

Company has not made any public or rights issue of Equity Shares/Debentures since incorporation; hence there is no commission or brokerage payable on previous issue.

DETAILS OF CAPITAL ISSUE MADE DURING LAST THREE YEARS IN REGARD TO THE ISSUER COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1) (B) OF THE COMPANIES ACT, 1956.

Neither Jagjanani Textiles Limited nor any other listed Companies under the same management within the meaning section 370 (1) (B) of the Companies Act, 1956 has made any capital issue during the last three years.

PROMISES vs. PERFORMANCE

Company has not made any public issue of Equity Shares/debentures prior to this issue.

LISTED VENTURE OF THE PROMOTERS

The Promoters does not have any listed ventures and hence information on Promises vis a vis Performance as far as projection is concerned is not available.

OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES

There are no outstanding debentures or bond issue or preference shares and other instruments of the Company as on date of filing of this Prospectus.

STOCK MARKET DATA FOR THE COMPANY'S EQUITY SHARES

The Equity Shares of the Company are currently not listed/quoted on any Stock Exchange.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The Company has appointed the Registrar to the Issue i.e, M/s Intime Spectrum Registry Limited, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of the Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue will handle investor's grievances pertaining to this issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be

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coordinating with the Registrar to the issue in attending to the grievances of the investors. The Company assures that the Registrar, in respect of the complaints, if any, to be received shall adhere to the following schedules:-

	Nature of Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address Notification	Within 7 days of receipt of information.
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

The company has appointed Mr. Naresh Sharma as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the Compliance Officer in case of any issue related problems. The Compliance Officer would be available at the Registered Office of the Company. He may be contacted at the following address:

Mr Naresh Sharma

Company Secretary & Compliance Officer

S-25, Shyam Nagar,

Ajmer Road

Jaipur, Rajasthan - 302 019

Tel:+91-141-229 4776

Fax: +91-141-2293818

E-mail: compliance@jagjanani.com

CHANGES IN AUDITORS DURING THE LAST THREE YEARS WITH REASONS THEREOF

There has been no change in the auditors of the Company during the last 3 years.

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS

There has not been any capitalization of reserves or profits during the last five years, except as stated in section titled "Capital Structure" of this Prospectus.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS

There has been no revaluation of assets during the last five years.



SECTION VIII: ISSUE INFORMATION

1. TERMS OF THE ISSUE:

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The Equity Shares being issued are subject to the terms of this Prospectus, the terms and conditions contained in the Application Form, the Memorandum and Articles of Association of the Company, provisions of the Act, other applicable Acts and the Letters of Allotment/Equity Share Certificates or other documents and the Guidelines issued from time to time by the Government of India, SEBI and the concerned Stock Exchanges.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the other existing shares of the Company including in respect of the rights to receive dividends. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of allotment and expect the lock in provision applicable as per SEBI Guidelines in respect of existing Equity shares as mentioned in the “Notes to Capital Structure” on page no. 10.

MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividend will be recommended by the Board of Directors and declared by the shareholders at their discretion and will depend on a number of factors including but not limited to the earning, Capital requirements and overall financial conditions.

FACE VALUE AND ISSUE PRICE

The face value of the equity shares is Rs. 10/- per Equity Shares and the issue price is 2.5 times of the face value.

COMPLIANCE WITH SEBI GUIDELINES

The Company shall comply with all disclosures and accounting norms as specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDER

Subject to applicable laws, the equity shareholders shall have the following rights:

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

For a detailed description of the main provisions of the Company’s Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section on “Main Provisions of the Articles of Association” on page 127 of this Prospectus.

MARKET LOT

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company 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 Issue will be done only in electronic form in multiple of one Equity Share subject to a minimum allotment of 200 Equity Shares.

NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder (s), shall in accordance with Section 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/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered / Corporate Office or to its Registrar and Transfer Agents.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the equity shares; or
- to make such allotment 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 allot the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective DP of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective DP.

MINIMUM SUBSCRIPTION

If the Company does not receive the Minimum Subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having been returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act 1956.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the issue at anytime including after the issue Closing Date, without assigning any reason thereof. In case the Company decides so, it shall issue a public notice within two days of the closure of issue, indicating the reasons for withdrawal of issue in the newspapers in which the issue advertisement appeared earlier. The Company shall also inform the Stock Exchanges on which the shares are proposed to be listed.

PERIOD OF SUBSCRIPTION

The subscription list for public issue shall remain open for atleast 3 working days and not more than 10 working days.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company's shares will be traded in dematerialized form only and the marketable lot is one share. Therefore there is no possibility of odd lots.



RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION/SPLITTING

For 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 of Jagjanani Textiles Limited" of this Prospectus.

2. ISSUE PROCEDURE

AUTHORITY OF THE PRESENT ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company passed at its meeting held on 28th July 2006 and by a Special Resolution passed under section 81 (1A) of the Companies Act, 1956 at the Extra-Ordinary General Meeting of the Company held on 25th August 2006.

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

OPTION TO SUBSCRIBE

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind.

The investor shall have option to subscribe to Equity Shares to be dealt with in a depository Shares shall allotted only in demat form. The investor shall have an option to hold the security certificates in physical form or in demat form with a depository.

The shares of the company will be traded on the stock exchange only in demat mode.

AVAILABILITY OF PROSPECTUS AND APPLICATION FORM

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

HOW TO APPLY

APPLICATION MAY BE MADE BY:

- a) Indian Nationals, who are resident in India and are adult Individuals and are not lunatic, in single name or joint names (not more than three).
- b) Hindu Undivided Families through the Karta of the Hindu Undivided Family.
- c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares.
- d) Indian Mutual Funds registered with SEBI.
- e) Indian Financial Institutions & Banks.
- f) Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any.
- g) State Industrial Development Corporations.
- h) Insurance Companies registered with Insurance Regulatory and Development Authority.
- i) Provident Funds with minimum corpus of Rs.2500 Lakhs.
- j) Pension Funds with minimum corpus of Rs.2500 Lakhs.
- k) Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorised under its constitution to hold and invest in Equity Shares of a Company.

- l) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India.
- m) Scientific and/or Industrial Research Organisations, which are authorised to invest in shares;
- n) Permanent and Regular employees of the Company.
- o) Non-Resident Indians (NRIs) on repatriation / non-repatriation basis.
- p) Foreign Institutional Investors (FIIs) on repatriation / non-repatriation basis.

APPLICATIONS NOT TO BE MADE BY:

- a) Minors
- b) Partnership firms or their nominees
- c) Foreign Nationals (except NRIs)
- d) Overseas Corporate Bodies (OCBs)

APPLICATIONS BY HINDU UNDIVIDED FAMILIES (HUF)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.

APPLICATION FORM

Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so made. The prescribed application forms will have the following colours:

Category	Colour of Application Form
Indian Public including eligible NRIs applying on non-repatriation basis	White
NRIs/FIIs applying on repatriation basis	Blue

SUBSCRIPTION BY NRIS/ FIIS

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No. 38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation and separate Application Form for NRIs on non-repatriation basis and FIIs registered with SEBI and all NRI (on non-repatriation basis) and FII applicants will be treated on the same basis with other categories for the purpose of allotment.

APPLICATIONS UNDER POWER OF ATTORNEY

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

MINIMUM AND MAXIMUM APPLICATION SIZE

- 1) **For Retail Individual Investors:** Applications should be for minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter, so as to ensure that the amount payable by the applicant does not exceed Rs 1, 00,000.
- 2) **For Other Investors:** Application should be for a minimum of such number of Equity Shares so that amount payable by the applicant exceeds Rs 1, 00,000 and in multiples of 200 Equity Shares thereafter.



An applicant in the net public category cannot make application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. A single application can be made only for the number of shares that are offered to each respective category.

TERMS OF PAYMENT

The entire Issue price of Rs. 25 /- per share is payable on application only. 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.

PRE-ISSUE ADVERTISEMENT

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement will contain the information that has to be set out in the statutory advertisement. Any material updates, if any, between the date of filing of Prospectus with RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

GENERAL INSTRUCTIONS FOR APPLICANTS

1) Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not made so.

2) Application must be made for a minimum of 200 equity shares and in multiples of 200 thereafter:

In the name of Resident Indian Individuals, Limited Companies, Statutory Corporations/Institutions Incorporates in India, Indian Mutual Funds registered with SEBI and Banks. Applications in the name of minors, foreign nationals, Trusts not registered under the Societies Registration Act, 1860, or any other Trust Laws, partnership firms or their nominees, OCBs will be treated as invalid.

HUF should specify that the application is being made in the name of the HUF in the application form as "Name of the sole or first applicant: XYZ HUF applying through XYZ, where XYZ is the name of the Karta". Application by HUFs would be considered at par with those from individuals.

3) Thumb impressions and signatures other than in English/Hindi or any other language specified in the Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

4) Bank Account Details of Applicant

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DP ID) number and the Beneficiary number provided by the Depository participant must be mentioned correctly in the Application Form at the appropriate place. The Registrar will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.

5) Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

INSTRUCTIONS FOR APPLICATIONS BY NRIS/FIIS (ON REPATRIABLE BASIS):

1) As per the exim policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000, 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.

2) 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.

- 3) In case of application by NRIs 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 Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.
- 4) In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.
- 5) Duly filled Application Forms by NRIs/FIIs will be accepted at designated branches of the Bankers to the Issue at Mumbai and New Delhi only.
- 6) Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges/commission. In case of applicants who remit their application money from funds held in NRE/FCNR accounts, such payments shall be credited to their respective NRE/FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate 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/FCNR accounts, details of which are to 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 into Indian Rupees and vice versa.
- 7) Applications in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under this category.

APPLICATION BY NRI ON NON- REPARTIATION BASIS: - can be made using the form meant for public out of the funds held in Non- Resident Ordinary (NRO). The relevant bank certificate must be accompany such forms. Such application will be treated on par with the application made by the public.

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 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. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

A separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustees/Custodians of a Mutual Fund shall be clearly indicating the name of the concerned scheme for which application is being made.

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 the post-issue paid-up capital (i.e. 10% of 81,00,000 Equity Shares of Rs.10 each). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors 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.



In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

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, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed (i) 25% of the corpus of the venture capital fund/ (ii) 33.33% of the corpus of the foreign venture capital investor.

The above information is given for the benefit of Investors. The Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws and regulations, which may occur after the date of this Prospectus, whether prospectively or retrospectively. Investors are advised to make their independent investigations and ensure that their number of Equity Shares applied for do not exceed the applicable limits under laws and regulations.

Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs 25/- per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue places mentioned in the application form.

A separate single cheque/bank draft must accompany each application form.

PAYMENT INSTRUCTIONS

For Resident Individuals

1. Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers' "Clearing House", located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
2. Money orders, postal orders, outstation cheques or bank drafts, cheques/ draft drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
3. A separate cheque/bank draft must accompany each application form.
4. All cheques/bank drafts accompanying the application should be crossed "A/c Payee Only" and made payable to the Bankers to the Issue and marked "(Name of the Bank A/c Jagjanani Textiles Limited - Public Issue)".

Category of Application	Cheques/Bank Draft Favouing
Indian Public including eligible NRIs applying on non- repatriation basis	"Deutsche Bank A/c-Jagjanani Textiles Limited-Public Issue" OR "HDFC Bank A/c-Jagjanani Textiles Limited-Public Issue" "OR" UCO Bank A/c-Jagjanani Textiles Limited-Public Issue"
NRIs/FIIs on repatriation basis	"Deutsche Bank A/c-Jagjanani Textiles Limited-Public Issue-NR" OR" HDFC Bank A/c-Jagjanani Textiles Limited-Public Issue-NR"

5. Investors will not have facility of applying through stockinvest instruments as RBI has withdrawn the stockinvest scheme vide notification no. DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

SUBMISSION OF COMPLETED APPLICATION FORMS:

All applications duly completed and accompanied by cash/ cheques/ bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. **Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.**

Applicants residing at places where no collection centers have been opened may submit/ mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, Intime Spectrum Registry Limited, superscribing the envelope “**Jagjanani Textiles Limited – Public Issue**” so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Mumbai only. The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form. The acknowledgement of receipt of application moneys given by the collection agents shall be valid and binding on the issuer company and other persons connected with the issue. Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Electronic Transfer of Funds or through Registered Post, Speed Post to the applicant. If the application is accepted in part, the excess application money will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

OTHER INSTRUCTIONS

- 1) **Joint Applications in case of Individuals:** Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.
- 2) **Multiple Applications:** An applicant should submit only one application form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same.

The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/ draft must accompany each application form.

- 3) **PAN / GIR Number**

Where application(s) is/are for Rs. 50,000 or more, the applicant or in the case of an application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the IT Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents 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.** In case the sole/first applicant and joint applicant(s) is/are not required to obtain PAN, each of the applicant(s) shall mention “Not Applicable” and in the event that the sole applicant and/or the joint applicant(s) have applied for PAN, which has not yet been allotted, each of the applicant(s) should mention “Applied for” in the Application Form. Further, where the applicant(s) has mentioned “Applied for” or “Not Applicable”, the sole/first applicant and each of the joint applicant(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or, Form 61

(form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

4) Equity Shares in Demat Form with NSDL or CDSL

The Company had signed the following tripartite agreements with the Depositories and the Registrar to the Issue and Share Transfer Agent:

- a) An agreement dated 17th January 2007 with CDSL and Intime Spectrum Registry Limited
- b) An agreement dated 19th July 2006 with NSDL and Intime Spectrum Registry Limited

The Company's shares bear an ISIN No. INE702H01018

All investors can seek allotment only in dematerialized mode. However, an investor will have an option to hold the shares in physical form or demat form. After the allotment in the proposed Issue allottees may request their respective DPs for rematerialisation of shares if they wish to hold the shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

Instructions:

- a) An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
- b) The Applicant must necessarily fill in the details (including the Beneficiary Account number and DP ID number) in the Application Form.
- c) Equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary Accounts (with the DP).
- d) Name(s) in the Share Application 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.
- e) The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
- f) Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.
- g) The applicant is responsible for the correctness of the Applicant's demographic details given in the Application Form vis-à-vis those with his/ her DP.
- h) It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. Both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
- i) Trading in the Equity Shares of the Company would be in only dematerialised form for all investors.

Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account/refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

Note:

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully.

GROUNDNS FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected among others on the following technical grounds:

1. Amount paid does not tally with amount payable for the value of Equity Shares applied for;
2. Age of first applicant is not given;
3. Application by minor;
4. 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;
5. NRIs, except eligible NRIs and Non- Residents;
6. Applications by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
7. Category not ticked;
8. Applications accompanied by stockinvest/money order/postal order/cash (wherever applicable);
9. Application Form is not delivered by the Applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and the Prospectus and as per the instructions in this Prospectus and the Application Form;
10. 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 account number;
11. Application Form does not have the Applicant's depository account details;
12. PAN or GIR number not given if application is for Rs. 50,000/- or more;
13. Copy of PAN card or PAN allotment letter is not enclosed if the application is more than Rs 50,000/-;
14. Application for Equity Shares which are not in multiples of 200.
15. Multiple applications;
16. In case of application under Power of Attorney or by limited companies, corporates, trust etc., relevant documents are not submitted;
17. Signature of the sole and/or joint applicants missing;
18. Applications by OCBs.
19. Applications by U.S. persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act.

BASIS OF ALLOTMENT

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/ Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

Proportionate Allotment Procedure

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e 200 Equity Shares.

Allotment will be made in consultation with Bombay Stock Exchange. The allotment will be done on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size of 200 shares subject to market lots as explained below:

- a) Applicants will be categorised according to the number of Shares applied for
- b) The total number of Shares to be allotted 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 oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c) The number of Shares to be allotted to the successful allottees will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).
- d) For applications where the proportionate allotment works out to less than 200 Shares the allotment will be made as follows:
 - (i) each successful applicant shall be allotted 200 Shares; and
 - (ii) the successful applicants out of the total applicants for that category shall be determined by the drawing 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, the applicant would be allotted Shares by rounding off to the nearest multiple of 200.
- f) If the Shares allocated on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allotment shall be first adjusted against any category, where the allocated 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 the process of rounding off to the nearest multiple of 200 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 offering offer specified under point 19 of the Notes to the Capital Structure mentioned in the 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 who have applied for Equity Shares of or for a value not more than Rs 1,00,000/-.
 - (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 value more than Rs 1,00,000/-.
 - (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 allotment to applicants in the other category, if so required.

Investors may note that in case of over – subscription, allotment shall be on proportionate basis and will be finalised in consultation with BSE. The drawing of lots (where required) to finalise the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY

The Company shall ensure dispatch of allotment advice, refund orders 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 finalisation of allotment of Equity Shares.

The company shall ensure dispatch of refund orders by following mode:

- a) In case of applicants residing at Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram – refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer);
- b) In case of applicants residing at places other than those specified in (a) above and where the value of refund order is Rs. 1500/- or more, refund orders will be dispatched to the applicants by registered post only at the sole or First Applicant's sole risk;
- c) In case of applicants residing at places other than those specified in (a) above and where the value of refund order is less than Rs. 1500/-, refund orders will be dispatched under certificate of posting only at the sole or First Applicant's sole risk.

Adequate funds for the refunds shall be made available to the Registrar by the Company.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of allotment.

In accordance with the requirements of the Stock Exchange and SEBI Guidelines, the Company further undertakes that:

- Allotment shall be made only in dematerialised form within 30 days of the Issue Closing Date;
- Dispatch refund orders within 30 days of the Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 30 days time period as mentioned above), if allotment is not made, refunds are not electronically transferred and refund orders are not dispatched and/or demat credits are not made to investors within the 30 days time prescribed above.

PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, would be done through the following various modes:

- a) ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. 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 the above mentioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
- b) 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 hence use of NEFT is subject to operational feasibility, cost and process efficiency.

- c) Direct Credit - Applicants having bank accounts with the Refund Banker(s) as mentioned in the Application Form, in this case being, HDFC Bank 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.
- d) RTGS (Real Time Gross Settlement) - Applicants having a bank account at any of the above mentioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the 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.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value 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 demands drawn on HDFC Bank and payable at par at places where applicants are received. Bank charges, if any, for cashing such cheques, pay orders or demands at other centres will be payable by the applicants.

Please note that only applicants having a bank account at any of the 15 centres where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other applicants, including applicants who have not updated their bank particulars, alongwith the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS/REFUND ORDERS

The Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The company further agrees that it shall pay interest @15% per annum if the allotment letters/refund orders have not been dispatched to the applicants, or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 30 days from the date of the closure of the issue. However, applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest"

ACCESS TO FUNDS

The funds received against this Public issue will be kept in separate bank accounts and the Company will not have any access to such funds received under the public issue unless it has received minimum subscription of 90% of the application money towards the public issue component and permission of the Designated Stock Exchange is obtained to use the amount of subscription. The company will obtain the permission of Designated Stock Exchange by producing sufficient documentary evidence of subscription of 90% or more on the closure of the Issue to utilise the funds collected as per the present rules. The Company will not have access to the funds received against the public issue until it has received approval for allotment from the Designated Stock Exchange and listing and trading permission is received from BSE.

UNDERTAKING BY THE COMPANY

The Board of Directors of the Company undertakes that: -

- i. That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- ii. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the equity shares are to be listed are taken within 7 working days of finalization of the basis of allotment;

- iii. The Company shall apply in advance for the listing of equity shares;
- iv. That the funds required for dispatch of refund orders / allotment letters / certificates as per modes disclosed shall be made available to the Registrar to the Issue by the Company;
- v. That the certificates of the equity shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;
- vi. That no further issue of equity shares shall be made till the equity shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.
- vii. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days of closure of issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- a. All monies received against this issue shall be transferred to separate bank accounts in a schedule bank as referred to in sub-section (3) of section 73;
- b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilized; and
- c. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the form in which such unutilized monies have been invested.

The Board of Directors of the Company also certify that:

- i) The utilization of monies received from firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized.
- ii) The details of all unutilized monies out of the funds received under firm allotments and reservations shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilized monies have been invested.

The Company undertakes that it shall not access the money raised in the Issue till finalisation of basis of allotment or completion of offer formalities.



SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

A) RIGHTS OF MEMBERS

The Equity Shareholders shall have the following rights:

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

B) MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

The Article of Association of the Company, inter alia, includes following clauses:

CAPITAL

1. The Authorised Share Capital of the Company shall be as per Clause V of the Memorandum of Association of the Company.
2. Increase of Capital by the Company and how carried into effect

The Company may in General Meeting, from time to time by ordinary resolution, increase its capital by creation of new shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new shares shall be issued upon such terms and conditions with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of asset of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of 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.

3. New Capital same as existing capital

Except in so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

4. Redeemable Preference Shares

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company are liable to be redeemed in accordance with Section 80A of the Act and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

5. Reduction of Capital

The Company may (Subject to the provisions of Sections 78, 80 and 100 to 104, both inclusive and other applicable provisions, if any of Act) from time to time by special resolution reduce (a) the share capital (b) any capital redemption reserve account or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power Company would have, if it were omitted.

6. Consolidation division, sub-division 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 sub-divided 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 others or other. Company may also cancel any shares, which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

7. Modification of rights

Whenever the capital, by reason of the issue of the preference shares or otherwise is dividend into different 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, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class.

8. Commission may be paid

Subject to the provisions of Section 76 of the Act, the Company may at any time pay 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, 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. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures as the case may be or partly in one way and partly in the other.

SHARES AND CERTIFICATES

9. Further issue of shares

[1] Where it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un issued capital or out of the increased share capital then:

- (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof 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.
- (d) After expiry of the time specified in the aforesaid notice 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 if Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

[2] Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever. If a special resolution to that effect is passed by the company in General Meeting or 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 resolution moved in the general meeting (including the casting vote, if any of the Chairman) by the members who, being entitled to do so, 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.

- [3] Nothing in sub-clause (c) of (1) hereof shall be deemed to extend the time within which the offer should be accepted; or to authorise any person to exercise the right of renunciation for a second time on the ground that person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- [4] Nothing in this Articles shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company to convert such debentures or loans into shares in the Company; or to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

10. Register and Index of Members

The Company shall cause to be kept a Register and Index of Members in accordance with sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or Country outside India a Branch Register of Members residents in that State or Country.

11. Further Issue of Capital.

Subject to the provisions of section 81 of the Act and these Articles, the shares (including any shares forming part of any increased capital of the Company) for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or in (Subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time, as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

12. Application of premium received, on shares

- [1] Where the Company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account, to be called "The Share Premium Account" and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in this Article, apply as if the share premium account were paid up share capital of the Company.
- [2] The shares premium account may, notwithstanding anything in clause (1) hereof be applied by the Company:
- (a) in paying up unissued shares of the Company, to be issued to the members of the Company, as fully paid bonus shares;
 - (b) in writing off the preliminary expenses of the Company;
 - (c) in writing off the expenses of or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
 - (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

13. Power 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 under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, by Special Resolution other than Bonus Share Issue, determine that any shares (whether forming part of the original

capital or of any increased capital of the Company) shall be offered to any person (whether a Member or not) in such proportion and on such terms and conditions and 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, as such General Meeting shall determine and with full powers 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 times and for such considerations as may be directed by such General Meeting of the Company and General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

14. Installment of shares to be duly paid

If by the conditions of any allotment of any shares the whole or any part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares or his legal representatives and shall for the purposes of these Articles, be deemed to be payable on the date fixed for payment and in the case of non-payment the provisions of these Articles as to payment of interest and expenses of forfeiture and like and all the other relevant provisions of these Articles shall apply as if such installments were a call duly made and notified as hereby provided.

15. The Board may issue shares as fully paid-up

Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the Capital of the Company as payment of any property sold or transferred or for services rendered to the Company in the conduct of its business or in satisfaction of any shares, which may be so issued shall be deemed to be fully paid-up or partly paid-up shares.

16. Acceptance of shares

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these articles and every person who thus or otherwise accepts any shares and whose name is therefore placed on the register shall, for the purpose of this Article, be a member.

17. Deposit and Call to be a debt payable

The money, if any, which the Board of Directors shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall immediately on the inscription of the name of the allottee in the register of members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

18. Liability of Members

Every member or his heirs, executors or administrators to the extent of his assets which come to their hands shall be liable to pay of the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall from time to time, in accordance with the Company's requisitions, require or fix for the payment thereof.

19. Limitation of time for Issue of Certificates.

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be issued under the seal of the company and shall be signed in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any

statutory modification or re-enactment thereof for the time being in force and shall specify the number and distinctive number of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve. Such certificate shall be issued only in pursuance of a resolution passed by the Board including any committee thereof and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares PROVIDED THAT if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. If any member shall require additional certificates he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding One Rupee, as the Directors shall determine.

In respect of a share or shares held jointly by several person, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

20. Dematerialization of securities.

- (a) Dematerialization: Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any or any amendment thereof.
- (b) Options for Investors: Subject to Section 68B of the Act, every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.

If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

- (c) Securities in Depositories to be in fungible form: All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
- (d) Rights of Depositories & Beneficial Owners:
 - i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
 - ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
 - iii) Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.
 - iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.
- (e) Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(f) Transfer of Securities:

- i) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities affected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
- ii) In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(g) Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(h) Certificate No. Etc. of Securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(i) Register and Index of Beneficial Owners: The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security holders for the purposes of these Articles and the Act.

21. Issue of New Certificate in place of One Defaced, Lost or Destroyed.

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules of regulation or requirements of any stock Exchange or the rules made under the Act or the rules made under Securities contracts (Regulation) Act, 1956 or any other Act or rules applicable in this behalf.

The provisions of this Article shall *mutatis mutandis* apply to debentures of the company.

22. New certificates to be granted on delivery of the old certificates

New certificates shall not be granted under the provisions of the foregoing Article except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation and upon proof of destruction or loss and upon such terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Board of Directors may think fit in the case of any certificate having been destroyed, lost or defaced beyond identification.

23. The first named of joint holders deemed sole holder

If any share stands in the name of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notice and all or any other matter connected with the Company except voting at meeting and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's regulations.

24. Company not bound to recognize any interest in share other than of registered holder

Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall not be bound to recognize, even when having notice thereof, any equitable, contingent, future or partial interest in any share

or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Trust not recognized

[a] Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of Competent jurisdiction or as by law required) be bound to recognize any benami, trust or equity or equitable, contingent, future or partial or other claim or claims or right to or interest in such share in the part of any other person whether or not it shall have express or limited notice thereof. The provisions of Section 153 of the Act, shall apply.

[b] Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor (except in case where they are fully paid) or in the name of a person of unsound mind or in the name of any firm or partnership.

25. Funds of Company not to be applied in purchase of shares of the Company

No funds of the Company shall, except as provided by Section 77 of the Act, be employed in the purchase of its own shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by mean of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any share in the Company in its holding Company.

INTEREST OUT OF CAPITAL

26. Interest out of Capital

Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant, which cannot be made profitable for 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 of the work or building or the provision of the plant.

DEBENTURES

27. Debentures with voting rights not to be issued

[a] The Company shall have powers to issue debentures but not to issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business, Debenture-stock, bonds or other securities with the right to allotment of or conversion into share shall not be issued except with the sanction of the Company in general meeting.

[b] The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

CALLS

28. Directors may make call

Subject to the provisions of Section 91 of the Act the Board of Directors may, from time to time by a Resolution passed at a meeting of a Board (and not by a circular resolution), make such calls as it think fit upon the members in respect of all moneys unpaid on the shares whether on account of the nominal value of the shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.

29. Notice of calls

Not less than thirty days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

30. When call deemed to have been made

A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board of Directors and may be made payable by the members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

31. Directors may extend time

The Board of Directors may from time to time as its discretion, extend the time, fixed for the payment of any call and may extend such time to call on any of members the Board of Directors may deem fairly entitled to such extension, but no member shall be entitled to such extension as of right except as a matter of grace and favour.

32. Amount payable at fixed time or by installments to be treated as calls

If by the terms of issue of any share or otherwise any amount is made payable at any fixed or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

33. When interest on call or installment payable

If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen per cent per annum as Directors shall fix from the day appointed for the payment thereof up to the time of actual payment but the Directors may waive payment of such interest wholly or in part.

34. Evidence in actions by Company against shareholders

On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives for the recovery of any moneys claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the members in respect of whose shares the money is sought to be recovered and entered on the register of member as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which the money is sought to be recovered that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, not that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

35. Payment in anticipation of call may carry interest.

The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to the calls on debentures of the company.

36. Company's lien on shares/debentures.

The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures wholly or in part to be exempt from the provisions of this clause.

37. As to enforcing lien by sale

The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made :

[a] Unless a sum in respect of which the lien exists is presently payable or

[b] Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale, the Board may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such members.

[c] The purchaser shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

38. Application of proceeds of sale

[a] The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable; and

[b] The residue, if any, after adjusting costs and expenses, if any, incurred shall be paid to the person entitled to the shares at the date of the sale (subject to a like for sums not presently payable existed on the shares before the sale.

FORFEITURE OF SHARES

39. If money payable on share not paid notice to be given

If any member fails to pay the whole or any part of any call or any installment of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to his requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

40. Sum payable on allotment to be deemed a call

For the purposes of the provisions of these presents relating to forfeiture of shares the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such share on the day of allotment.

41. Form of Notice

The notice shall name a day (not being less than one month from the day of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate not exceeding eighteen per cent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, shares in respect of which the call was made or installment is payable will be liable to be forfeited.

42. In default of payment shares to be forfeited

If the requirements of any such notice as aforesaid are not complied with any share or shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

43. Notice of forfeiture to a member

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

44. Forfeited share to be the property of the Company and may be sold etc.

Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

45. Member still liable to pay money owing at the time of forfeiture and interest

Any member whose shares have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen per cent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

46. Effect of forfeiture

The forfeiture of a share shall involve the extinction at the time of the forfeiture of all interest in and all claims and demand against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

47. Power to annul forfeiture

The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.

48. Declaration of forfeiture

[a] A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

[b] The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off.

[c] The person to whom such share is sold, re-allotted or disposed off shall thereupon be registered as the holder of the share.

[d] Any such purchaser or allottee shall not (unless by express agreement) be liable to pay any calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment.

[e] Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

49. Provisions of these Articles as to forfeiture to apply in case of non-payment of any sum

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

50. Cancellation of share certificate in respect of forfeited shares

Upon sale, re-allotment or other disposal, under the provisions of these Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

51. Surrender of Shares

The Directors may, subject to the provisions of the Act, accept a surrender of any share from any member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

52. No transfer to minor etc.

The Board shall not issue or register a transfer of any shares for a minor (except in case when they are fully paid) or insolvent or person of unsound mind.

53. Instrument of transfer.

The instrument of transfer shall be in writing and all provisions of section 108 of the companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

54. Application for transfer

[a] An application for registration of a transfer of the shares in the Company may be either by the transferor or the transferee.

[b] Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

[c] For the purpose of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

55. Execution of transfer

The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be attested. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

56. Transfer by legal representatives

A transfer of share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

57. Register of Members when closed

The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of 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 each year as it may seem expedient to the Board.

58. Directors may refuse to register transfers.

Subject to the provisions of section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Director may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer 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.

59. Directors may refuse any application for split or consolidation of Certificate(s)

Subject to the power of the Directors stated in Article 63 and the provisions of this clause, transfer of Shares/ Debentures, in whatever lot should not be refused. However, the Company may refuse to split a Share Certificate/ Debenture Certificate into several scrips of very small denominations or to consider a proposal for transfer of Shares/Debentures comprised in a Share Certificate/Debenture Certificate to several parties, involving such splitting if on the face of its such splitting / transfer appears to be unreasonable or without a genuine need or a marketable lot.

60. Notice of refusal to be given to transferor and transferee

If the Company refused to register the transfer of any shares or debentures or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was delivered with the Company send notice of refusal to the transferee and the transferor or to the person giving the intimation of the transmission as the case may be giving reasons for such refusal and thereupon the provisions of Section 111 of the Act and statutory modification or re-enactment thereof for the time being in force shall apply.

61. Death of one or more joint holders of shares

In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him with any other person.

62. Titles to shares of deceased member

The executors or administrators of a deceased member or holders of a Succession Certificate or the legal representatives in respect of the shares of a deceased member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such members and the Company shall not be bound to recognize such executors or administrators or holders of a succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its

absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register under Article 70 shares standing in the name of a deceased member, as a member.

63. Notice of application when to be given

Where, in case of partly paid shares and application for registration is made by the Transferor, the Company shall give notice of the application to the Transferee in accordance with the provisions of Section 110 of the Act.

64. Registration of persons entitled to shares otherwise than by transfer (Transmission clause)

Subject to the provisions of Article 66, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by the transfer in accordance with these Articles, may with the consent of the Board of Directors (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Board of Directors registered as members in respect of such shares. PROVIDED NEVERTHELESS that if such person shall elect to have his nominee registered, he shall testify his election by executing in favor of his nominee registered, he shall testify his election by executing in favor of his nominee an instrument of transfer in accordance with provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares, this clause is herein referred to as "THE TRANSMISSION CLAUSE".

65. Refusal to register nominee

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

66. Person entitled may receive dividend without being registered as member

A person entitled to a share transmission shall subject to the right of the Directors to retain such dividends or money as is herein after provided be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share.

67. No fee on transfer or transmission.

No fee shall be charged for registration of transfer, transmission, Probate, Succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

68. Transfer to be presented with evidence of title

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board may, from time to time, prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

69. The Company not liable for discharge of a notice prohibiting registration of a transfer

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice and give effect thereto if the Board of Directors shall so think fit.

SHARE WARRANTS

70. Power to issue share warrants

The Company may issue warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any share which is fully paid 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 identify of the person signing the application and on receiving the certificates (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.

71. Deposit of Share warrants

[a] The bearer of a share warrant may, at any time, deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were interested in the Register of Members as the holder of the share included in the deposit warrant.

[b] Not more than one person shall be recognized as depositor of the share warrant.

[c] The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

72. Privileges and disabilities of the holders of share warrant

[a] Subject as herein otherwise expressly provided, no person shall as bearer of a share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a member at a meeting of the Company or be entitled to receive any notice from the Company.

[b] The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Member as the Holder of the Shares included in the warrant and he shall be a member of the Company.

73. Issue of new share warrant or coupon

The Board may, from time to time, make bye-laws as to the terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

74. Share may be converted into stock

The Company may, by Ordinary Resolution :

[a] convert any paid up share into stock; and

[b] reconvert any stock into paid-up shares of any denomination.

75. Transfer of stock

The several holders of such stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might, before the conversion, have been transferred or as near thereto as circumstances admit.

PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

76. Right of stock holders

The holders of stock shall according to the amount of stock held by them, have the same right, 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 profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.



77. Regulations applicable to stock and share warrant

Such of the regulations of the Company as the applicable to paid up shares shall apply to stock and the words "Share" and "Share-holder" in these regulations shall include "Stock" and "Stock-holder" respectively.

BORROWING POWERS

78. Power of Borrow

Subject to the provisions of Sections 58A, 292 and 293 of the Act and of these Articles the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept, deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds 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 of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

79. The payment or repayment of money borrowed

The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board of Directors may think fit and in particular in pursuance of a resolution passed at a meeting of the Board (and not by Circular Resolution) by the issue of bonds, debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being and the debentures and the debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

80. Term of issue of debenture.

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a special Resolution.

81. Mortgage of uncalled capital

If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favor such mortgage or security executed.

MEETING OF MEMBERS

82. Statutory Meeting

The Statutory Meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.

83. Annual General Meeting and the persons entitled to attend

[1] The Company shall in each year held, in addition to any other meeting a General Meeting as its Annual General Meeting in accordance with the provisions of Sections 166 and 210 of the Act and shall specify the meeting as such in the notice calling it, except in the case where the Registrar, has given an extension of time for holding any Annual General Meeting, of the Company and that of the next.

PROVIDED THAT if the Registrar shall have for special reason, extended the time within which any Annual General Meeting shall be held such Annual General Meeting may be held within the additional time.

- [2] Every Annual General Meeting shall be called for any time during business hours, on a day that is not a public and shall be held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated for the time being.
- [3] 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.

84. Extra-ordinary General Meeting

All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings.

85. Requisitionists' Meeting

[1] Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of members as hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists :

- (a) give to the members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.
- (b) circulate to members entitled to have notice of any general meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that meeting.

[2] The number of members necessary for a requisition under clause (1) hereof shall be :

- (a) Such number of members as represent not less than one-twentieth of the total voting power of all the members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or
- (b) not less than one hundred members having the rights aforesaid and holding shares in the Company on which there has been paid up an aggregate sum of not less than rupees one lac in all.

[3] Notice of any such resolution shall be given and any such statement shall be circulated to members of the Company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each member in any manner permitted by the Act for service of notice of the meeting and notice of any such resolution shall be given to any other member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act, for giving him notice of meeting of the Company.

The copy of the resolutions shall be served or notice of the effect of the resolution shall be given, as the case may be, in the same manner and so far as practicable, at the same time as notice of the meeting and where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

[4] The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless :

- (a) a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the registered office of the Company.
 - (i) in the case of requisition, requiring notice of resolution, not less than six weeks before the meeting;
 - (ii) in the case of any other requisition, not less than two weeks before the meeting;
- (b) there is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

- [5] The Company shall also not be bound under this Article to circulate any statement if, on the application either of the Company or of any other person who claims to be aggrieved is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.
- [6] Notwithstanding anything in these Articles, the business which may be dealt with at an Annual General Meeting shall include any resolution of which notice is given in accordance with this Article and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission, in giving it, to one or more members.

86. Extra-ordinary General Meeting by Board and by requisition

- [a] The Directors may, whenever they think fit, convene an Extra-ordinary General Meeting and they shall on requisition of the members as hereinafter provided, forthwith proceed to convene Extra-ordinary General Meeting of the Company.
- [b] When a Director or any two members may call an Extra-ordinary General Meeting

If at any time there are not within India sufficient Directors capable of acting to form a quorum or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a general meeting, any Director or any two or more members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call an Extra-ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

87. Contents of requisition and number of requisitionists required and the conduct of meeting

- [1] In case of requisition the following provisions shall have effect :
 - (a) The requisition shall set out the matter for the consideration of which the meeting is to be called and shall be signed by the requisitionists and shall be deposited at the registered office of the Company.
 - (b) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
 - (c) The number of members entitled to requisition a meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as at that date carries the right of voting in regard to that matter.
 - (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause is fulfilled.
 - (e) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceeds duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called:
 - (i) by the requisitionists themselves; or
 - (ii) by such of requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub-clause (c) of clause (1) whichever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall in the case of a meeting at which a resolution is to be proposed as a special resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.

- [2] A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them :
- (a) shall be called in the same manner, as nearly as possible, as that in which meeting is to be called by the Board; but
 - (b) shall not be held after the expiration of three months from the date of the deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.
- [3] Where two or more persons hold any shares in the Company jointly, a requisition or a notice calling a meeting signed by one or some only of them shall for the purpose of this Article, have the same force and effect as if it has been signed by all of them.
- [4] Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

88. Length of notice of meeting

- [1] A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.
- [2] A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof; if consent is accorded thereto :
- (i) in the case of Annual General Meeting by all the members entitled to vote thereat and
 - (ii) in the case of any other meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid up share capital of the Company as gives a right to vote at the meeting.

PROVIDED THAT where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution or resolutions and not in respect of the later.

89. Contents and manner of services of notice

- [1] Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- [2] Subject to the provisions of the Act, notice of every General Meeting shall be given :
- (a) to every member of the Company in any manner authorized by sub-sections (1) to (4) of Section 53 of the Act.
 - (b) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name or by the title of representative of the deceased or assignee of the insolvent or by like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred and
 - (c) to the Auditor or Auditors for the time being of the Company in any manner authorized by Section 53 of the Act in the case of members of the Company.
- [3] Any member of a Company entitled to attend and vote at a meeting of Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself; but a proxy so appointed shall not have any right to speak at the meeting.

PROVIDED THAT unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

90. Special and Ordinary business and explanatory statement

- [1] (a) In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special, with the exception of business relating to :
- (i) the consideration of the Accounts, Balance Sheet and the Reports of the Board of Directors and Auditors.
 - (ii) the declaration of dividend;
 - (iii) the appointment of Directors in the place of those retiring; and
 - (iv) the appointment of and the fixing of the remuneration of the Auditors; and
- (b) In the case of any other meeting, all business shall be deemed special.

- [2] Where any items of business to be transacted at the meeting of Company are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Directors.

PROVIDED THAT where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of registered office of the Company under sub-section (3) of the Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

PROVIDED THAT where any such item of special business at the meeting of the Company relates to or affects any other company, the extent of shareholding interest in that other company of every Directors of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty per cent of the paid up share capital of that other company.

- [3] Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

91. Omission to give notice not to invalidate proceedings

The accidental omission to give such notice as aforesaid to or non-receipt thereof by any member or other person to whom it should be given, shall not invalidate the proceedings of any such meeting.

92. Notice of business to be given

No General Meeting, Annual or Extra-ordinary shall be competent to enter upon, discuss, or transact any business, which has not been mentioned in the notice or notices convening the meeting.

93. Quorum

Five members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is presented in accordance with Section 187A of the Act.

94. If quorum not present when meeting to be dissolved and when to be adjourned

If within half an hour from the time appointed for holding a meeting of the Company a quorum is not present, the meeting if called by or upon the requisition of members shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjourned meeting also a quorum is not present with half an hour from the time appointed for holding the meeting, the member present shall be quorum and may transact the business for which the meeting was called.

95. Resolutions passed at adjourned meeting

Where a resolution is passed at an adjourned meeting of the Company, the resolution for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

96. Chairman of general meeting

The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting or if there be no such Chairman or if any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or shall decline to take the Chair, the Vice-Chairman, if any, shall be entitled to take the chair. If the Vice-Chairman is also not present or is unwilling to take the chair, the Directors present shall elect one of them as Chairman and if no Director be present or if the Directors present decline to take the chair, then the members present shall elect one of the members to be a Chairman. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and the Chairman elected on show of hands shall exercise all the powers of the Chairman under the under the said provision. If some other person is elected Chairman as a result of the poll the shall be the Chairman for the rest of the meeting.

97. Business confined to election of Chairman whilst Chair vacant

No business shall be discussed at any general meeting except the election of a Chairman whilst the Chair is vacant.

98. Chairman may adjourn, meeting

[a] The Chairman may, with the consent of any meeting at which a quorum is present and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place.

[b] No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment look place.

[c] When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting.

[d] Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

99. How question to be decided at meetings

Every question submitted to a general meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.

100. Chairman's declaration of result of voting on show of hands

A declaration by the Chairman of the meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof, of the number or proportion of votes cast in favor of or against such resolution.

101. Demand of poll

Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who make the demand.

102. Time of taking of poll

A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the meeting may direct and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

103. Chairman's casting vote

In the case of equality of votes the Chairman shall both on a show of hands and a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

104. Appointment of scrutinizers

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutinizers from office and fill vacancies in the office of the scrutinizers arising from such removal or from any other cause.

105. Demand for poll not to prevent transaction of other business

The demand for a poll shall not prevent transaction of other business except on the question of the Chairman and of an adjournment other than the question on which the poll has been demanded.

106. Special notice

Where, by any provision contained in the Act or these Articles, special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

107. Passing of resolution by Postal Ballot.

Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company:-

- (i) Any business that can be transacted by the Company in General Meeting; and
- (ii) Particularly, resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/ or other ways prescribed by the Central Government in this regard.

VOTES OF MEMBERS

108. Member paying money in advance not to be entitled to vote in respect thereof

A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

109. Restriction on exercise of voting rights of members who have not paid calls

No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

110. Number of votes to which member entitled

Subject to the provisions of Article 112 every member of the Company, holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorized) have one vote and on a poll, when present in person (including a body corporate by a duly authorized representative) or by an agent duly authorized under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference share-holder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period proceeding the date on which the vote is taken.

111. Votes of members of unsound mind

A member of unsound mind or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll vote by proxy.

112. Votes of joint members

If there be joint registered holders of any shares one of such persons may vote at any meeting personally or by an agent duly authorized under a Power of Attorney or by 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 either personally or by agent or by proxy, that one of the said persons so present who stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the holders shall be entitled to vote in preference to a person present by an agent duly authorized under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the register in respect of such shares 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.

113. Representation of body corporate

- [a] A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) authorize such person as it thinks fit by a resolution of its Board of Directors or other Governing Body, to act as its representative at any meeting of the Company or any class of members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. A person authorized by resolution as aforesaid 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, creditor or holder of debentures of the Company. The production of a copy of the resolution referred above, certified by Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative's appointment and his right to vote thereat.
- [b] Where the President of India or the Governor of a State is a member of the Company, the President or as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President or as the case may be, the Governor could exercise as a member of the Company.

114. Votes in respect of deceased or insolvent members

Any person entitled under the transmission Article to transfer any share may vote any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the rights to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

115. Voting in person or by proxy

Subject to the provisions of these Articles, vote 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 authorized in accordance with Section 187 of the Act.

116. Rights of members to use votes differently

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

117. Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right whatever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled or attend and vote is entitled to appoint one or more proxies.

118. Proxy either for specified meeting or for a period

An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and adjournment thereof or it may appoint a proxy for the purpose of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

119. No proxy to vote on a show of hands

No proxy shall be entitled to vote by a show of hands.

120. Instrument of proxy when to be deposited

The instrument appointing a proxy and the Power of Attorney or Authority (if any) under which it is signed or a notarially certified copy of that power of Attorney or Authority, shall be deposited at the Registered Office of the Company forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

121. Form of proxy

Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit be in the form set out in Schedule IX to the Act and signed by the appointer or his attorney duly authorized in writing or if the appointer is a body corporate be under its seal or be signed by any officer or attorney duly authorized by it.

122. Validity of votes given by proxy notwithstanding revocation of authority

A vote given in accordance with the terms of instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may

in his discretion think fit of the due execution of an instrument of proxy and of the same not have been revoked.

123. Time for objection to vote

No objection shall be made to the qualification of any vote to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes and such objection made in due time shall be referred to the Chairman of the meeting.

124. Chairman of any meeting to be the judge of validity of any vote

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

125. Custody of instrument

If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If embracing other objects, copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

126. Number of Directors

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.

127. At the date of adoption of these Articles the persons named hereunder are the directors:-

1. Mr S G Vyas
2. Mrs Shakuntala Vyas
3. Mr S K Singhal
4. Mr R S Mehra
5. Mr H K Aggarwal
6. Mr N K Khurana

128. Debenture Directors

Any Trust Deed for securing debenture or debenture-stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person to be a Director of the Company and may empower such Trustees or holder of debentures or debenture-stocks, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

129. Nominee Director

Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so

long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors, Whole-time or non-Whole-time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the committee of which the Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commissions, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment as Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an Officer of the Corporation, the sitting fee in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to Financial Corporation and the same shall accordingly be paid by the Company directly to Financial Corporation. Limit on number of retiring Directors.

Provided also that in the event of the Nominee Director/s being appointed as Whole-time Directors, such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a Whole-time Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders.

130. Appointment of Alternate Director

The Board may appoint an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held if

the terms of office of the Original Director is determined before he returns to as aforesaid. Any provision in the Act or in these Articles for automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and the Alternate Director.

131. Directors may fill vacancies

The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

132. Additional Directors

The Directors shall also have power to at any time and from time to time appoint any other person to be a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed. Any person so appointed as an addition to the Board shall hold his office only up to the date of the next Annual General Meeting but shall be eligible for election at such meeting.

133. Qualification shares

A Director need not hold any qualification shares.

134. Remuneration of Directors

The remuneration of Directors for his service shall be such sum as may be fixed by the Board of Directors subject to a ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determined and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.

Subject to the provisions of the Act, a Director who is either in the whole time employment of the Company or a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either by way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

Subject to the provisions of the Act, a Directors who is neither in the Whole-time employment of the Company nor a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either:

- (i) by way of a monthly, quarterly or annual payment with the approval of the Central Government; or
- (ii) by way of commission if the Company by special resolution authorize such payment.

A Director may receive remuneration by way of a fee for each meeting of the Board or a committee thereof attended by him as prescribed by Central Government.

135. Extra remuneration to Directors for special work

Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called to perform extra services (which expression shall include work done by a Director as a member of any committee formed by the Directors or in relation to signing Share Certificates) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

136. Travelling expenses incurred by Directors on Company's business

The Board of Directors may, subject to the limitations provided by the Act, allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence for the purpose of attending a meeting such sum as the Board may consider fair compensation for traveling, hotel and other incidental expenses properly incurred by him, in addition to his fees for attending such meeting as above specified.

137. Director may act notwithstanding vacancy

The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles, for a meeting of the Board of Director or Directors may act for the purpose of increasing the number of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.

138. Board resolution necessary for certain contracts

[1] except with the consent of the Board of Directors of the Company, a Director of the Company or his relatives, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director, is a member or Director, shall not enter into any contract with the Company.

- (a) for the sale, purchase or supply of goods, materials or services; or
- (b) for underwriting the subscription of any share in or debentures of the Company.

[2] Nothing contained in clause (a) of sub-clause (1) shall effect:

- (i) the purchase of goods and materials from the Company or the sale of goods and materials to the Company, by any Director, relative, firm, partner or Private Company as aforesaid for cash at prevailing market prices; or
- (ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or Private Company on the other for sale, purchase or supply of any goods, materials and services in which either the Company, as the Director, relative, firm, partner or Private Company, as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which or services, the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contracts.

[3] Notwithstanding anything contained in sub-clauses (1) and (2) hereof, a Director, relative, firm, partner or Private Company as aforesaid may, in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.

[4] Every consent of the Board required under this Article, shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

[5] If consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board.

139. Disclosure to the Members of Director's interest in contract in appointing Manager, Managing Director, or Whole-time Director

When the Company :

- [a] enters into a contract for the appointment of a Managing Director or Whole-time Director in which contract any Director of the Company is, whether directly or indirectly, concerned or interested; or
- [b] varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provision of Section 302 of the Act shall be complied with.

140. Disqualification of Director

A person shall not be capable of being appointed Director of the Company if:

- [a] he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- [b] he is an undischarged insolvent;
- [c] he has applied to be adjudged an insolvent and his application is pending;
- [d] he has been convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not been elapsed from the date of expiry of the sentence;
- [e] he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call; or
- [f] as order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that section.

141. Vacation of office by Directors

[1] The office of a Director shall become vacant if :

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudged an insolvent; or
- (c) he is adjudged an insolvent; or
- (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
- (e) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a Notification in the official Gazette, remove the disqualification incurred by such failure; or
- (f) absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
- (g) he (whether by himself or by any person for his benefits or on his account) or any firm in which he is a partner or any private company of which he is a Director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
- (h) he being 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 fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or
- (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or

- (j) he is removed by an ordinary resolution of the Company before the expiry of his period of office; or
 - (k) if, by notice in writing to the Company, he resigns his office; or
 - (l) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
- [2] Notwithstanding anything contained in sub-clauses (c), (d) and (i) of clause (I) hereof, the disqualification referred to in these clauses shall not take effect:
- (a) for thirty days from the date of the adjudication, sentence or order;
 - (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off; or
 - (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.
- [3] Removal of Directors
- (a) The Company may, subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by ordinary resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.
 - (b) Special Notice as provided by Article hereof or Section 190 of the Act, shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
 - (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
 - (d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and request their notification to members of the Company, the Company shall, unless the representations are received by it too late for it, to do so (a) in the notice of the resolution given to the members of the Company state the fact of the representations having been made and (b) send a copy of the representations or every member of the Company to whom notice of the meeting is sent (before or after the representations by the Company) and if a copy of the representation is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; provided that copies of the representations need not be sent or read out at meeting if on the application either of the Company or of any other person who claims to be aggrieved the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.
 - (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 136 or Section 262 of the Act, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-clause (3) hereof. A Director so appointed shall hold office until the date up to which his predecessors would have held office if he had not been removed as aforesaid.
 - (f) If the vacancy is not filled under sub-clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 142 or Section 262 of the Act and all the provisions of that Article and section shall apply accordingly.

- (g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
- (h) Nothing contained in this Article shall be taken :
- (i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director; or
- (ii) as derogating from any power to remove a Director which may exist apart from this Article.

142. Disclosure of interest by Director

- [1] Every 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 of the Directors in the manner provided in Section 299(2) of the Act.
- [2] (a) In the case of proposed contract or the arrangement, the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not at the date of that meeting concerned or interested in the proposed contract or arrangement at the first meeting of the Board held after he be so concerned or interested.
- (b) In case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- [3] (a) For the purpose of clauses (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.
- (b) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in which it would otherwise expires.
- (c) No such general notice and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board or the Directors concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
- (d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or more of the Directors of the Company together holds or hold not more than two percent of the paid up share capital in the other company.

ROTATION AND APPOINTMENT OF DIRECTORS

143. Directors may be Directors of the Companies promoted by the Company

If a Director of the Company is appointed a Director of any company promoted by the Company or in which it may become interested as a vendor, shareholder or otherwise, such Director shall not be accountable for any benefits received as Director or Shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

144. Rotation of Directors

Not less than two thirds of the total number of Directors shall be persons whose period of the office shall be liable to determination by retirement of Directors by rotation. A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the meeting at which he retires.

145. Retirement of Directors

Subject to the provisions of Section 256 of the Act at every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors and Managing Directors, if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation.

146. Ascertainment of Directors retiring by rotation and filling of vacancies

The Directors to retire by rotation under Article 150 at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves, be determined by lot.

147. Company to fill vacancies

The Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacancy by appointing the retiring Director or some other person thereto.

148. Provision in default of appointment

- [a] If the place of retiring Directors is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- [b] If at the adjourned meeting also, the place of the retiring Director is not filled up and the meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless;
 - (i) at that meeting or the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost.
 - (ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed.
 - (iii) he is not qualified or is disqualified for appointment.
 - (iv) a resolution whether special or ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act; or
 - (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

149. Company may increase or reduce the number of Directors or remove any Director

Subject to the provisions of Sections, 252, 255 and 259 of the Act, the Company may, by ordinary resolution from time to time, increase or reduce the number of Directors and may alter qualifications.

150. Appointment of Directors to be voted individually

- [a] No motion at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- [b] A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of it being, so moved, provided where a resolution so moved is passed, no provisions for the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply.
- [c] For the purpose of this Article, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.

151. Notice of Candidature for office of Director except in certain cases

- [1] No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other member intending to propose him has at least fourteen days before the meeting left at the office of the Company a notice in writing under his hand signifying his candidature for the office of a Director or the intention of such member to propose him a Director for that office as the case may be along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as a Director.
- [2] The Company shall inform its members of the candidature of the person for the office of Director or the intention of a member to propose such person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place.
- [3] Every person (other than a Director retiring by rotation or otherwise or person who has left at the office of the Company a notice under Section 257 of the Act, signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director if appointed.
- [4] A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office or an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 252 of the Act appointed as a Director, re-appointed as an Additional or Alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

152. Disclosure by Directors of their holdings of shares and debentures of the Company

Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section. Any such notice shall be given in writing and if it is not given at a meeting of the Board, the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the first meeting of the Board next after it is given.

MANAGING DIRECTOR, WHOLE-TIME DIRECTOR

153. Board may appoint Managing Director or Managing Directors or Whole-time Directors

Subject to the provisions of the Act and these Articles, the Directors shall have power to appoint from time to time one or more Directors to be Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

154. What provisions they will be subject to

Subject to the provisions of the Act and these Articles, the Managing Director or Whole-time Director shall not while he continues to hold that office, be subject to retirement by rotation under Article 150 but he shall be subject to the same provisions as to the resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be Managing Director or Whole-time Director if he chooses to hold office of Director for any cause provided that if at any time the number of Directors (including Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such of the Managing Director or Whole-time Director or two or more of them as the Directors may from time to time determine shall be liable to retirement by rotation in

accordance with the Article 150 to the extent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

155. Remuneration of Managing or Whole-time Director(s)

The remuneration of the Managing Director or Whole-time Director shall (subject to Section 309 and other applicable provisions of the Act, including Schedule XIII 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 on profits of the Company or by participation in such profits or by any other mode not expressly prohibited by the Act.

156. Powers and duties of Managing and/or Whole-time Director(s)

Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Director(s) or Whole-time Director(s) appointed under Article 159 with power to the Board to distribute such day to day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provisions of the Act and these Articles the Board may by resolution vest any such Managing Director or Managing Directors or Whole-time Director or Whole-time Directors with such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such periods and upon such conditions and subject to the such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Director in that behalf and may from time to time revoke withdraw, alter or vary all or any of such powers.

PROCEEDINGS OF THE BOARD OF DIRECTORS

157. Meeting of the Directors

The Directors may meet together as a Board for the dispatch of business from time to time unless the Central Government by virtue of the proviso to Section 285 of the Act otherwise directs, shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. The provision of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.

158. Notice of meeting

Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director. At least seven days notice in writing shall be given to Directors specifying the time and place of the meeting.

159. When meeting to be convened

A Director may at any time and the Secretary upon the request of a Director made at any time shall convene a meeting of the Board of Directors by giving a notice in writing to every Director for the time being in India and at his usual address in India to every other Director.

160. Quorum

[a] Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher. PROVIDED THAT where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the total strength, the number of the remaining Directors (that is to say, the number of remaining who are not interested) present at the meeting being not less than two shall be the quorum during such time.

[b] For the purpose of clause (a)

- (i) 'Total strength', means total strength of the Board of Directors of the Company determined in pursuance of the Act, after deducting there from number of the Directors, if any, whose places may be vacant at the time; and

- (ii) "Interested Directors" means any Director whose presence cannot by reason of any provisions in the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

161. Procedure when meeting adjourn for want of quorum

If a meeting of the Board could not be held for want of quorum then the meeting shall automatically stand adjourned till the day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.

162. Chairman

The Board may appoint a Chairman of its meetings and determine the period for which he is to hold office. If at any meeting the Chairman is not present at the time appointed for holding the same, the Directors present shall choose one of their numbers to be the Chairman of such meeting.

163. Questions at Board Meeting how decided

Subject to the provisions of Sections 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes and in case of any equality of votes, the Chairman shall have a second or casting vote.

164. Powers of Board Meeting

A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or these Articles or the regulations for the time being of the Company are vested in or exercisable by the Board of Directors generally.

165. Director may appoint committee

The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act and of these Articles, delegate any of the powers other than the powers to make calls and to issue debentures to such committee or committees and may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to the persons or purposes, but every committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation that may from time to time be imposed on it by the Board of Directors. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.

166. Meeting of the Committee to be governed

The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article. Quorum for the Committee meetings shall be two.

167. Circular resolution

[a] A resolution passed by circular without a meeting of the Board or a Committee of the Board appointed under Article 170 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of the Directors or of a Committee duly called and held.

[b] A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in together with necessary papers, if any, to all the Directors or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the

Directors or members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.

168. Acts of Board or Committee valid notwithstanding defect in appointment

All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid or that they or any of them were disqualified or had vacated-office or that the appointment of any of them is deemed to be terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director. Provided nothing contained here shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to terminate.

POWERS OF THE BOARD

169. General powers of Management vested in Directors

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company and do all such acts and things as are not by the Act or any other Act or by the Memorandum or by the Articles of Company required to be exercised by the Company in General Meeting. Subject nevertheless to any regulation of these Articles or the provisions of the Act or any other Act and to such regulation being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made, provided that the Board of Directors shall not except with the consent of the Company in General Meeting;

- [a] sell, lease or otherwise dispose off 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 payment 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 undertaking 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 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; or
- [e] contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amount the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent 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 proceeding, whichever is greater, provided that the Company in General Meeting or the Board of Directors shall not contribute any amounts to any political party or for any political purpose to any individual or body :
 - (i) Provided that in respect of the matter referred to in clauses (d) and (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount up to which moneys may be borrowed by the Board under clause (d) or as the case may be, total amount which may be contributed to charitable or other funds in any financial year under clause (e).
 - (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

170. Certain powers to be exercised by the Board only at meetings

Without derogating from the powers vested in the Board of Directors under the Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;

- (a) the power to make calls on shareholders in respect of moneys unpaid on their shares,
- (b) the power to issue debentures,
- (c) the power to borrow moneys otherwise than on debentures,
- (d) the power to invest the funds of the Company; and
- (e) the power to make loans.

Provided that the Board may, by resolution passed at a meeting, delegate to any committee of Directors, may the Managing Director or any other principal officer of the Company, the powers specified in sub-clauses (c), (d) and (e) to the extent and in the manner as specified by the Board.

171. Certain powers of the Board

Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles but subject to the restrictions contained in the last preceding Articles, it is hereby declared that the Directors shall have the following powers, that is to say, power :

- [1] To pay the costs, charges and expenses preliminary and incidental to the formation, promotion, establishment and registration of the Company.
- [2] To pay and charge to the Capital Account of the Company any commission or interest, lawfully payable there out under the provisions of Sections 76 and 208 of the Act.
- [3] Subject to Sections 292 and 297 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit in any such purchase or other acquisition, accept such title as the Director may believe or may be advised to be reasonably satisfactory.
- [4] At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges by or services rendered to the Company, 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 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 specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- [5] To secure the fulfillment of any contracts or engagements 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.
- [6] To accept from any member, so 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.
- [7] To appoint any person to accept and hold in trust for the Company property belonging to the Company or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- [8] To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officer or otherwise concerning the affairs of the Company and also to compound and allow time for payment on satisfaction of any debts due and of and of any claim or demands by or against the

Company and to refer any difference to arbitration and observe the terms of any awards made therein either according to Indian Law or according to foreign law and either in India or abroad and observe and perform or challenge any award made therein.

- [9] To act on behalf of the Company in all matters relating to bankruptcy, insolvency, winding up and liquidation of companies.
- [10] To make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company.
- [11] Subject to the provisions of Sections 291 (1), 295, 370 and 372 and other applicable provisions of the Act and these Articles, to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realize such investment. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- [12] To execute in the name and on behalf of the Company in favor 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 mortgage of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon.
- [13] To open bank accounts and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipt, acceptances, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purpose.
- [14] To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and do give to any Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as a part of working expenses of the Company.
- [15] To provide for the welfare of Directors or Ex-Directors or employees or ex-employees of the Company and the wives, widows and families of the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time, subscribing or contributing to provident and other associations, institutions and by providing or subscribing or contributing towards places of instructions and recreation, hospitals, dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provisions of Section 293(1) (e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other 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 the public and general utility or otherwise.
- [16] Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or the depreciation fund or to an insurance fund or as reserve fund or sinking fund or any special or other fund or funds or account or accounts to meet contingencies or to repay redeemable preference shares, debentures or debenture-stock or for special dividends or for equalizing dividends for repairing, improving, extending and maintaining any part of the property of the Company and 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, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than share of this Company) as they may think fit and from time to time to deal with and vary such investments and dispose off 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 or upon which the capital moneys of the Company might rightly be applied or expended and to divide the General Reserve

or 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 and/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 purchase or repayment of redeemable preference shares, debentures 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.

- [17] To appoint and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, 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 to fix their salaries or emoluments or remuneration and to acquire security in such instances and to such amounts as they may think fit and also from time to time provide for the management and transactions of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.
- [18] From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such Local Boards or managers or agencies and to fix their remuneration.
- [19] Subject to Section 292 of the Act, from time to time and at any time, to delegate to any persons so appoint any of the powers, authorities and discretions for the time being vested in the Board, other than their powers to make calls or to make loans or borrow moneys and to authorize the members for the time being of such Local Board or any of them to fill up any vacancies therein and to act on such terms 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.
- [20] 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 discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorized by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointments may (if the Board thinks fit be made in favour 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 firm 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 of convenience of persons dealing with such Attorneys as the Board may think fit and may contain powers enabling any such delegated attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.
- [21] Subject to Sections, 294, 297, 300 and other applicable provisions 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 thing in the name and on behalf of the Company as they may consider expedient.
- [22] From time to time make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.
- [23] To purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorised to carry on in any part of India.
- [24] To purchase, take on lease for any term or terms of years or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit and in any such

purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonable satisfactory.

- [25] To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co-jointly, also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
- [26] To purchase or otherwise acquire or obtain licence for the use of and to sell, exchange or grant licence for the use of any trade mark, patent, invention or technical know-how.
- [27] To sell from time to time any articles, materials, machinery, plants, stores and other articles and things belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and bye-products.
- [28] From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company or by erecting new or additional building and to expend such sum of money for the purpose aforesaid or any them as may be thought necessary or expedient.
- [29] To undertake on behalf of the Company any payment of all rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions and otherwise to acquire the free hold simple of all or any of the hands of the Company for the time being held under lease or for an estate less than free hold estate.
- [30] To improve, manage, develop, exchange, lease, sell, resell and repurchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
- [31] To let, sell or otherwise dispose off, subject to the provisions of Section 293 of the Act and of the other Articles. any property of the Company, either absolutely to conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment of satisfaction for the same in cash or otherwise as it thinks fit.

MINUTES

172. Minutes to be made

- [1] The Company shall cause minutes of all proceedings of General Meetings and of all proceedings of every meeting of the Board of Directors or of every committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.
- [2] Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed.
 - (a) in the case of minutes of proceedings of a meeting of Board or of a committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
 - (b) in the case of minutes of proceedings of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman, within that period by a Director duly authorized by the Board for the purpose.
- [3] In no case minutes of proceedings of a meeting shall be attached to any such book as aforesaid by passing or otherwise.
- [4] The minutes of each meeting shall contain a fair and correct summary of the proceedings thereof.

- [5] All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- [6] In case of a meeting of the Board of Directors or a committee of the Board the minutes shall contain:
 - (a) the names of the Directors present at the meeting;
 - (b) in the case of each resolution passed at meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
- [7] Nothing contained in clauses (1) to (6) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting could reasonably be regarded as defamatory of any person or irrelevant or immaterial to the proceeding or detrimental to the interest of the Company. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.

173. Minutes to be evidence of the proceedings

The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or of every committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

174. Presumptions

Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

THE SECRETARY

175. Secretary

The Directors may from time to time appoint and at their discretion, remove any individual (hereinafter called "The Secretary") to perform any functions, which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to be responsible for the compliance of any of the provisions of the Act and for any other matters related thereto.

THE SEAL

176. The Seal, its custody and use

- [a] The Board of Directors 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 thereof and the Board shall provide for the safe custody of the Seal for the time being, under such regulations as the Board may prescribe.
- [b] The Seal shall not be affixed to any instrument except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of at least two Directors of the Company or at least one Director and Secretary or any other person duly authorized by the Board, both of whom shall sign every instrument to which the seal is affixed. Provided further that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and their statutory modifications for the time being in force.

DIVIDEND

177. Division of profits

[a] Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid. Calls paid in advance shall not for the purpose of this Article be treated as amount paid on the shares.

[b] No amount paid or credited as paid on a share in advance of calls shall be treated.

178. The Company in General Meeting may declare dividends

The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company may declare a smaller dividend in General Meeting.

179. Dividend out of profits only

No dividend shall be payable except out of profits of the Company arrived at in the manner provided for in Section 205 of the Act.

180. Interim Dividend

The Board of Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

181. Debts may be deducted

The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

182. Company may retain dividends

The Board of Directors may retain the dividend payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member or shall duly transfer the same.

183. Dividends in proportion to amount paid up

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any shares is issued on terms, providing that it shall rank for dividends as from a particular date, such share shall rank for dividend accordingly.

184. No member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof

No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member, all such sums of money so due from him to the Company.

185. Effect of Transfer of shares

A transfer of shares shall not pass the right to any dividend declared therein before the registration of the transfer.

188. Dividend to joint holders

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of shares.

186. Dividend how remitted

The dividend payable in cash may be paid by cheque or warrant sent through post direct to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders, to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holders or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost to the member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

187. Notice of dividend

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of share in the manner herein provided.

188. Reserves

The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies or for any other purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

189. Unpaid or unclaimed dividend

Where the company has declared dividend but which has not been paid or claimed within thirty days from the date of declaration, to any shareholder entitled to the payment of the dividend, the company shall within seven days from the date of expiry of the said period of thirty days transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days to a special account opened by the company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account of Jagjanani Textiles Limited"

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund established under subsection (1) of section 205C of the companies Act, 1956. No unclaimed or unpaid dividend shall be forfeited by the Board

190. Set off of calls against dividend

Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

191. Dividend in cash

No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing duly paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

192. Dividend, right shares and bonus shares to be held in abeyance

Where any instrument of transfer of shares has been delivered to any company for registration and the transfer of such shares has not been registered by the Company, it shall, notwithstanding any this contained in any other provisions of the Act:

[a] Transfer the dividend in relation to such shares to the special account referred to in Section 205A unless the Company is authorised by the registered holder of such share in writing to pay such dividend to the transferee specified in such instrument of transfer; and

- [b] Keep in abeyance in relation to such shares any offer of right shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid-up bonus shares in pursuance of sub-section (8) of Section 205.

CAPITALISATION

193. Capitalisation

- [1] The Company in General Meeting may, upon the recommendation of the Board, resolve to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution and such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions for paying up any amount for the time being unpaid on any shares held by such members respectively and also for paying up in full unissued shares of the Company to be allocated and distributed, credited as fully paid up to and amongst members in the proportions aforesaid; or
- [2] A share premium account and a capital redemption reserve account may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

ACCOUNTS

194. Books to be kept

The Company shall keep at its registered office or at such other place in India as the Board thinks fit, proper books of account in accordance with Section 209 of the Act would give a true and fair view of the state of affairs of the Company or its transaction with respect to :

- [a] all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
- [b] all sales and purchases of goods by the Company;
- [c] the assets and liabilities of the Company; and
- [d] if so required by the Central Government, such particulars relating to utilization of material or labour or to other items of cost as may be prescribed by that Government.

195. Inspection by members

- [a] The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and works of the Company or any of them shall be open to the inspection of members not being Directors.
- [b] No member (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.

196. Statements of Accounts to be furnished to General Meeting

The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.

197. Right of member to copies of Balance Sheet and Auditors' Report

A copy of every balance sheet (including the profit and loss account, the Auditors' Report and every other document required by law to be annexed or attached as the case may be, to the balance sheet) which is to be laid before a Company in general meeting shall not, less than twenty-one days before the date of the meeting, be sent to every member of the Company, to every trustee for the holders of any debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of general meetings of the

Company sent to him and to all persons other than such members or trustees, being persons so entitled. Provided that it will not be required to send a copy of the documents aforesaid:

- [i] to a member or holder of debentures, of the Company, who is not entitled to have notices of general meetings of the Company sent to him and of whose address the Company is unaware;
- [ii] to more than one of the joint holders of any shares or debentures none of whom is entitled to have such notices sent to him;
- [iii] in the case of joint holders of any shares or debentures, some of whom are and some of whom are not entitled to have such notices sent to them, to those who are not so entitled;
- [iv] in the case of a Company whose shares are listed on a recognized stock exchange, if the copies of the documents aforesaid are made available for inspection at its registered office during working hours for a period of twenty one days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit, is sent to every member of the Company and to every trustee for the holders of any debentures issued by the Company not less than twenty one days before the date of the meeting.

AUDIT

198. Accounts to be audited

Once at least in every year the books of accounts of the Company shall be examined, balance for audited and the correctness of the Profit and Loss Account and Balance Sheet by one or more Auditor or Auditors.

199. Appointment of Auditors

- [1] The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.
- [2] The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.
- [3] A person, other than a Retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company, not less than fourteen days before the meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to Retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that Retiring Auditor shall not be re-appointed.

200. Account when audited and approved to be conclusive except as to errors discovered within 3 months

Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected and thenceforth shall be conclusive.

DOCUMENTS AND NOTICES

201. To whom documents must be served or given

Document or notice of every meeting shall be served or given on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the Auditor or Auditors for the time being of the Company. PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company under Article 99, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.



202. Members bound by documents or notices served on or given to previous holder

Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share be bounded by every document or notice in respect of such share, which prior to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derived his title to such share.

203. Service of documents

A document may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office.

204. Authentication of documents and proceedings

Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by a Director, the Managing Director or the Secretary or other authorised officer of the Company and need not be under the Common Seal of the Company.

REGISTER AND DOCUMENTS

205. Registers and documents to be maintained by the Company

The Company shall keep and maintain Registers, Books, and Documents required by the Act or these Articles, at the Registered Office of the Company or any other place as may be permissible and determined by the Board of Directors.

WINDING UP

206. Distribution of Assets

If the Company shall be wound up and the assets available for distributing among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of winding up, on the shares held by them respectively and if in the winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

207. Right of shareholders in case of sale/reconstruction

A special resolution sanctioning a sale to any other company duly passed pursuant to Section 494 of the Act may, subject to the provisions of the act, in like manner as aforesaid determine that any shares or other consideration receivable by the Liquidator be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential right conferred by the said sanction.

208. Directors and others right to indemnity

Subject to the provisions of Section 201 of the Act, every Director or officer or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company, to pay all costs, charges, losses and damages which any such person may incur or become liable to by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such, if any, as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Officer or Auditor or other Officer of the Company in defending any proceedings whether civil or

criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

209. Director, Officer not responsible for acts of others

Subject to the provisions of Section 201 of the Act, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECURITY CLAUSE

210. Secrecy Clause

Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matter 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 to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of provisions in these presents contained.

211. No member to enter the premises of the Company without permission

No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director or to inquire 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 or any other matter which 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.

ARBITRATION

212. Any dispute that may arise between the Company or the Board of Directors or any Director or Officer of the Company and any member or their legal representatives or successors, or between any Director and the Company, in particulars all disputes relating to the application or interpretation of any provision of these Articles shall, to be exclusion of any other jurisdiction be referred to the arbitration of two arbitrators, one to be nominated by each party to the dispute and an umpire to be appointed in writing under the hands of the two arbitrators so nominated and the provisions of the India Arbitration Act, 1940 or any statutory modification thereof shall apply to all such arbitration. The arbitrators shall be bound to keep secret all facts and circumstances, which shall come to their knowledge during the arbitration and the majority decision in such arbitration, shall be conclusive and binding upon the parties.

SECTION X: OTHER INFORMATION

1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies, 132, Vijay Nagar, Near Kartarpura Railway Crossing, Kartarpura, Jaipur-302006 for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at S-25 Shyam Nagar, Ajmer Road, Jaipur, India from 10.00 a.m. to 4.00 p.m. from the date of this Prospectus to until the date of Closing of the Issue.

A) MATERIAL CONTRACTS

1. Memorandum of Understanding entered into with M/s. Centrum Capital Limited dated 18th February 2006 to act as Lead Manager to the Issue.
2. Memorandum of Understanding dated 29th November 2005 entered into with M/s. Intime Spectrum Registry Limited to act as Registrar to the Issue.
3. Copy of tripartite agreement among NSDL, the Company and the Registrar, M/s Intime Spectrum Registry Limited dated 19th July 2006.
4. Copy of tripartite agreement among CDSL, the Company and the Registrar, M/s Intime Spectrum Registry Limited dated 17th January 2007
5. Copies of Lease Agreements as mentioned in the Prospectus.

B) MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of the Jagjanani Textiles Limited as amended from time to time;
2. Certificate of incorporation dated 1st April 1997 issued by the Registrar of Companies, 132, Vijay Nagar, Near Kartarpura Railway Crossing, Kartarpura, Jaipur- 302 006.
3. Certificate for Commencement of Business dated 7th May 1997.
4. Copy of the resolution passed at the meeting of the Board of Directors held on 28th July 2006 and resolution passed under section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 25th August 2006 authorising the issue.
5. Resolution dated 25th August 2006 for borrowing powers.
6. Resolution passed by the Company at Annual General Meeting held on 25th September 2004 for appointment and affixing the remuneration of Mr. Shree Gopal Vyas, Whole Time Director of the Company.
7. Copies of Annual reports of the Company for the period ended 31st March 2002, 2003, 2004, 2005 & 2006.
8. Report of the Auditor M/s G.Dutta & Co, Chartered Accountants, dated 18th December 2006 as mentioned in the Prospectus.
9. Consent letter dated 12th August 2006 from M/s G.Dutta & Co., Chartered Accountants for inclusion of his reports on Accounts and Tax Benefits in the form and context in which they appear in the Prospectus.
10. Certificate from M/s G.Dutta & Co, Chartered Accountants dated 18th December 2006 regarding the sources and deployment of funds and amount committed.
11. Certificate dated 19th July 2006 from M/s G.Dutta & Co, Chartered Accountants regarding Compliances of Corporate Governance by the Company as per Clause 49 of the Listing Agreement.
12. Certificate of Statement of Tax Benefit dated 12th August 2006 from M/s G.Dutta & Co, Chartered Accountants
13. Copy of the Board Resolution dated 5th July 2000 regarding appointment of the Company Secretary.

14. Copy of the Board Resolution dated 13th June 2006 regarding appointment of the Compliance Officer.
15. Resolution of the meeting of the Board of Directors held on 13th June 2006 for the formation of the company's audit committee, Investor Grievances Committee and Remuneration Committee.
16. Consents of Auditors, Bankers to the Company, Lead Manager, Legal Advisor, Bankers to the Issue, Directors, Company Secretary, Compliance Officer and Registrar to the issue to include their names in the Prospectus to act in their respective capacities.
17. Power of Attorney (s) executed by the Directors for signing and making correction in the Prospectus on their behalf.
18. Copy of letter dated 30th August 2006 from C M Bindal & Co., Advocates as Legal Advisor to the Issue for vetting and approval of Prospectus.
19. Due Diligence Certificate dated 2nd September 2006 to SEBI from M/s. Centrum Capital Limited.
20. Copies of Quotations/Bills received for Machineries for which order has not been placed as mentioned in Prospectus and copies of purchase order in respect of machineries for which order has been placed.
21. Copy of Quotation received from M/s Jayant Gandhi Associates vide letter dated 20th November 2005 for factory building.
22. Copy of Sanction Letter received from Bank of Baroda dated 19th April 2006 and UCO Bank dated 25th May 2006 for proposed project.
23. Copy of Appraisal Report dated 26th December 2005 of IDBI.
24. No Objection certificates from the banks & financial institution who have sanctioned (CC/OD/Term Loan) to carry on the proposed public issue.
25. No Objection Certificate dated 4th September 2006 to act as a Monitoring Agency.
26. Copies of Sanction Letters from IDBI Bank and Bank of Baroda for existing facilities for term loan and working capital.
27. Copies of Government Approvals as mentioned in the Prospectus.
28. Copies of Insurance Policies.
29. In principle listing approval from BSE vide letter no. DCS/SK/MT/16102006 dated 16th October 2006.
30. SEBI observation letter no. CFD/DIL/NB/82130/2006 dated 14th December 2006 and reply of the Lead Manager to the same dated 18th January, 2007.

2. DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with the said Issue as also the guidelines; instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

The Directors of Jagjanani Textiles Limited declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Prospectus have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

The Directors of the Company certify that all disclosures made in the Prospectus are true and correct.

Sr. No.	Name	Signature
1	Mr. Shree Gopal Vyas, Whole Time Director	
2	Mr. Shiv Kumar Singhal, Director	
3	Mr. Narendra Kumar Khurana, Director	
4	Mr. Ram Saran Mehra, Director	
5	Mr. Har Krishanlal Agarwal, Director	
6	Mrs. Shakuntala Vyas, Director	
7	Mr. Akash Bharatbhai Shah, Director	
8	Mr. Anil Goyal, Director	
9	Mr. Bharat Shah, Chief Financial Officer	

Place: Jaipur

Date: January 23, 2007

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