



FINAL PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated November 22, 2005
100% Book Building Issue

Piramyd Retail Limited

(Our Company was incorporated as a Public Limited Company on 18th day of March 2005 and obtained the certificate of commencement of business on April 5, 2005)

Registered Office: 106, Peninsula Centre, Dr S.S. Rao Road, Parel, Mumbai – 400 012

Tel: 5661 8787; Fax: 5661 8788; Website: www.piramyd.com

Corporate Office: Khatau House, Ground Floor, Mogul Lane, Mahim – West, Mumbai – 400 016

Contact Person/Compliance Officer: Mr. M.V. Balajee, Email: ipo@piramyd.co.in

PUBLIC ISSUE OF 9,000,000 EQUITY SHARES OF Rs. 10 EACH FOR CASH AT A PRICE OF Rs 120 PER EQUITY SHARE (INCLUDING A PREMIUM OF RS. 110 PER EQUITY SHARE) AGGREGATING Rs. 1080 MILLION BY PIRAMYD RETAIL LIMITED. THIS INCLUDES PROMOTER'S CONTRIBUTION OF 4,000,000 EQUITY SHARES AT A PRICE OF Rs. 120 AGGREGATING Rs. 480 MILLION AND THE NET OFFER TO PUBLIC COMPRISES OF 5,000,000 EQUITY SHARES AT A PRICE OF Rs. 120 AGGREGATING Rs. 600 MILLION. THE NET OFFER TO PUBLIC WOULD CONSTITUTE 25% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE ISSUER.

THE ISSUE PRICE IS 12 TIMES OF THE FACE VALUE OF Rs. 10 PER SHARE.

The Net offer to public is being made through the 100% Book Building Process wherein at least 50% of the Net Issue to the public shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If 50% of the Net Issue to the public cannot be allotted to Qualified Institutional Bidders then the entire application money shall be refunded forthwith.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of Piramyd Retail Limited, there has been no formal market for the Equity Shares of the Issuer. The face value of the Equity Shares is Rs. 10/- and the Issue Price is 12 times of the face value. The Issue Price (as determined by the Issuer in consultation with the Book Running Lead Managers ("BRLMs") on the basis of assessment of market demand for the Equity Shares by way of book-building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

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 Issuer 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.

LISTING ARRANGEMENT

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (the "Designated Stock Exchange") and The National Stock Exchange of India Limited. We have received in-principle approval from the respective Stock Exchanges for the listing of our Equity Shares pursuant to letters dated October 7, 2005 and October 11, 2005, respectively.

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE ISSUE

| | | | |
|--|---|--|--|
|  <p>Enam Financial Consultants Private Limited 801, Dalamal Towers Nariman Point Mumbai 400 021 Tel: +91-22-5638 1800 Fax: +91-22-2284 6824 Email : prl.ipo@enam.com Website: www.enam.com</p> |  <p>DSP Merrill Lynch Limited Mafatlal Centre, 10th Floor Nariman Point Mumbai 400 021 Tel: +91-22-2262 1071 Fax: +91-22-2262 1187 Email: prl_ipo@ml.com Website: www.dspml.com</p> |  <p>Edelweiss Capital Limited 14th Floor, Express Towers Nariman Point Mumbai 400 021 Tel: +91-22-2286 4400 Fax: +91-22-2288 2119 Email: prl.ipo@edelcap.com Website: www.edelcap.com</p> |  <p>Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 Tel: +91-40-2331 2454. Fax: +91-40-2331 1968 E-Mail: prlipo@karvy.com Website: www.karvy.com</p> |
|--|---|--|--|

ISSUE PROGRAMME

BID/ISSUE OPENED ON : NOVEMBER 10, 2005

BID/ISSUE CLOSED ON : NOVEMBER 16, 2005

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I DEFINITIONS AND ABBREVIATIONS

Definitions

| Term | Description |
|--|--|
| 'We', 'us', 'our', 'the Company', 'our Company', 'Piramyd', 'PRL' and 'Issuer' | Unless the context otherwise indicates or implies, refers to Piramyd Retail Limited. |

Conventional & General Terms

| Term | Description |
|---------------------------------------|---|
| Act or Companies Act | Companies Act, 1956 and amendments thereto |
| Articles/Articles of Association/ AoA | Articles of Association of Piramyd Retail Limited |
| Constitutional Documents | Shall collectively mean our Memorandum and Articles of Association |
| DP/ Depository Participant | A depository participant as defined under the Depositories Act, 1996 |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL |
| Depositories Act | Depositories Act, 1996 as amended from time to time |
| FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto |
| FII(s) | Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India who shall be ineligible to apply in this Issue |
| Financial Year/ Fiscal/ FY | Period of twelve months ended March 31 of that particular year unless otherwise specified in the context thereof |
| FIPB | Foreign Investment Promotion Board |
| Government / Gol | Government of India |
| Indian GAAP | Generally Accepted Accounting Policies in India |
| I.T. Act / Income Tax Act | The Income Tax Act, 1961, as amended from time to time |
| Memorandum/ Memorandum of Association | Memorandum of Association of Piramyd Retail Limited |
| NRI | Non Resident Indian, is a person resident outside India, as defined under Foreign Exchange Management (Deposit) Regulations, 2000, who is ineligible to apply in this Issue. |
| RoC | Registrar of Companies, Maharashtra at Mumbai |
| SEBI Act | Securities and Exchange Board of India Act 1992, as amended from time to time |
| SEBI Guidelines | SEBI (Disclosure & Investor Protection) Guidelines, 2000 as amended from time to time |
| Stock Exchange(s) | BSE and/ or NSE as the context refers to |
| VAT | Value Added Tax |



Offering Related Terms

| Term | Description |
|--|--|
| Banker (s) to the Issue/ Escrow Collection Bank(s) | The banks in which the Escrow Account for the issue will be opened and which act as such, in terms of this Prospectus and the Escrow Agreement, in this case being ICICI Bank Ltd., YES Bank Ltd., UTI Bank Ltd. |
| Bid | An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares at a price within the Price Band, including all revisions and modifications thereto. |
| Bid Price/ Bid Amount | The amount equal to highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue |
| Bid Opening Date/ Issue Opening Date | The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi regional newspaper in the same place where the registered office of the Company is situated. |
| Bid Closing Date / Issue Closing Date | The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi regional newspaper in the same place where the registered office of the Company is situated. |
| Bid cum Application Form | The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of this Prospectus |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of this Prospectus. |
| Bidding Period / Issue Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids. |
| Book Building Process | Guidelines on book building as explained under Chapter XI of the SEBI Guidelines |
| BRLM(s) | Book Running Lead Manager(s) to the Issue, in this case being Enam Financial Consultants Private Limited, DSP Merrill Lynch Limited and Edelweiss Capital Limited |
| CAN/ Confirmation of Allocation Note | The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process |
| Cap Price | The highest end of the Price Band, above which the Issue Price will not be finalised and above which no bids will be accepted |
| Cut-off/ Cut-off Price | This refers to any price within the Price Band. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band |
| Designated Stock Exchange | Bombay Stock Exchange Limited |
| Designated Date | The date on which the funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders |

| Term | Description |
|--------------------------------|---|
| Escrow Account | Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount |
| Escrow Agreement | Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders |
| First Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form |
| Floor Price | The lowest end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted |
| Issue or Public Issue or Offer | Public Issue by the Company of 9,000,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 120 aggregating to Rs. 1080 million comprising Promoter Contribution of 4,000,000 Equity Shares at a price of Rs. 120 aggregating to Rs. 480 million and Net Offer to Public of 5,000,000 Equity Shares at a price of Rs. 120 aggregating to Rs. 600 million |
| Issue Price | The final price at which Equity Shares will be issued and allotted in terms of this Prospectus, as determined by the Company in consultation with the BRLMs, on the Pricing Date |
| Margin Amount | The amount paid by the Bidder at the time of submission of the Bid, being 0% to 100% of the Bid Amount |
| Minimum Bid/allotment lot | 50 equity shares and in multiple of 50 equity shares thereof |
| Net Offer to Public | The portion of the Issue other than that included in the Promoter's Contribution, being an issue of 5,000,000 Equity Shares of Rs. 10/- each by the Company |
| Non-Institutional Bidders | All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders |
| Non-Institutional Portion | The portion of the Issue being a minimum of 750,000 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders |
| Pay-in-date | The last date specified in the CAN sent to the Bidders |
| Pay-in-Period | This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in-Date |
| Price Band | Being the Price band of a minimum price (Floor price) of Rs.120/- and the maximum price (Cap Price) of Rs. 140/- and includes revision thereof |
| Pricing Date | The date on which the Company in consultation with the BRLMs finalises the Issue Price |
| Prospectus | The Prospectus, filed with the RoC containing inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information |
| Public Issue Account | In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date |



| Term | Description |
|--------------------------------------|---|
| Qualified Institutional Buyers/ QIBs | Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds, Multilateral And Bilateral Development Financial Institutions, Indian Venture Capital Funds registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory And Development Authority (IRDA), Provident Funds with a minimum corpus of Rs 250 mn and Pension Funds with a minimum corpus of Rs. 250 mn |
| QIB Portion | The portion of the Issue being 2,500,000 Equity Shares of Rs.10/- each available for allocation to QIBs |
| RHP or Red Herring Prospectus | This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the bid/offer opening date. It will become a Prospectus after filing with RoC after the pricing and allocation |
| Registrar/ Registrars to the Issue | Karvy Computershare Pvt. Ltd. |
| Retail Individual Bidders | Individual Bidders (including HUFs) who have not Bid for an amount in excess of Rs. 100,000 in any of the bidding options in the Issue |
| Retail Portion | The portion of the Issue being a minimum of 1,750,000 Equity Shares of Rs.10 each available for allocation to Retail Individual Bidder(s) |
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s). |
| Syndicate / Members of the Syndicate | BRLMs and Syndicate members collectively |
| Syndicate Agreement | The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue |
| Syndicate Members | Intermediaries registered with SEBI and stock exchanges and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs. |
| TRS or Transaction Registration Slip | The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid |
| Underwriters | Members of the Syndicate who are signatories to the Underwriting Agreement |
| Underwriting Agreement | The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date |

Company & Industry Related Terms

| Term | Description |
|----------------------------------|--|
| Anchor Tenant | A well-known commercial retail business brand such as a national chain store or regional department store strategically placed in a shopping complex so as to generate substantial customer interest which will benefit all of the stores located in the shopping complex |
| Auditors | The statutory auditors of the Company, being Haribhakti & Co., Chartered Accountants |
| Board/ Board of Directors | Board of Directors of the Company |
| Department Store | A commercial retail business which carries a wide range of merchandise that is organized into separate departments like apparel for men, women, children, home furnishing etc. The focus is placed on customer service. |
| Director(s) | Director(s) of the Company unless otherwise specified |
| Distribution Centres | A warehouse where activities like storage, processing and moving of goods takes place |
| Equity Shares | Equity Shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof |
| Equity Shareholders | Persons holding equity shares of the Company unless otherwise specified in the context thereof |
| ESOS | Employee Stock Option Scheme of the Company |
| Face Value | Nominal Value of paid up share capital per Equity Share |
| Group | Piramal group |
| Hypermarket | A store that combines the features of a supermarket and a department store carrying a large range of products at discounted prices |
| IPO Committee | Committee of the Board of Directors of the Company authorised to take decisions on matters related to / incidental to this Issue |
| PPC/ Piramyd Power Club | Refers to the loyalty program of the Company wherein members get exclusive offers, points on purchases made, discounts and special benefits. |
| Promoters | Ms. Urvi A. Piramal, Goldspot Trading Company Pvt. Ltd., Maxplaza Trading Company Pvt. Ltd., Onestar Mercantile Company Pvt. Ltd., Truetime Trading Company Pvt. Ltd., Winstar Trading Company Pvt. Ltd., Topwave Mercantile Company Pvt. Ltd., Cineline Trading Company Pvt. Ltd. and Oneline Mercantile Company Pvt. Ltd |
| Registered Office of the Company | 106, Peninsula Centre, Dr. S.S. Rao Road, Parel, Mumbai – 400 012 |
| Shrinkage | Loss in inventory on account of a combination of employee theft, shoplifting, vendor fraud and administrative error |
| SKU/ SKUs | Stock Keeping Unit; The lowest level of inventory identifier that uniquely identifies every item a company inventorises, down to size, shape, color, and weight |
| Supermarket | A self service store that satisfies regular shopping needs of consumers, including food and non food items |

Abbreviations

| Term | Description |
|-------------|--|
| Amt. | Amount |
| AS | Accounting Standards issued by the Institute of Chartered Accountants of India |
| AY | Assessment Year |
| A/c | Account |
| AGM | Annual General Meeting |
| B&M | Buying and Merchandising |
| BSE | Bombay Stock Exchange Limited |
| BUA | Built Up Area |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CEO | Chief Executive Officer |
| Co. | Company |
| CRM | Customer Relationship Management |
| DC | Distribution Centre |
| EBITDA | Earning Before Interest, Tax, Depreciation and Amortisations |
| EGM | Extraordinary General Meeting |
| EPS | Earnings Per Share |
| FDI | Foreign Direct Investment |
| FHPC | Food, Home and Personal Care |
| FTE | Full Time Equivalent |
| GDP | Gross Domestic Product |
| GMROF | Gross Margin Return on Footage |
| GMROI | Gross Margin Return on Investment in Inventory |
| GMROL | Gross Margin Return on Labour |
| GoI | Government of India |
| GRS | Gross Retail Sales |
| HUF | Hindu Undivided Family |
| ICD | Inter Corporate Deposit |
| IPO | Initial Public Offering |
| JDA | JD Armstrong |
| KRAs | Key Result Areas |
| MD | Managing Director |
| Misc. | Miscellaneous |

| Term | Description |
|--------------------|--|
| Mn / mn | Million |
| NA | Not Applicable |
| NOC | No Objection Certificate |
| NR | Non-Resident |
| NSDL | National Securities Depository Limited |
| NSE | The National Stock Exchange of India Limited |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| PBT | Profit Before Tax |
| Pvt. | Private |
| QIB | Qualified Institutional Buyer |
| RBI | The Reserve Bank of India |
| RONW | Return on Net Worth |
| Rs. | Indian Rupees |
| SEBI | The Securities and Exchange Board of India |
| SIA | Secretariat for Industrial Assistance |
| sq. ft. | Square feet |
| US / USA | United States of America |
| USD or \$ or US \$ | United States Dollar |
| w.e.f | With effect from |
| YOY | Year on Year |



II RISK FACTORS

Certain Conventions: Use of Financial and Market Data

In this Prospectus, the terms “we”, “us”, “our”, “the Company”, “our Company”, “Piramyd Retail Ltd.” and “PRL”, unless the context otherwise indicates or implies, refers to Piramyd Retail Ltd.

Unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac” or “Lakhs” or “Lakh” means “one hundred thousand”, the word “million (mn)” means “ten lacs”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crores”. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Prospectus, all figures have been expressed in millions, unless otherwise stated. In the section on Industry Overview, some figures have been expressed in billions. In the section ‘Financial Information of the Company’, some figures have been expressed in thousands.

For additional definitions used in this Prospectus, please refer to the section Definitions and Abbreviations on page (i) of this Prospectus. In the section titled “Main Provisions of Articles of Association of the Company”, defined terms have the meaning given to such terms in the Articles of Association of the Company.

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 we believe market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

Presentation of Financial Statements

Unless stated otherwise, the financial data in this Prospectus is derived from the unconsolidated financial statements of Piramyd Retail Ltd., Piramyd Retail & Merchandising Pvt. Ltd. and Crossroads Shoppertainment Pvt. Ltd. prepared in accordance with Indian GAAP included elsewhere in the Prospectus. At present our financial year commences on April 1 and ends on March 31. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

We were incorporated on March 18, 2005 to engage in the business of retailing of apparel, food, home and personal care products. The first financial year of the Company starts from March 28 2005. On March 28, 2005, we took over the net current assets of Piramyd Retail and Merchandising Pvt. Ltd as at March 27, 2005 (the difference between current assets and current liabilities excluding cash and bank balances and deferred license premia) and including capital work in progress. Also on April 1, 2005, we took over the fixed assets and net current assets of Crossroads Shoppertainment Pvt. Ltd as at March 31, 2005.

We have presented the results of operations of the abovementioned two companies from whom the retail businesses were acquired for fiscal years ended March 31, 2003, March 31, 2004 and March 31, 2005. Since the businesses were not domiciled in a standalone company during these periods, these historical results may not be necessarily indicative of the results had it been a standalone company for the periods presented or of future results.

We have also presented the Combined Proforma Statement of Profit and Loss - As Restated and Combined Proforma Statement of Assets and Liabilities – As Restated of Piramyd Retail and Merchandising Private Limited & Crossroads Shoppertainment Private Limited have been derived from the audited financial statements of the said companies for the fiscal years ended March 31, 2003, March 31, 2004 and March 31, 2005. These Proforma Statements were prepared as if the transfer of business from PRMPL and CSPL had occurred on April 1, 2002. These statements are for illustrative purposes only and do not purport to be indicative of what the financial position would have been had this transfer of business actually occurred on the date indicated or of what the financial position would be, in any future period.

Summary Financial Data

Summary Statement of Profit and Losses – As Restated of Piramyd Retail Ltd.

(Rs. mn)

| | Period from March 28, 2005 to June 30, 2005 |
|--|--|
| Sales: | |
| Of products manufactured by the Company | - |
| Of products traded in by the Company | 141.3 |
| Total | 141.3 |
| Other Income | 12.7 |
| Increase (Decrease) in Inventories | 175.4 |
| | 329.4 |
| Expenditure | |
| Raw Materials consumed / Purchases | 278.4 |
| Staff Costs | 18.0 |
| Other Manufacturing expenses / Direct Costs | 3.6 |
| Administration Expenses | 26.3 |
| Selling and Distribution Expenses | 2.7 |
| Interest | 0.01 |
| | 329.1 |
| Net Profit before tax and extraordinary items | 0.2 |
| Taxation - Current / Deferred | 0.2 |
| Net Profit before Extraordinary items | 0.04 |
| Extra-ordinary items (net of tax) | - |
| Net Profit after Extraordinary items | 0.04 |



Summary Statement of Assets and Liabilities – As Restated of Piramyd Retail Ltd.

(Rs. mn)

| | As at June 30, 2005 |
|---|----------------------------|
| A. Fixed Assets : | |
| Gross Block | 395.5 |
| Less: Depreciation | 1.8 |
| Net Block | 393.8 |
| Less: Revaluation Reserve | - |
| Net Block after adjustment for Revaluation Reserve | 393.8 |
| B. Investments | 0.1 |
| C. Current Assets, Loans and Advances: | |
| Inventories | 175.4 |
| Sundry Debtors | 11.8 |
| Cash and Bank Balances | 22.4 |
| Loans and Advances | 178.3 |
| Deferred Tax Asset | - |
| | 387.9 |
| D. Liabilities and Provisions : | |
| Secured Loans | - |
| Unsecured Loans | 597.6 |
| Current Liabilities and Provisions | 174.0 |
| Deferred Tax Liability | 0.2 |
| | (771.8) |
| E. Networth | 10.0 |
| F. Represented by | |
| Share Capital | 10.0 |
| Reserves (Net of P&L Debit balance & Miscellaneous Expenditure) | 0.04 |
| Less Revaluation Reserve | - |
| Reserves (Net of Revaluation Reserves) | 0.04 |
| Networth | 10.0 |



Combined Proforma Statement of Profit and Loss – As Restated of Piramyd Retail and Merchandising Private Limited & Crossroads Shoppertainment Private Limited

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--|----------------|---------------|----------------|
| Sales: | | | |
| Of products manufactured by the Company | - | - | - |
| Of products traded in by the Company | 536.0 | 378.3 | 326.5 |
| Total | 536.0 | 378.3 | 326.5 |
| Other Income | 53.2 | 48.7 | 56.4 |
| Increase (Decrease) in Inventories | (51.7) | 31.3 | (8.7) |
| | 537.5 | 458.3 | 374.2 |
| Expenditure | | | |
| Raw Materials consumed / Purchases | 361.5 | 321.2 | 250.7 |
| Staff Costs | 69.7 | 48.8 | 35.9 |
| Other Manufacturing expenses / Direct Costs | 9.0 | 7.4 | 7.2 |
| Administration Expenses | 151.1 | 129.6 | 130.4 |
| Selling and Distribution Expenses | 24.7 | 17.3 | 15.7 |
| Interest | 26.8 | 31.6 | 40.8 |
| | 642.9 | 555.8 | 480.7 |
| Net Profit before tax and extraordinary items | (105.3) | (97.6) | (106.5) |
| Taxation - Current / Deferred | 0.02 | - | - |
| Net Profit before Extraordinary items | (105.4) | (97.6) | (106.5) |
| Extra-ordinary items (net of tax) | - | - | - |
| Net Profit after Extraordinary items | (105.4) | (97.6) | (106.5) |



Combined Proforma Statement of Assets and Liabilities – As Restated of Piramyd Retail and Merchandising Private Limited & Crossroads Shoppertainment Private Limited

(Rs. mn)

| | As at March 31, 2005 | As at March 31, 2004 | As at March 31, 2003 |
|--|---------------------------------|---------------------------------|---------------------------------|
| A. Fixed Assets : | | | |
| Gross Block | 211.4 | 171.0 | 152.5 |
| Less: Depreciation | 47.9 | 33.8 | 22.4 |
| Net Block | 163.5 | 137.3 | 130.1 |
| Less: Revaluation Reserve | - | - | - |
| Net Block after adjustment for Revaluation Reserve | 163.5 | 137.3 | 130.1 |
| B. Current Assets, Loans and Advances: | | | |
| Inventories | 17.0 | 68.7 | 37.4 |
| Sundry Debtors | 109.0 | 4.5 | 7.9 |
| Cash and Bank Balances | 20.2 | 3.3 | 0.9 |
| Loans and Advances | 24.0 | 63.7 | 50.9 |
| Deferred Tax Asset | - | - | 145.5 |
| | 170.2 | 140.1 | 242.7 |
| C. Liabilities and Provisions : | | | |
| Secured Loans | 162.4 | 12.3 | 4.6 |
| Unsecured Loans | 135.9 | 466.6 | 351.7 |
| Current Liabilities and Provisions | 24.6 | 204.9 | 175.3 |
| | 322.9 | 683.9 | 531.7 |
| D. Networth | 10.8 | (406.5) | (158.8) |
| E. Represented by | | | |
| Share Capital | 145.1 | 132.5 | 132.5 |
| Reserves (Net of P&L Debit balance & Miscellaneous Expenditure) | (134.3) | (539.0) | (291.3) |
| Less Revaluation Reserve | - | - | - |
| Reserves (Net of Revaluation Reserves) | (134.3) | (539.0) | (291.3) |
| Networth | 10.8 | (406.5) | (158.8) |

Statement of Audited Unconsolidated Profit and Loss - As Restated of Piramyd Retail and Merchandising Private Limited.

In FY2005, the lifestyle retail business of PRMPL was carried on until March 27, 2005 after which it was transferred to PRL.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--|----------------|---------------|----------------|
| Sales: | | | |
| Of products manufactured by the Company | - | - | - |
| Of products traded in by the Company | 430.0 | 321.9 | 293.7 |
| Total | 430.0 | 321.9 | 293.7 |
| Other Income | 50.0 | 46.4 | 52.9 |
| Increase (Decrease) in Inventories | (54.8) | 22.6 | (13.1) |
| | 425.1 | 390.9 | 333.4 |
| Expenditure | | | |
| Raw Materials consumed / Purchases | 268.2 | 265.8 | 216.9 |
| Staff Costs | 64.7 | 46.1 | 34.9 |
| Other Manufacturing expenses / Direct Costs | 8.6 | 6.8 | 6.7 |
| Administration Expenses | 139.3 | 121.9 | 122.7 |
| Selling and Distribution Expenses | 21.8 | 16.0 | 15.0 |
| Interest | 26.0 | 30.9 | 40.3 |
| | 528.5 | 487.5 | 436.6 |
| Net Profit before tax and extraordinary items | (103.4) | (96.5) | (103.2) |
| Taxation – Current / Deferred | 0.02 | - | - |
| Net Profit before Extraordinary items | (103.4) | (96.5) | (103.2) |
| Extra-ordinary items (net of tax) | - | - | - |
| Net Profit after Extraordinary items | (103.4) | (96.5) | (103.2) |



Statement of Audited Unconsolidated Assets and Liabilities – As Restated of Piramyd Retail and Merchandising Private Limited.

In FY2005, the lifestyle retail business of PRMPL was carried on until March 27, 2005 after which it was transferred to PRL.

(Rs. mn)

| | As at March 31, 2005 | As at March 31, 2004 | As at March 31, 2003 |
|---|-------------------------|-------------------------|-------------------------|
| A. Fixed Assets : | | | |
| Gross Block | 188.1 | 162.3 | 149.8 |
| Less: Depreciation | 46.6 | 33.2 | 22.3 |
| Net Block | 141.5 | 129.1 | 127.5 |
| Less: Revaluation Reserve | | | |
| Net Block after adjustment for Revaluation Reserve | 141.5 | 129.1 | 127.5 |
| B. Current Assets, Loans and Advances: | | | |
| Inventories | - | 54.8 | 32.2 |
| Sundry Debtors | 107.3 | 2.8 | 7.6 |
| Cash and Bank Balances | 19.8 | 2.9 | 0.8 |
| Loans and Advances | 19.5 | 63.4 | 50.6 |
| Deferred Tax Asset | - | - | 144.0 |
| | 146.6 | 123.9 | 235.2 |
| C. Liabilities and Provisions : | | | |
| Secured Loans | 162.4 | 12.3 | 4.6 |
| Unsecured Loans | 102.2 | 446.0 | 346.2 |
| Current Liabilities and Provisions | 4.6 | 197.2 | 171.2 |
| | 269.2 | 655.5 | 522.1 |
| D. Networth | 18.9 | (402.5) | (159.3) |
| E. Represented by | | | |
| Share Capital | 142.6 | 130.0 | 130.0 |
| Reserves (Net of P&L Debit balance & Miscellaneous Expenditure) | (123.7) | (532.5) | (289.3) |
| Less Revaluation Reserve | - | - | - |
| Reserves (Net of Revaluation Reserves) | (123.7) | (532.5) | (289.3) |
| Networth | 18.9 | (402.5) | (159.3) |

Statement of Audited Unconsolidated Profit and Loss – As Restated of Crossroads Shoppertainment Private Limited.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--|--------------|--------------|--------------|
| Sales: | | | |
| Of products manufactured by the Company | - | - | - |
| Of products traded in by the Company | 106.0 | 56.4 | 32.9 |
| Total | 106.0 | 56.4 | 32.9 |
| Other Income | 3.2 | 2.3 | 3.5 |
| Increase (Decrease) in Inventories | 3.2 | 8.6 | 4.4 |
| | 112.4 | 67.4 | 40.8 |
| Expenditure | - | - | - |
| Raw Materials consumed / Purchases | 93.3 | 55.5 | 33.7 |
| Staff Costs | 5.0 | 2.7 | 1.0 |
| Other Manufacturing expenses / Direct Costs | 0.4 | 0.7 | 0.5 |
| Administration Expenses | 11.7 | 7.6 | 7.7 |
| Selling and Distribution Expenses | 3.0 | 1.2 | 0.6 |
| Interest | 0.9 | 0.7 | 0.6 |
| | 114.3 | 68.4 | 44.1 |
| Net Profit before tax and extraordinary items | (1.9) | (1.1) | (3.3) |
| Taxation - Current / Deferred | - | - | - |
| Net Profit before Extraordinary items | (1.9) | (1.1) | (3.3) |
| Extra-ordinary items (net of tax) | - | - | - |
| Net Profit after Extraordinary items | (1.9) | (1.1) | (3.3) |



Statement of Audited Unconsolidated Assets and Liabilities – As Restated of Crossroads Shoppertainment Private Limited.

(Rs. mn)

| | As at March 31, 2005 | As at March 31, 2004 | As at March 31, 2003 |
|--|---------------------------------|---------------------------------|---------------------------------|
| A. Fixed Assets : | | | |
| Gross Block | 23.4 | 8.7 | 2.7 |
| Less: Depreciation | 1.3 | 0.5 | 0.2 |
| Net Block | 22.0 | 8.2 | 2.5 |
| Less: Revaluation Reserve | - | - | - |
| Net Block after adjustment for Revaluation Reserve | 22.0 | 8.2 | 2.5 |
| B. Current Assets, Loans and Advances: | | | |
| Inventories | 17.0 | 13.9 | 5.2 |
| Sundry Debtors | 1.7 | 1.7 | 0.4 |
| Cash and Bank Balances | 0.4 | 0.3 | 0.1 |
| Loans and Advances | 4.5 | 0.3 | 0.3 |
| Deferred Tax Asset | - | - | 1.5 |
| | 23.6 | 16.2 | 7.5 |
| C. Liabilities and Provisions : | | | |
| Secured Loans | - | - | - |
| Unsecured Loans | 33.7 | 20.6 | 5.5 |
| Current Liabilities and Provisions | 20.0 | 7.7 | 4.1 |
| | 53.7 | 28.3 | 9.6 |
| D. Networth | (8.0) | (4.0) | 0.5 |
| E. Represented by | | | |
| Share Capital | 2.5 | 2.5 | 2.5 |
| Reserves (Net of P&L Debit balance & Miscellaneous Expenditure) | (10.5) | (6.5) | (2.0) |
| Less Revaluation Reserve | - | - | - |
| Reserves (Net of Revaluation Reserves) | (10.5) | (6.5) | (2.0) |
| Networth | (8.0) | (4.0) | 0.5 |

Forward-Looking Statements

This Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements for example, under “Use of Proceeds”, “Growth Strategy”. These forward-looking statements may include statements that address activities, events or developments that we anticipate may occur in the future, including:

1. Future capital expenditure, including the amount and nature of those expenditure;
2. Expansion and other development trends of industry segments in which we operate;
3. Our business strategy;
4. Our financing strategy;
5. Expansion and growth of our business;
6. Our operations and other similar matters; and
7. Our management’s anticipation and expectations as to future occurrences and trends

Although we believe the expectations expressed in the forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, a number of risks, uncertainties and factors, domestically and internationally, could cause actual results to differ materially from those expressed in any forward-looking statement(s), whether oral or written, made by us or on our behalf.

Our business is subject to risks, uncertainties and factors beyond our control. Any one, or a combination, of these could materially affect our financial performance. These risks, uncertainties and factors include:

1. Cost of goods
2. Competitive pressures
3. Consumer spending patterns
4. Trade restrictions
5. Changes in tariff and freight rates
6. Other capital market and economic conditions
7. Natural events

Forward-looking statements that we make or that are made by others on our behalf are based on knowledge of our business and the environment in which we operate. Due to risks, uncertainties and factors listed above and other similar factors, actual results may differ from those in the forward-looking statements. Consequently, all of the forward-looking statements made are qualified by these cautionary statements. We cannot assure you that the results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or on our business or operations. For further discussion of the factors that could cause our actual results to differ, see the section titled “Risk Factors” on page xviii of this Prospectus. Neither the Company, BRLMs, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permissions by the Stock Exchanges.



Risk Factors

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

These risks are not the only ones that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless otherwise mentioned we are not in a position to quantify the extent of the Risks specified herein.

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

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

Internal Risk Factors

Related to the Company:

The following outstanding litigations are pending against our Company and Directors:

Criminal Litigations pending against our Directors

1. Mr. K.N. Iyer

The Assistant Director, Industrial Safety and Health has filed a complaint under the Factories Act, 1948 against Mr. K.N. Iyer, a director of the Company before the Court of the Metropolitan Magistrate at Dadar in his capacity as the “occupier” of PRMPL. The complainant has alleged that the activities carried on by PRMPL at its premises in Simplex Mills, Mumbai qualifies as a “manufacturing activity” and accordingly PRMPL is bound to comply with the provisions of the Factories Act, 1948 in relation to the activities carried out by the Company at Simplex Mills. The company has filed a petition for quashing the criminal complaint filed against PRMPL with the High Court of Bombay at Mumbai. The High Court of Bombay has stayed further proceedings in the criminal complaint filed against the company and Mr. K.N. Iyer by the Assistant Director, Industrial Safety and Health, pending disposal of the petition filed by the company for quashing the criminal complaint.

The Company has received a show cause notice dated July 15, 2005 from the Foods and Drugs Administration, Pune in relation to the storage and sale of food products by the Company in its store at Convent Road, Shivaji Market, Pune. The show cause notice informed the Company that appropriate action may be initiated against the Company and persons responsible for carrying out the business of the Company for the failure to obtain appropriate licence for the storage and sale of food products. The Department also directed the Company not to store or sell food products in this store until an appropriate licence is obtained. The Company has filed an application for obtaining the necessary licence to store and sell food products from this store, pursuant to which the Company has obtained the necessary licence bearing No. PCB/110/2005-2009 from the Foods and Drugs Administration, Pune. The notice has been addressed to Mr. K.N. Iyer, the director of the Company.

2. Mr. Harshvardhan A. Piramal

Medilink Agencies has filed a criminal complaint against Mr. Harshvardhan A. Piramal before the Judicial Magistrate, 1st Class, Patna under sections 420, 120, 387 and 506 of the Indian Penal Code. Mr. Harshvardhan A. Piramal has been exempted from appearance in the matter. The next date in the matter is yet to be announced.

Details of litigations:

| Type of cases | No. of cases | Amount involved/Description of Offence |
|--------------------------|---------------------------------------|--|
| Against the Company | 1 litigation and 3 show cause notices | Case filed under the Consumer Protection Act, 1986 for deficient services |
| Civil and Consumer cases | 1 | Case filed under the Consumer Protection Act, 1986 for deficient services. Compensation claimed is approximately Rs. 10,000. |
| Statutory authorities | 3 | 2 notices from the Ahmedabad Municipal Corporation for violation of land use permissions and building sanction plans. 1 notice from the Foods and Drugs Administration Department, Pune for storage and sale of food products without necessary licenses. |
| Against the Directors | 2 | A case has been filed against Mr. K.N. Iyer for offences under the Factories Act, 1948 and a show cause notice issued to Mr. K.N. Iyer in his capacity as director of the Company by the Foods and Drugs Administration Department, Pune. A case has been filed against Mr. Harshvardhan A. Piramal for offences under sections 420, 120, 387 and 506 of the Indian Penal Code, 1860. |

For more information regarding litigations on our Company and the companies forming part of the Promoter Group, see “Details of Outstanding Litigation” on page 128 of this Prospectus.

We have a limited operating history and might not be able to operate our business or implement our strategies successfully

Our company was incorporated on March 18, 2005. Given our limited operating history it is possible that we may not be able to anticipate or evaluate business risks. Further, we may have limited regulatory experience in managing corporate disclosures and compliance requirements and would have to acclimatize ourselves to the regulatory environment and build-up in-house expertise and resources for the same.

Competition may impede our ability to renew leases signed by us when they expire. Further, we may not be able to attract concessionaires which may affect our concessionaire income.

We compete with other large retailers for scarce real estate resources. We may not be able to renew our leases on terms acceptable to us. Our competitors may also provide attractive terms to concessionaires who currently operate from our stores. This may reduce our ability to attract concessionaires.

The success of our business is highly dependent on our ability to attract customers to our stores.

Various factors affect the customer footfalls, including choice of location and nature of floor layout. Factors such as the regional economy, weather conditions, natural disasters, social unrest as well as government regulations specific to the states in which we operate also affect the result from our operations.



Some of our Group Companies and ventures of promoters have made losses during the last three financial years

Rs. mn

| Name of the group companies/firms | Mar 31, 2003 | Mar 31, 2004 | Mar 31, 2005 [#] |
|---|----------------------|-----------------------|---------------------------|
| G.P. Electronics Ltd. | (0.019) | (4.15) | (5.71) |
| Morarjee Realities Ltd. | (445.4) [*] | (721.8) ^{**} | (95.2) |
| Morarjee Textiles Ltd. | (23.5) | (22.5) | 66.4 |
| Crossroads Shoppertainment Pvt. Ltd. | (4.19) | (3.34) | (4.34) |
| Piramal Polymers Ltd. | (3.59) | (1.40) | 5.83 |
| Piramyd Retail and Merchandising Pvt. Ltd. Ltd. | (104.58) | (92.43) | (97.46) |
| PMP Components Pvt. Ltd. | (0.48) | 2.62 | (4.54) |
| Thundercloud Technologies (I) Pvt. Ltd. | (1.18) | 5.24 | 0.40 |
| Morarjee Castiglioni (I) Ltd. | (0.14) | (0.44) | (0.05) |
| Aryanish Finance & Investment Pvt. Ltd. | (0.003) | (0.009) | (0.008) |
| Pavurotti Finance & Investment Pvt. Ltd. | (0.003) | (0.009) | (0.01) |
| Southville Consultancy Services Pvt. Ltd. | (0.003) | 0.03 | (0.02) |
| Antractica Trading Company Pvt. Ltd. | NA | (0.003) | 4.04 |
| Weststar Elastometer Pvt. Ltd. | (0.002) | 0.07 | (0.01) |
| Bombay Motors Pvt. Ltd. | (0.15) | 0.63 | (0.08) |
| Alibaug Farming & Agriculture Company Pvt. Ltd. | NA | (0.01) | (0.02) |
| Piramal Enterprises Ltd. | 61.6 | 23.71 | |
| Renato Finance & Investments Pvt. Ltd. | (5.54) | (5.68) | 25.00 |
| L&T Crossroads Pvt. Ltd. | NA | NA | (16.8) |

* - for the 12 months ended September 2002

** - for the 18 months ended March 2004

- Companies for which Audited Financials are not available have been left blank.

NA – Not Applicable

Rs. mn

| Name of ventures of promoter | Profit/(Loss) after tax Mar 31, 2005 ^s |
|--|--|
| Cineline Trading Company Pvt. Ltd. | (0.006) |
| Online Mercantile Company Pvt. Ltd. | (0.006) |
| Topwave Mercantile Company Pvt. Ltd. | (0.006) |
| Highzone Mercantile Company Pvt. Ltd. | (0.11) |
| Surewin Trading Company Pvt. Ltd. | (0.099) |
| Supersoft Mercantile Company Pvt. Ltd. | (0.12) |
| Super Plaza Mercantile Company Pvt. Ltd. | (0.006) |
| Topflag Trading Company Pvt. Ltd. | (0.006) |
| Supersoft Trading Company Pvt. Ltd. | (0.005) |
| Newzone Mercantile Company Pvt. Ltd. | (0.006) |
| Goldflag Mercantile Company Pvt. Ltd. | (0.006) |



| Name of ventures of promoter | Profit/(Loss) after tax Mar 31, 2005 ^{\$} |
|---------------------------------------|---|
| Cineline Trading Company Pvt. Ltd. | (0.006) |
| Alltime Mercantile Company Pvt. Ltd. | (0.006) |
| Newone Trading Company Pvt. Ltd. | (0.006) |
| Toptech Mercantile Company Pvt. Ltd. | (0.006) |
| Maxplaza Trading Company Pvt. Ltd. | (0.006) |
| Oneup Mercantile Company Pvt. Ltd. | (0.006) |
| Onestar Mercantile Company Pvt. Ltd. | (0.006) |
| Onestar Trading Company Pvt. Ltd. | (0.006) |
| Topzone Mercantile Company Pvt. Ltd. | (0.006) |
| Goldlife Mercantile Company Pvt. Ltd. | (1.32) |
| Seastar Trading Company Pvt. Ltd. | (0.006) |

\$ - The results represent the first accounting year / period.

Piramyd Megastore loyalty program members account for a significant portion of our Gross Retail Sales

We have a customer loyalty program, the “Piramyd Power Club”. The members contribute around 45% to our Gross Retail Sales. Any shift in spending patterns and loyalty of these customers will have an impact on our result from operations.

Any failure in implementation of our proposed private label initiative in lifestyle retail and FHPC retail will affect our result from operations

The success of our proposed private label strategy depends on our ability to understand fashion trends, introduce new designs/apparels and explore new business opportunities on a regular basis. Our inability to identify and recognize international and domestic fashion trends and the risk of obsolescence could adversely affect our business.

Further, we may be adversely affected if consumers lose confidence in the safety and quality of certain food products sold as private labels and are discouraged from buying our products.

Our business depends on our ability to maintain consistency in customer service and other operations

Competition for personnel, particularly for employees with retail expertise, is intense. Additionally, our ability to maintain consistency in the quality of customer service in our stores is critical to our success. This will depend on our ability to hire the right personnel and also train the new personnel in the implementation of our documented processes effectively.

The success of our business is dependent on supply chain management

We strive to keep optimum inventory at our stores and distribution centers to control our working capital requirements. A strong supply chain system is essential to ensure availability of merchandise at the stores. Ensuring shelf availability for our products warrants quick turnaround time and high level of coordination with suppliers. Food and grocery items require efficient supply chain management as this involves items which are perishable or have limited shelf life. Inefficient supply chain management could adversely affect the results from operations.

We are dependent on our key international and / or domestic vendors, distributors or manufacturers for the availability of products at our stores

Any disruption in supply from our major suppliers or distributors, international or domestic may lead to unavailability of merchandise at our stores which could adversely affect our results from operations. Moreover, many of our suppliers provide us with incentives, such as return privileges (consignment sales), volume discounts and cooperative advertising and a decline in or discontinuation of these incentives could affect our results from operations.

We currently rely on two large distribution centers for our Piramyd Megastores in the Western and Northern region

We currently operate two distribution centers which delivers merchandise to our four Megastores in the Westren region and one mega store in Northern region. Any serious disruption at these distribution centres due to fire, earthquake,



flood, riots or any other cause may damage our inventory. It may also impair our ability to adequately stock our stores and could negatively affect our results from operations.

Past comparable store sales may not be indicative of future store sales

Various factors affect the sales at our stores including competition, our capabilities in sourcing and buying and merchandising, our supply chain, store location and floor plate, fashion trend changes, our systems and processes etc. These factors will have an influence on existing and future stores and thus past figures of sales may not be true indication of future sales.

Our business could be harmed if key management personnel with significant experience and expertise in the retail industry terminate their employment with us.

Our success depends, to a significant extent, on the continued services of our key management personnel. The loss of services of one or more members of our key management team could adversely affect the implementation of our expansion plan as well as results from operations.

We rely extensively on our IT systems and any failures in our systems could adversely impact our business. We are in the process of upgrading out IT infrastructure and any disruptions in the implementation or functioning thereafter could adversely affect our business operations.

We rely extensively on our IT systems to provide us connectivity across our business functions through our software, hardware and connectivity systems. We are implementing a suite of applications that includes the JDA Merchandising, Arthur Planning and Allocation and Oracle Financials. The phased implementation began in April 2005 and will continue through fiscal year 2006. Any delay in implementation or any disruptions in the functioning could disrupt our ability to track, record and analyze the merchandise that we sell and cause disruptions of operations, including, among others, an inability to process shipments of goods, process financial information or credit card transactions, deliver products or engage in similar normal business activities.

Non-Receipt of Approvals

Non Receipt of these approvals may prevent the continuity of our business and may impede our Company's effective operations in the future. The approvals relate to the following:

Approvals material to our current business activities for which applications have been made but approvals are yet to be received

1. Trade Mark Related- In respect of one of our Company's trade marks, "TruMart", we have submitted an application for registration of the trademark in our name to the relevant trademark authority. The applications are presently pending with the relevant authority.
2. Shops and Establishment- Applications for registration of the office premises of our Company situated in Mumbai, Thane and Nagpur have been filed and are presently pending with the relevant authority.
3. Food Licences- Food licence applications for storing meat products, frozen non vegetarian products and insecticides at our Company's stores in Nagpur, Pune and Mumbai have been filed with the relevant authorities by our Company. The applications are presently pending with the relevant authorities.
4. Extended Working Hours- An application in respect of stores located in Maharashtra have been filed with the Government of Maharashtra for permission to operate our stores 365 days a year and also for working extended hours. The application is presently pending with the relevant authority.
5. Insecticides Permissions- An application has been filed with the Agricultural Department of the Municipal Corporation of Mumbai for storing and selling insecticides and pesticides at our stores in Mumbai and Thane. The application is presently pending with the relevant authority.
6. Signboard Licences- Our Company has filed applications with the Bombay Municipal Corporation for transferring the licences/permissions procured by PRMPL in relation to Glow Signs / Signboards / Illuminated Sky Signboards / Show Cases / Illuminated Totem Pole Signboards (including local languages) to the name of our Company.
7. Service Tax- Our Company has applied for a service tax registration number with the relevant tax authority. The application is presently with the relevant authority.



Approvals material to our current and proposed business activities for which approvals have not yet been applied for:

1. New Stores - The Company will additionally be required to obtain all necessary approvals for any new stores that will be opened by our Company as and when required.

As on June 30, 2005 we had contingent liabilities and outstanding guarantees and capital commitments

As on June 30, 2005, we had outstanding bank guarantees amounting to Rs. 5 mn and capital commitments to the tune of Rs. 141.5 mn. After June 30, 2005 we have availed a Bank guarantee of Rs. 0.85 mn. from Yes Bank Limited in favour of vendor for supply of material.

We have issued Equity Shares since incorporation (March 18, 2005) to promoters/promoter group at par

Since incorporation (March 18, 2005), we have allotted 8,985,000 Equity Shares of our company of Rs. 10/- each at par to our promoter group. (For further details please refer to notes to capital structure under the section titled "Capital Structure" on page 9 of this Prospectus).

Possible conflict of business with the entities controlled by Promoter/Promoter Group

The object clause as contained in the Memorandum of Association of Piramal Holdings Ltd. (PHL), Piramyd Retail and Merchandising Pvt. Ltd. (PRMPL) and Crossroads Shoppertainment Pvt. Ltd. (CSPL), forming part of the Promoter Group, enable them to carry on the business of establishing/operating/managing retail outlets which may result in our Promoter Group having a conflict of interest with our line of business, if they plan to pursue the same in future.

Because our Promoters control substantial voting power, investors may not be able to affect the outcome of any shareholder vote.

Following this offering, our Promoters will own 64.92% of our outstanding shares. As a result, the promoters after this offering will control 64.92% of the voting power of all of our outstanding shares. For as long as the Promoters continue to own shares representing more than 50% of the voting power, they will be able to direct the election of all of the members of our Board of Directors and determine the outcome of all matters submitted to a vote of our shareholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional shares or other equity securities and the payment of dividends.

There has been a shortfall in the performance vis-à-vis promise in the last issue made by a company forming part of the promoter group

Morarjee Realities Ltd. made a public issue of equity to their shareholders in 1994. The issue comprised 15,25,000 equity shares of Rs. 10 each for cash at a premium of Rs. 250 each aggregating to Rs. 3.96 million and firm allotment of 24,75,000 equity shares of Rs. 10 each at a premium of Rs. 250 each to select FIs/FIIs/NRIs/IMFs aggregating to Rs. 6.43 million.

Objects of the issue

The objects of the issue were:

- (a) To finance the modernization-cum-expansion of manufacturing facilities of the company's textile division, and
- (b) To finance the margin money requirement for working capital requirements of the modernization-cum-expansion project.

The promise made in the above mentioned rights issue and actual performance achieved is as follows:-

(Rs. mn)

| Particulars | 1994-95 | | 1995-96 | | 1996-97 | |
|--------------|---------|-------------|---------|-------------|---------|-------------|
| | Promise | Performance | Promise | Performance | Promise | Performance |
| Gross Sales | 4300.00 | 4169.10 | 5100.00 | 3766.00 | 7000.00 | 3296.10 |
| PAT | 272.00 | 266.00 | 316.00 | 97.8 | 527.00 | (209.00) |
| EPS (Rs.) | 13.86 | 13.56 | 18.39 | 4.98 | 26.86 | (1.07) |
| Dividend (%) | 30% | 30% | 30% | 15% | 30% | 8% |



The turnover and net profit of the company showed a declining trend. The factors attributable are as under:

- i. The operations for 1994-95 had a setback due to competition from domestic and international markets coupled with the powerloom sector.
- ii. Davangere and Gadag units were affected by a critical power situation prevailing in Karnataka. Power cuts during the period November 1995 to March 1996, in the range of 25-50%, affected the operations.
- iii. During 1996-97, profitability suffered drastically due to a sharp escalation in cost of wages, salaries, power and fuel and water charges. Sluggish market and unfair competition from the powerloom sector prevented the company from passing on the increase in costs to the customers.

The value of our brand, and our sales, could be diminished if we are associated with negative publicity.

Our business is dependent on the trust our customers have in the quality of our merchandise. Any negative publicity regarding our company, brands, or products, including those arising from a drop in quality of merchandise from our vendors, mishaps at our store sites, or any other unforeseen events could adversely affect our reputation and our results from operations.

There are restrictive covenants in the agreements we have entered into with certain banks for working capital credit facilities and other borrowings

The following are some of the significant restrictive covenants that form part of the agreement we have entered into with Yes Bank for our working capital requirements. These include restrictions on:

- creation of any encumbrance or security over assets
- reorganisation, amalgamation, reconstruction, takeover or any other schemes of compromise or arrangement

Uninsured losses or losses in excess of our insurance coverage could result in a loss of our investment

There are losses against which there is no insurance available or the coverage may not be adequate for extreme events. We may face loss of investments in the absence of insurance and even in cases in which any such loss may be insured, we may not be able to recover the entire claim from insurance companies.

Risks Related to the Future plans

We may require additional capital resources to achieve our expansion plans

The rate of our expansion will depend to an extent on the availability of adequate debt and equity capital. Our cash flow requirements will be based on cash flows generated by our business.

Further, the actual expenditure incurred on our ongoing projects may be higher than current estimates owing to but not limited to, implementation delays, cost over runs or adverse market developments which may require us to source external capital resources.

Some sources of funds available include commercial borrowings, vendor financing and issuing of equity or debt instruments. Increased debt financing would result in higher outflow of interest payments and we may be subject to additional covenants, limiting our ability to access the cash generated from the business. Any equity financing would result in your shareholding in the Company getting diluted.

We have not yet executed contractual / definitive agreements or arrangements for fully utilizing the Issue proceeds

We have yet to execute contractual / definitive agreements for 2 of our new Piramyd Megastore sites out of the 8 proposed and 32 of our new TruMart sites out of the 37 proposed, for which we are raising funds through this Issue.

Our inability to deliver as per our business plan could have an adverse impact on our results from operations

Our growth plans are considerable and would put significant demands on our management team and other resources.

Any delay by the developers in handing over the possession of store sites to us may lead to delays in our opening of stores and impact our roll out schedules and cause cost and time over runs. Rising real estate costs and acquisition, construction and development costs could also inhibit our ability to grow. In addition, our expansion in new and existing markets may present distribution and merchandising challenges that differ from those in our current operations. These factors could cause diversion of management attention from the expansion plans leading to delays and cost overruns.



The FHPC business, for which we propose to raise funds in this Issue, accounts for less than 25% of PRL's revenue as on June 30, 2005

The FHPC initiative of PRL currently contributes less than 25% to the revenues of the Company. If we are unable to sufficiently ramp up this business segment, the contribution from it will not be substantial even in the future.

The 'Objects of the Issue' for which the funds are being raised has not been appraised by any Bank or Financial Institution

The Objects of the Issue for which the funds are being raised has not been appraised by any Bank or Financial Institution. In the absence of any such independent appraisal, the requirement of funds raised through this Issue as stated in the section titled "Objects of the Issue" are based on our estimates and deployment of these funds is at the discretion of our management and Board of Directors.

Risks Related to the Industry

The risk of merchandise obsolescence is very high in certain categories of our business given the changing consumer preferences

Our customer offering includes a range of lifestyle retail merchandise and aspirational products. Further, our success in food retailing depends in part on our ability to anticipate the tastes and dietary habits of consumers and to offer products that appeal to their preferences. Hence our ability to correctly understand fashion cycles and customer preferences and manage our merchandise planning is critical for our operations

Our business is seasonal and our annual results are significantly dependent on our third quarter sales

The industry is characterized by high sales during the third fiscal quarter, which is due, in part, to the festival selling season. Any decrease in third quarter sales, whether because of a low festival season sale, weather conditions, or otherwise, could have a material adverse effect on our business and results from operations.

We also face seasonality due to climatic conditions. We have two merchandise plans based on seasons namely spring-summer and autumn-winter. Any mismatch between our planned and actual sales can lead to excess inventory and may require us to resort to higher markdown and thus lower margins, in order to clear such inventory.

We face significant competition in the retail industry

We conduct our retail merchandising business under a highly competitive environment. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability, availability of retail space.

Additionally, we may face competition from international players if the Government of India allows foreign participation in the retail sector.

Losses on account of shrinkage can negatively impact our profitability

Shrinkage in the retail business is defined as the loss in inventory through a combination of shoplifting by customers, pilferage by employees, and errors in documents and transactions that go un-noticed.

The retail industry world over is affected by shrinkage. Any increase in shrinkage levels at our existing and future stores can adversely impact results from operations.

We face the risk of potential liabilities from lawsuits or claims by consumers

We may face the risk of legal proceedings and claims being brought against us by our customers/consumers for any defective product sold or any deficiency in our services to them. We could face liabilities should our customers/consumers face any loss or damage due to any unforeseen incident such as fire, accident etc in our stores, which could cause financial and other damage to our customers/consumers. Commencement of these lawsuits against us or the establishment of new regulations could reduce our sales. In addition, we are subject to regulation by the Consumer Protection Act, Weights & Measures Act, Sale of Goods Act and similar Acts by State regulatory bodies like the Shop & Establishment Act. If we fail to comply with government and industry safety standards, we may be subject to claims, lawsuits, fines and adverse publicity that could have a material adverse effect on our business and results from operations.



External Risk Factors

We are subject to adverse impact of economic and political conditions

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates and its impact on availability of retail space, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. The taxation system within the country still remains complex. Multi-point octroi and tax evasion by smaller stores are some of the concerns faced by organized retailers. Changes in local taxes and levies can impact the performance of retailers adversely. The government stand on Foreign Direct Investment (FDI) in the sector is still unclear. The absence of FDI may impact growth and exposure to some best practices. Retailers also have apprehensions about the co-existence of Value Added Tax (VAT) and Maximum Retail Price (MRP).

We are subject to risks arising from exchange rate fluctuations

We may place orders with overseas contractors or consultants for buying equipments for our new as well as existing stores. We also source some of our products from overseas markets for sale in our stores. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future and affect us to the extent of increasing the cost of import of goods and services.

Terrorist attacks or acts of war may seriously harm our business

Terrorist attacks may cause damage or disruption to our company, our employees, our facilities and our customers, which could impact our sales and results from operations. Any future terrorist attacks, the national and international responses to terrorist attacks, or other acts of war or hostility may cause greater uncertainty and cause our business to suffer in ways that we currently cannot predict.

Multiplicities of legislations may impact the growth of organized retail

The retail sector functions under multiple laws and regulations. Multiple licenses and clearances are required before a store can be opened. Thereafter, stringent laws pertaining to labour, hours of work, etc may limit flexibility in operations, add to overall costs and impact retail operations.

We may experience fluctuations in our stock price, which may affect the trading price of the equity shares issued in this Offering.

The stock market in general and the market for shares of retail companies in particular, have from time to time experienced considerable price fluctuations. Often, these changes may have been unrelated to the operating performance of the affected companies. In addition, factors such as competition, new store openings, general regional and national economic conditions, bulk deal in our stocks, consumer trends and preferences, new product introductions and changes in our product mix, timing and effectiveness of promotional events and lack of new product introductions to spur growth in sales and weather may have an adverse effect on the market price of our shares.

Notes to the Risk Factors

1. The unaudited results for the period between July 1, 2005 and September 30, 2005 have been provided as additional information on page no. 98 of the Prospectus and these may be indicative in nature and cannot be compared with any result of the prior period.
2. Investors are advised to refer to "Basis for Issue Price" on page 21 of this Prospectus before making any investment in this Issue
3. Investors may note that in case of oversubscription, allotment to Retail Individual Bidders and Non Institutional Bidders shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue Book Running Lead Manager and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

4. The net worth of the Company as per the Financial Accounts of the Company as on 30 June, 2005 is Rs.10.0 million. Issue size consists of 9,000,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 110 per share aggregating to Rs. 1080 million including promoters contribution of 4,000,000 shares at a price of Rs. 120 per share aggregating to Rs. 480 million and the net offer to the public of 5,000,000 shares at a price of Rs. 120 per share aggregating to Rs. 600 million.
5. The book value per share as on June 30, 2005 is Rs. 10.04
6. The average cost of acquisition of Equity Shares of the Promoters is as follows:

| Promoters | No. of Shares acquired (face value Rs. 10 per share) | Average Cost per share (Rs.) |
|--------------------------------------|---|---|
| Cineline Trading Company Pvt. Ltd. | 2,960,333 | 10 |
| Topwave Mercantile Company Pvt. Ltd. | 2,960,333 | 10 |
| Online Mercantile Company Pvt. Ltd. | 2,958,333 | 10 |
| Onestar Mercantile Company Pvt. Ltd. | 106,000 | 10 |

7. Other than as disclosed either in Related Party Transactions on page 93 or otherwise, the promoters/directors/ key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding in the company or out of any business relation with any of the ventures in which they are interested
8. Other than as disclosed either in Related Party Transactions on page 93 or otherwise, none of the ventures of the promoters have business interests/ other interests in our Company.
9. Our transactions with group companies have been highlighted under Related Party Transactions on page 93 and under Transfer of Business to PRL on page 63.
10. Other than as disclosed either in Related Party Transactions on page 93 or otherwise, no loans and advances have been made to any companies in which our Directors are interested.
11. The Promoter Group/ directors of the Company have not purchased and or sold / financed any shares of the Company during the past six months other than as disclosed in the notes to the Capital Structure on page 9.
12. The investors may contact the BRLMs or the Compliance Officer for any complaint/clarification/information pertaining to the Issue, who will be obliged to attend to the same. We have entered into certain related party transactions. For details of these transactions refer to page 93 of this Prospectus.



III. INTRODUCTION

Summary

You should read the following summary together with the Risk Factors explained in this Prospectus and the more detailed information about us and our financial data included in this Prospectus.

Industry and Business Overview

Industry Overview

Retail is the world's largest private industry with global retail sales of roughly USD 8 trillion. It is one of the biggest contributors to the Gross Domestic Product (GDP) of most countries and also one of the biggest employers.

Total retail sales constituted about one-third of India's Gross Domestic Product (GDP) during 2000-02. The largest category of retail businesses are specialized retailers selling food, beverages and tobacco from fixed retail outlets. The next most important category is clothing retailers, which represented 7% of all retail enterprises in 2002. (Source: Retailing in India – Euromonitor 2004 report)

The Indian retail landscape is evolving, interplay of various factors ranging from demographic to economic ones are facilitating the growth of organized retail. The share of organized retail in the total retail pie is set to increase from about 3% to about 8 – 10 % by 2010. (Source: KSA Technopak, 2005)

Some of the key enabling factors are higher affluence levels, increased purchasing power of the average Indian consumer, changing demographic and aspiration factors of the Indian population and real estate developments across the country.

Rapid growth of organized retailing is expected in the food segment. This can be attributed to the highly unorganized nature of the market currently and the growing preference of consumers to shop at modern retail formats which together presents an opportunity for growth in this segment.

Currently while most of the retail activity is centered in and around the metropolitan cities, it is estimated that the focus will with time shift to smaller cities. Delhi and Mumbai have been identified as India's two most prominent retail destinations, with Bangalore, Hyderabad, Pune, Chennai, Ahmedabad and Nagpur being the other cities attracting retailers' attention.

Our Business

We are one of India's major retailers with presence in following two segments:

- Lifestyle
- Food, Home and Personal Care (FHPC)

We are a part of the Piramal group and we benefit from the experience and expertise gained by the group over the years. We currently operate 14 stores spread across 5 cities occupying over 260,000 sq. ft of retail space. Our lifestyle retail business is carried out under the 'Piramyd Megastore' brand which houses a range of offerings including apparel, accessories like jewellery, watches, footwear and a section for home styling (interior decor) etc. While we seek to cater to wider profile of customers, we believe our target segment for our lifestyle retail business is the informed and fashion conscious customer.

Our FHPC business is operated under the 'TruMart' brand. Our Trumart stores are positioned as a dependable neighbourhood store that offers genuine value. We offer convenience by being located in residential areas and cater to both the bulk buying and top up requirements of our customers.

Our Competitive Strengths

Professional and capable management team

We have a capable management team having a sound understanding of the retail business. Our core team has been a part of the growth strategy since the Piramal group's foray into retailing in 1999. We are led by a dynamic and experienced MD and CEO, Mr. K.N. Iyer. He is backed by a knowledgeable and motivated functional team. Our team introduced several new retailing concepts such as the concept of an anchor tenant, a supermarket within a department store etc.

Ability to capture large share of customer's wallet

Food and apparel are the rapidly growing segments within organized retail in India. We have identified synergies between the FHPC and lifestyle retail businesses such as the common management systems, supply chain and the customer base. The FHPC business is not seasonal and experiences higher stock turn rates whereas the lifestyle retail business offers higher margins. Thus a combination of the two serves as a de-risking model for our business.



Seamless shopping experience – wide array of offerings

The 'Piramyd Megastore' offers a wide range of merchandise across menswear, ladies fashion, unisex casuals and kids' apparel. Our offerings under the same roof also include toys, accessories, footwear, perfumes, cosmetics and home fashion, watches optical wear including prescription eye wear and sunglasses and an exclusive range of electronics across multiple brands and price points.

Our TruMart stores house a range of food and grocery, home and personal care products to meet the regular shopping requirements of our customers.

Commitment to customer service

It is our constant endeavour to maximise customer satisfaction through exceptional service. We believe that high levels of customer service is our differentiator and our reason to be, which is mirrored in our service vision, "We believe in service, we do it with pride". The commitment to service is pervasive across all functions and management levels.

We offer our customers a seamless shopping experience and a wide range of merchandise at our stores. We believe that customer intimacy is essential and so we offer personalized services. In keeping with this line of thinking, we have a unique concept of customer adoption, wherein our sales people adopt some of our regular customers and thus become a single point contact with the customers. Our sales people undergo intensive training programs so that they are educated about the store and more importantly, in handling customer requirements with pleasure.

Loyal customer base – 100,000 member strong loyalty program

One of our key strengths is the loyal customer base that we have established. Our loyalty program, Piramyd Power Club has over 100,000 members. It is a dual benefit program, which offers its members both the conventional loyalty points as well as additional privilege discounts on merchandise, besides other benefits. We work towards delighting our members by seeking regular feedback, improvising on our offerings and delivering superior service.

Promoter and Promoter Group Strengths

We are part of the Piramal group and we benefit from their experience and expertise.

- Piramal Holdings Ltd. (PHL): The expertise of PHL is valuable for site selection and project management as PHL specialises in project development and development consultancy. PHL which owns Crossroads provides us the ability to attract multinational brands given their prior and continued association with these brands through 'Crossroads'.
- Morarjee Textiles and Integra Apparel: The expertise in the textile business of the group would be beneficial in developing and strengthening our Private label initiative. We also source part of our fabric for menswear from these companies.

Streamlined operations and processes

We have implemented the system of category management and have established a set of working committees and review committees. Our Management Information Systems are designed to yield useful data on a category, sub category and SKU (Stock Keeping Unit) level for the merchandise stocked, to ensure the operating effectiveness of the business. We intend to further strengthen our systems and use tested CRM (Customer Relationship Management) processes, in keeping with the increased requirements and complexities of the expanding business

Technology – Operational Excellence

We run our operations with a strong technology focus and adopt a process driven approach. We have robust systems and are ramping up the same in preparation for the expansion plans. We are in the process of implementing the ERP package from JDA, a renowned package for retail applications, which will include the Merchandise Management System and Warehouse Management Systems. This will significantly strengthen our planning, procurement, inventory management and sales activities. Systems for Point of Sales, Oracle Financials for financial planning and analysis etc are under implementation as well.



General Information

Piramyd Retail Ltd.

Piramyd Retail Ltd. was incorporated on March 18, 2005 as a public limited company under the Act. We commenced operations on March 28, 2005 after filing a statement in lieu of prospectus on March 24, 2005. We obtained a certificate for commencement of business on April 5, 2005.

Address of Registered Office of the Company

106, Peninsula Centre,
Dr S S Rao Road,
Parel,
Mumbai – 400 012

Tel: 91 – 22 –5661 8787

Fax: 91 – 22 –5661 8788

Registration Number: U 52190 MH 2005 PLC 152053

Address of Registrar of Companies: 100 Everest, New Marine Lines, Mumbai - 400 020

Board of Directors of the Issuer

The following table sets forth details regarding our Board of Directors:

| Name | Designation |
|-----------------------------|----------------------|
| Ms. Urvi A. Piramal | Chairperson |
| Mr. Nandan A. Piramal | Vice Chairman |
| Mr. K. N. Iyer | MD & CEO |
| Mr. Jaydev Mody | Director |
| Mr. Harshvardhan A. Piramal | Director |
| Mr. Rajeev A. Piramal | Director |
| Mr. Arvind Singhal | Independent Director |
| Mr. Homi Aibara | Independent Director |
| Mr. Berjis Desai | Independent Director |

For further details on the Chairperson and Managing Director, please refer to page 65 of this Prospectus.

LEGAL ADVISORS TO THE ISSUE

AZB & Partners

23rd Floor, Express Towers, Nariman Point, Mumbai - 400021

Tel: 91-22-5639 6880

Fax: 91-22-5639 6888

Contact Person: Mr. Shobhan Thakore

Email: mumbai@azbpartners.com

BANKERS TO THE ISSUE /ESCROW COLLECTION BANKS

ICICI Bank Ltd.

Capital Markets Division, 30, Mumbai Samachar Marg, Mumbai 400 001

Tel: 91 – 22 – 22655285, Fax: 91 – 22 – 22611138

Contact Person: Mr. Sidhartha Routray

Email: sidhartha.routray@icicibank.com

Yes Bank Ltd.

Nehru Centre, 4th Floor, Discovery of India, Dr. A.B. Road, Worli, Mumbai – 400 018

Tel: 91 – 22 – 5669 9039, Fax: 91 – 22 - 2491 4986

Contact Person: Abhijit Kamalapurkar

Email: abhijit.kamalapurkar@yesbank.in

UTI Bank Ltd.

Universal Insurance Building, PM Road, Fort, Mumbai - 400 001,
Tel: 91 – 22 – 22835788, Fax: 91 – 22 – 22835785
Contact Person: Mr. Roshan Mathias
Email: roshan.mathias@utibank.co.in

BANKERS TO THE COMPANY**Yes Bank Ltd.**

9th Floor, Nehru Centre, Worli, Mumbai - 400 018
Tel: 91 – 22 – 5669 9000
Fax: 91 – 22 – 2497 4182
Email: suresh.sethi@yesbankltd.com

BOOK RUNNING LEAD MANAGERS**Enam Financial Consultants Pvt. Ltd.**

801, Dalamal Towers, Nariman Point, Mumbai 400 021
Tel: 91 – 22 - 5638 1800, Fax: 91 – 22 - 2284 6824
Contact Person: Mr. Prashant Kolhe
Email: prl.ipo@enam.com
Website: www.enam.com

DSP Merrill Lynch Ltd.

Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021
Tel: 91 - 22 - 2262 1071, Fax: 91– 22 - 2262 1187
Contact Person: Mr. N.S. Shekhar
Email: prl_ipo@ml.com
Website: www.dspml.com

Edelweiss Capital Ltd.

14th Floor, Express Towers, Nariman Point, Mumbai – 400 021
Tel: 91 – 22 – 2286 4400, Fax: 91 – 22- 2288 2119
Contact Person: Mr. Abhijit Das
Email: prl.ipo@edelcap.com
Website: www.edelcap.com

REGISTRAR TO THE ISSUE**Karvy Computershare Pvt. Ltd.**

Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034
Tel: 91 – 40 - 2331 2454, Fax: 91 – 40 -2331 1968
Contact Person: Mr. Murali Krishna
E-Mail: prlipo@karvy.com
Website: www.karvy.com

COMPANY SECRETARY & COMPLIANCE OFFICER**Mr. M. V. Balajee**

Khatau House, Mogul Lane, Mahim (West), Mumbai – 400 016
Tel: 91 – 22 -5666 9520, Fax: 91- 22-5666 9526
Email: ipo@piramyd.co.in

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



SYNDICATE MEMBERS

Enam Securities Pvt. Ltd.

Khatau Bldg, 2nd Floor, 44 Bank Street,
Off Shaheed Bhagat Singh Road, Fort, Mumbai - 400 023.
Tel: 91 22 2267 7901, Fax: 91 22 2266 5613
Contact Person: Mr. Ajay Seth
Email: prl.ipo@enam.com
Website: www.enam.com

Edelweiss Securities Pvt. Ltd.

14th Floor, Express Towers, Nariman Point, Mumbai – 400 021
Tel: 91 – 22 – 2286 4400, Fax: 91 – 22- 2288 2119
Contact Person: Mr. Bakul Mehta
Email: piramyd.ipo@edelcap.com
Website: www.edelcap.com

AUDITORS

M/s Haribhakti & Co.

Free Press House, 215, Nariman Point, Mumbai – 400 021
Tel: 91- 22 - 5639 1104, Fax: 91 – 22 - 2281 4834
Contact Person: Mr. Chetan Desai
Email: chetandesai@haribhaktigroup.com
Website: www.haribhaktigroup.com

BID / ISSUE OPENS ON : NOVEMBER 10, 2005

BID / ISSUE CLOSES ON : NOVEMBER 16, 2005

Statement of Inter-Se Allocation of Responsibilities amongst BRLMs

The responsibilities and co-ordination for various activities in this Issue are as under:

| S.No. | Activities | Responsibility | Co-ordinator |
|-------|---|----------------------------|--------------|
| 1. | Capital structuring with the relative components and formalities such as type of instruments etc. | Enam DSPML Edelweiss | Edelweiss |
| 2. | Due diligence of the Company's operational/management/ business plans / legal etc. Drafting and Design of Draft Red Herring Prospectus, Bid cum Application Forms and of statutory advertisement including Memorandum containing salient features of the Prospectus. The BRLM(s) shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI. | Enam DSPML Edelweiss | Edelweiss |
| 3. | Selection of various agencies connected with the issue, including Registrar, Printers, Advertising Agency, Bankers to the issue etc. | Enam DSPML Edelweiss | Edelweiss |
| 4. | Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc. | Enam DSPML Edelweiss | Enam |
| 5. | Marketing of the Offer: (i) Domestic institutions/ banks/ mutual funds strategy • Finalise the list and division of investors for one on one meetings • Finalise road show and investor meeting schedules | Enam DSPML Edelweiss | Enam |

| S.No. | Activities | Responsibility | Co-ordinator |
|-------|---|----------------------------|--------------|
| 5. | (ii) Retail/ Non-institutional strategy <ul style="list-style-type: none"> Finalise media, marketing and public relation strategy Finalise centers for holding conferences for brokers etc. Finalise collection centers Follow up on distribution of publicity and Issue material including form, Prospectus and deciding on the quantum of the Issue material | Enam DSPML Edelweiss | DSPML |
| 6. | Running the Book, Deciding pricing and Finalizing institutional allocation of shares, in consultation with the company; intimation of allocation. (Whilst for the Inter-se, one Lead Manager will be the co-ordinator, all pricing and allocation decisions will be joint.) | Enam DSPML Edelweiss | Enam |
| 7. | Finalization of Prospectus and RoC Filing etc. | Enam DSPML Edelweiss | Edelweiss |
| 8. | The post bidding activities including, management of escrow accounts, co-ordinate non-institutional allocation, intimation of allocation, despatch of refund orders to Bidders etc. The post issue activities for the issue will involve essential follow up steps, which include the finalization of listing of Equity Shares and despatch of allotment advice and refund orders, with the various agencies connected with the work such as the Registrars to the issue, Bankers to the issue and the bank handling refund business. | Enam DSPML Edelweiss | DSPML |

Credit Rating

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

Trustees

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

Book Building Process

Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/ Issue Closing Date.

The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Managers;
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs; and
4. Registrar to the Issue.

SEBI through its guidelines has permitted an issue of securities to the public through 100% Book Building Process, wherein: (i) at least 50% of the Issue shall be allocated on a discretionary basis to QIBs, (ii) at least 15% of the Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details please refer to the section titled "Terms of the Issue" on page 157 of this Prospectus. Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed Enam Financial Consultants Pvt. Ltd., DSP Merrill Lynch Ltd. and Edelweiss Capital Ltd. as the BRLMs to manage the Issue and to procure subscription to the Issue.

Steps to be taken by the Bidders for Bidding:

1. Check whether he/ she is eligible for bidding;
2. Bidder necessarily needs to have a demat account; and
3. Ensure that the Bid cum Application Form is accompanied by the PAN, or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. Bidders are specifically requested not to submit their GIR number instead of the Pan number as the Bid is likely to be rejected.

Illustration of Book Building and Price Discovery Process (Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

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

| Number of equity shares Bid for | Bid Price (Rs.) | Cumulative equity shares Bid for |
|---------------------------------|-----------------|----------------------------------|
| 500 | 24 | 500 |
| 1000 | 23 | 1500 |
| 1500 | 22 | 3000 |
| 2000 | 21 | 5000 |
| 2500 | 20 | 7500 |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company, on its behalf, will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue.

| Name and Address of the Underwriters | Indicated Number of Equity Shares to be Underwritten | Amount Underwritten (Rs. mn) |
|--|--|------------------------------|
| Enam Financial Consultants Pvt. Ltd. 801, Dalamal Towers, Nariman Point, Mumbai 400 021 | 1,812,400 | 217.49 |
| DSP Merrill Lynch Ltd. Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021 | 1,812,500 | 217.50 |
| Edelweiss Capital Ltd. 14 th Floor, Express Towers, Nariman Point, Mumbai – 400 021 | 1,237,500 | 148.50 |
| Enam Securities Pvt. Ltd. 84B, Khatau Bldg, 2 nd Floor, 44B Bank Street, Off Shaheed Bhagat Singh Road, Fort, Mumbai - 400 023 | 100 | 0.01 |
| Edelweiss Securities Pvt. Ltd. 14 th Floor, Express Towers, Nariman Point, Mumbai – 400 021 | 137,500 | 16.50 |

The above Underwriting Agreements are dated November 21, 2005.



In the opinion of our Board of Directors and the BRLMs (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters who sign the agreement are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at their meeting held on November 21, 2005 have accepted and entered into the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM, and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is discretionary as per the terms of the Red Herring Prospectus and may not be proportionate in any way and the patterns of allocation to the QIBs could be different for various Underwriters. The Allocation to QIBs has been determined by the BRLMs based on prior commitments, investor quality, price aggression, earliness of bids etc.



Capital Structure

The share capital on the date of filing of this Prospectus (before and after the issue) is set forth below:

(Rs mn)

| Particulars | Nominal Value | Aggregate Value |
|---|---------------|-----------------|
| A. Authorized Capital | | |
| 21,000,000 Equity Shares of face value of Rs.10 each | 210.00 | |
| B. Issued, Subscribed And Paid Up Capital | | |
| 11,000,000 Equity Shares of Rs.10 each fully paid up before the Issue | 110.00 | 255.17 |
| C. Present Issue in terms of this Prospectus | | |
| 9,000,000 Equity Shares of Rs 10 each | 90.00 | 1080.00 |
| Of which | | |
| Promoters' Contribution* | | |
| 4,000,000 Equity Shares of Rs.10 each | 40.00 | 480.00 |
| Net Offer to Public | | |
| 5,000,000 Equity Shares of Rs.10 each | 50.00 | 600.00 |
| D. Equity Capital after the Issue# | | |
| 20,000,000 Equity Shares of face value of Rs.10/- each | 200.00 | 1335.17 |
| E. Securities Premium Account | | |
| Before the Issue | | 145.17 |
| After the Issue | | 1135.17 |

* Our company was incorporated on March 18, 2005. Under Chapter IV of the Securities and Exchange Board of India, (Disclosure and Investor Protection) Guidelines, 2000 for computation of Promoters' Contribution, the promoters have brought in the money at the Issue Price of Rs. 120 per share.

The Promoters' Contribution has been brought in before the opening of the Public Issue, as per Clause 4.9 of the Securities and Exchange Board of India, (Disclosure and Investor Protection) Guidelines, 2000. As per Clause 4.9.1, Promoters have brought in the full amount of the promoters' minimum contribution including premium at the higher end of the Price Band i.e. Rs. 140 per share at least one day prior to the issue opening date (which has been kept in the escrow account with the Bankers to the Issue and the said contribution/ amount shall be released to the company along with the public issue proceeds). As prescribed under the Guidelines, the Board has passed the resolution at its meeting held on November 9, 2005 for allotment of shares at the price to be discovered in the Book Building process simultaneously with the allotment to the public. A copy of the resolution along with a Chartered Accountants' Certificate certifying that the promoters' contribution has been brought in along with the names of entities and amounts brought in by them respectively has been filed with SEBI on November 9, 2005. The Lock-in as prescribed in the Guidelines will be effected from the date of allotment in the Public Issue for a period of 3 years.

The company has under its ESOS earmarked a total 300,000 shares to be allotted to employees over the next three years against options issued / to be issued, vested and exercised by them. For details refer note no. 23 below.

The details of increase and/or changes in authorized capital of our Company from its date of incorporation till the filing of this Prospectus with RoC is tabulated below:

| Financial Year | Authorised Capital (Rs. mn) | Face Value (Rs.) | Date of Authorizing | No. of Shares | Nature of increase and/or change |
|----------------|-----------------------------|------------------|---------------------|---------------|----------------------------------|
| 2005-2006 | 10 | 10/- | 18/3/05 | 1,000,000 | Incorporation |
| 2005-2006 | 200 | 10/- | 13/6/05 | 20,000,000 | Increased |
| 2005-2006 | 210 | 10/- | 08/7/05 | 21,000,000 | Increased |

Notes to Capital Structure

1. Build- up of Share Capital of our Company:

| Date of allotment | No. of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Consideration | Reason for Allotment | Cumulative paid up share capital (Rs. mn) | Cumulative Share Premium (Rs. mn) |
|-------------------|----------------------|------------------|-------------------|---------------|--|---|-----------------------------------|
| 18/3/2005 | 1,000,000 | 10 | 10 | Cash | Subscribers to the Memorandum | 10.00 | Nil |
| 8/7/2005 | 7,874,700 | 10 | 10 | Cash | Fresh Issue to promoters | 88.75 | Nil |
| 8/7/2005 | 927,300 | 10 | 10 | Cash | Fresh Issue to private corporate bodies* who are Subscribers to Memorandum | 98.02 | Nil |
| 8/7/2005 | 183,000 | 10 | 10 | Cash | Fresh issue to promoters | 99.85 | Nil |
| 2/9/2005 | 600,000 | 10 | 180 | Cash | Fresh issue to Bennett, Coleman & Co. Ltd* | 105.85 | 102.00 |
| 12/9/2005 | 161,050 | 10 | 10 | Cash | Fresh issue to individuals* | 107.46 | 102.00 |
| 12/9/2005 | 50,000 | 10 | 180 | Cash | Fresh issue to private corporate bodies* | 107.96 | 110.50 |
| 12/9/2005 | 203,950 | 10 | 180 | Cash | Fresh issue to individuals* | 110.00 | 145.17 |

* - Not related to promoters and not forming part of the promoter group



2. Promoter Contribution and Lock-in

a) Promoter Contribution

Out of the present Issue, 4,000,000 Equity Shares of face value of Rs.10/- each constituting 20% of our post issue paid up share capital will be subscribed by our Promoters as under:

| Name of the Promoter | Consideration | No. of Shares | Face Value | Issue Price | % of post issue paid up capital | Lock in period |
|--------------------------------------|---------------|------------------|------------|-------------|---------------------------------|----------------|
| Goldspot Trading Company Pvt. Ltd. | Cash | 800,000 | 10 | 120 | 4.00 | 3 |
| Maxplaza Trading Company Pvt. Ltd. | Cash | 1,306,000 | 10 | 120 | 6.53 | 3 |
| Onestar Mercantile Company Pvt. Ltd. | Cash | 694,000 | 10 | 120 | 3.47 | 3 |
| Truetime Trading Company Pvt. Ltd. | Cash | 400,000 | 10 | 120 | 2.00 | 3 |
| Winstar Trading Company Pvt. Ltd. | Cash | 800,000 | 10 | 120 | 4.00 | 3 |
| Total | | 4,000,000 | | | 20.00 | |

Note : Date of allotment of Equity Shares/Date when made fully paid up will be the date of allotment to public in this Issue.

b) Following are the shares allotted to persons including the Promoter group at a price lower than the issue price in the preceding one year and also includes the shares subject to 1 year lock-in of the pre-issue capital. These shares have been allotted in the normal course towards capitalisation of the company.

| Name | Date of allotment | Date when made fully paid up | Consideration | No. of Shares | Face Value | Issue Price | % of post issue paid up capital | Lock in period |
|--------------------------------------|-------------------|------------------------------|---------------|------------------|------------|-------------|---------------------------------|----------------|
| Promoters | | | | | | | | |
| Topwave Mercantile Company Pvt. Ltd. | 18/3/2005 | 18/3/2005 | Cash | 309,100 | 10 | 10 | 1.55% | 1 |
| | 8/7/2005 | 8/7/2005 | Cash | 2,651,233 | 10 | 10 | 13.26% | 1 |
| Sub total | | | | 2,960,333 | | | 14.80% | |
| Cineline Trading Company Pvt. Ltd. | 18/3/2005 | 18/3/2005 | Cash | 309,100 | 10 | 10 | 1.55% | 1 |
| | 8/7/2005 | 8/7/2005 | Cash | 2,651,233 | 10 | 10 | 13.26% | 1 |
| Sub total | | | | 2,960,333 | | | 14.80% | |
| Online Mercantile Company Pvt. Ltd. | 18/3/2005 | 18/3/2005 | Cash | 309,099 | 10 | 10 | 1.55% | 1 |
| | 8/7/2005 | 8/7/2005 | Cash | 2,649,234 | 10 | 10 | 13.25% | 1 |
| Sub total | | | | 2,958,333 | | | 14.79% | |
| Onestar Mercantile Company Pvt. Ltd. | 8/7/2005 | 8/7/2005 | Cash | 106,000 | 10 | 10 | 0.53% | 1 |
| Total | | | | 8,984,999 | | | 44.92% | |
| Promoter Group | | | | | | | | |
| Nandan A Piramal | 18/3/2005 | 18/3/2005 | Cash | 1 | 10 | 10 | 0.00% | 1 |
| Total | | | | 1 | | | 0.00% | |

Others (Not related to promoters and not forming part of the promoter group)

| Name | Date of allotment | Date when made fully paid up | Consideration | No. of Shares | Face Value | Issue Price | % of post issue paid up capital | Lock in period |
|--|-----------------------|------------------------------|---------------|-------------------|------------|-------------|---------------------------------|----------------|
| Aarti Management Consultancy Pvt. Ltd. | 18/3/2005 8/7/2005 | 18/3/2005 8/7/2005 | Cash Cash | 18,175 309,100 | 10 10 | 10 10 | 0.09% 1.55% | 1 1 |
| Sub total | | | | 327,275 | | | 1.64% | |
| Aditi Management Consultancy Pvt. Ltd. | 18/3/2005 8/7/2005 | 18/3/2005 8/7/2005 | Cash Cash | 18,175 309,100 | 10 10 | 10 10 | 0.09% 1.55% | 1 1 |
| Sub total | | | | 327,275 | | | 1.64% | |
| Anjoss Trading Pvt. Ltd. | 18/3/2005 8/7/2005 | 18/3/2005 8/7/2005 | Cash Cash | 18,175 309,100 | 10 10 | 10 10 | 0.09% 1.55% | 1 1 |
| Sub total | | | | 327,275 | | | 1.64% | |
| Arrow Webtex Ltd. | 18/3/2005 | 18/3/2005 | Cash | 18,175 | 10 | 10 | 0.09% | 1 |
| Bennett, Coleman & Co. Ltd | 2/9/2005 | 2/9/2005 | Cash | 600,000 | 10 | 180 | 3.00% | 1 |
| Private corporate bodies | 12/9/2005 | 12/9/2005 | Cash | 50,000 | 10 | 180 | 0.25% | 1 |
| Individuals | 12/9/2005 | 12/9/2005 | Cash | 203,950 | 10 | 180 | 1.02% | 1 |
| Individuals | 12/9/2005 | 12/9/2005 | Cash | 161,050 | 10 | 10 | 0.81% | 1 |
| Total | | | | 2,015,000 | | | 10.08% | |
| Grand Total | | | | 11,000,000 | | | 55.01% | |

3. Ms. Urvi A.Piramal, Goldspot Trading Company Pvt. Ltd., Maxplaza Trading Company Pvt. Ltd., Onestar Mercantile Company Pvt. Ltd., Truetime Trading Company Pvt. Ltd., Winstar Trading Company Pvt. Ltd., Topwave Mercantile Company Pvt. Ltd., Cineline Trading Company Pvt. Ltd. and Oneline Mercantile Company Pvt. Ltd are the Promoters of the Company. For details of the Promoters and Promoters Group refer to page 78 of this Prospectus under the section Our Promoters.

The following are the names of the natural persons who are holding more than 10% in our Promoter Companies:

| Promoter Company | Natural Persons holding more than 10% | % Shareholding in Promoter Company |
|--------------------------------------|--|------------------------------------|
| Maxplaza Trading Company Pvt. Ltd. | Ms. Urvi A.Piramal Mr. Harshvardhan A. Piramal Mr. Rajeev A. Piramal Mr. Nandan A. Piramal | 25% 25% 25% 25% |
| Onestar Mercantile Company Pvt. Ltd. | Ms. Urvi A. Piramal Mr. Harshvardhan A. Piramal Mr. Rajeev A. Piramal Mr. Nandan A. Piramal | 25% 25% 25% 25% |
| Topwave Mercantile Company Pvt. Ltd. | Ms. Urvi A. Piramal Mr. Harshvardhan A. Piramal | 50% 50% |
| Cineline Trading Company Pvt. Ltd. | Ms. Urvi A. Piramal Mr. Rajeev A. Piramal | 50% 50% |
| Oneline Mercantile Company Pvt. Ltd. | Ms. Urvi A. Piramal Mr. Nandan A. Piramal | 50% 50% |

The above individuals have not been restrained from accessing the capital markets for any reason by SEBI or any other authorities.

The following are the natural persons who are in control (holding more than 10% voting rights) or who are on the Board of Directors of the body corporates forming part of our promoter group.

1. Ms. Urvi A. Piramal
2. Mr. Ajay G. Piramal
3. Mr. Jaydev Mody
4. Mr. Harshvardhan A. Piramal
5. Mr. Rajeev A. Piramal
6. Mr. Nandan A. Piramal
7. Ms. Zia Mody
8. Mr. P.K. Gothi
9. Mr. Rajesh Jaggi

The above individuals have not been restrained from accessing the capital markets for any reason by SEBI or any other authorities.

4. In accordance with SEBI Guidelines, 20% of the post-Issue capital held by the Promoters will be locked in for a period of three years from the date of allotment of Equity Shares in this Issue. For the purposes of this lock-in, Equity Shares issued last will be locked in first. For further details, please refer to Note no. 2 & 3 in this section.
5. Locked-in securities held by Promoter may be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.
6. Equity Shares held by persons other than the Promoters, locked-in in accordance with the SEBI Guidelines as part of the pre-issue share capital, may be transferred to any other persons holding Equity Shares which are also locked in as part of the pre-issue share capital subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. Equity Shares held by the Promoters, which are locked in as per the provisions of the SEBI Guidelines may be transferred to and amongst Promoter/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 with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
7. We have not issued any shares for consideration other than cash or out of revaluation reserves at any point of time.
8. Our Promoters, Promoters Group, their relatives and associates, and our Directors have not sold any Equity Shares during the period of six months preceding the date on which this Prospectus is filed with RoC.
9. Shareholding pattern of the Company before and expected shareholding pattern after the issue is given below:

| Category | Pre Issue | | Post Issue | |
|--------------------------------------|------------------|--------------|-------------------|--------------|
| | Shares | % | Shares | % |
| Promoters | | | | |
| Goldspot Trading Company Pvt. Ltd. | - | - | 800,000 | 4.00 |
| Maxplaza Trading Company Pvt. Ltd. | - | - | 1,306,000 | 6.53 |
| Onestar Mercantile Company Pvt. Ltd. | 106,000 | 0.96 | 800,000 | 4.00 |
| Truetime Trading Company Pvt. Ltd. | - | - | 400,000 | 2.00 |
| Winstar Trading Company Pvt. Ltd. | - | - | 800,000 | 4.00 |
| Topwave Mercantile Company Pvt. Ltd. | 2,960,333 | 26.91 | 2,960,333 | 14.80 |
| Cineline Trading Company Pvt. Ltd. | 2,960,333 | 26.91 | 2,960,333 | 14.80 |
| Online Mercantile Company Pvt. Ltd. | 2,958,333 | 26.89 | 2,958,333 | 14.79 |
| Total Promoters | 8,984,999 | 81.68 | 12,984,999 | 64.92 |

| Category | Pre Issue | | Post Issue | |
|---|-------------------|---------------|-------------------|---------------|
| | Shares | % | Shares | % |
| Promoter Group | | | | |
| Nandan A. Piramal | 1 | 0.00 | 1 | 0.00 |
| Total Promoter Group (including Promoters) | 8,985,000 | 81.68 | 12,985,000 | 64.92 |
| Others (Not related to promoters and not forming part of the promoter group) | | | | |
| Private corporate bodies | 1,650,000 | 15.00 | 1,650,000 | 8.25 |
| Individuals | 365,000 | 3.32 | 365,000 | 1.83 |
| Sub total | 2,015,000 | 18.32 | 2,015,000 | 10.08 |
| Public | - | - | 5,000,000 | 25.00 |
| Grand Total | 11,000,000 | 100.00 | 20,000,000 | 100.00 |

10. The list of the top 10 shareholders of the Company and the number of Equity Shares held by them is as follows:

Top ten shareholders as on the date of filing this Prospectus with RoC and ten days prior to the date is as follows:

| No. | Name of the Shareholders | No. of Shares |
|-----|--|---------------|
| 1. | Topwave Mercantile Company Pvt. Ltd. | 2,960,333 |
| 2. | Cineline Trading Company Pvt. Ltd. | 2,960,333 |
| 3. | Online Mercantile Company Pvt. Ltd. | 2,958,333 |
| 4. | Bennett Coleman & Co. Ltd; | 600,000 |
| 5. | Aarti Management Consultancy Pvt. Ltd. | 327,275 |
| 6. | Aditi Management Consultancy Pvt. Ltd. | 327,275 |
| 7. | Anjoss Trading Pvt. Ltd. | 327,275 |
| 8. | Onestar Mercantile Company Pvt. Ltd. | 106,000 |
| 9. | Pureview Trading Pvt. Ltd. | 92,000 |
| 10. | Intex Finance Pvt. Ltd. | 50,000 |

11. There is no “buy back” or “stand by” arrangement for purchase of Equity Shares by the Company, its Promoters, Directors, or Lead Managers for the Equity Shares offered through this Prospectus with the persons for whom securities are reserved for allotment.
12. The Company has raised a bridge loan to be repaid from the proceeds of this Issue. For details on the terms of the bridge loan, refer to Page 95 of the Auditor's Report of this Prospectus.
13. The Equity Shares offered through this public issue will be fully paid up.
14. In this Issue, in case of over-subscription in all categories, mandatory 50% of the Net Issue to the Public shall be compulsorily allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under subscription, if any, other than in the QIB category shall be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs. In case the allotment to QIBs works out to less than 50% of the Net Issue to the Public, the entire bid amount/ subscription money shall be refunded. The unsubscribed portion, if any, after such inter se adjustments amongst the reserved categories shall be added back to the net offer to the public. In case of undersubscription in the net offer to the public portion, spill-over to the extent of undersubscription shall be permitted from the reserved category to the Net Offer to Public portion.
15. An oversubscription to the extent of 10% of the Net Offer to Public can be retained for the purpose of rounding off, to the nearest multiple of minimum allotment lot.

16. There would be no further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.
17. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise save and except the Employee Stock Option Scheme as stated in this Section. If the Company goes in for acquisitions and joint ventures the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.
18. There shall be only one denomination of the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
19. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum investment limit prescribed under relevant laws applicable to each category of investor. An applicant in the Net Offer to Public category cannot make an application for that number of securities exceeding the number of securities offered to the public.
20. We are not offering shares in this issue to persons resident outside India including FIIs, NRIs, Foreign Venture Capital Funds and companies in which there is a majority ownership and control by persons residents outside India.
21. As on the date of filing this Prospectus, the total number of the holders of the Equity Shares in our Company is 48.
22. As on the date of filing the Prospectus, there are no outstanding warrants or convertible instruments or any financial instruments or any other rights which would entitle the existing promoters or shareholders any option to receive equity share capital after the initial public offering save and except the Employee Stock Options proposed to be issued by us.
23. **Employee Stock Option Scheme**

The disclosures relating to the Employee Stock Option Scheme adopted by the Board of Directors is as required in terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

| Particulars | Employee Stock Option Scheme- 2005 ("ESOS") |
|--|--|
| Adoption date (date of adoption by the Board & shareholders) | Adopted by the Board of Directors of the Company on May 16, 2005 and by the shareholders on July 8, 2005 |
| Effective date | To be decided by the Compensation Committee from time to time |
| Total no. of options to be granted | 300,000 options are permitted to be granted under the ESOS. |
| Total no. of equity shares to be issued upon conversion of the options | 300,000 equity shares (each option is convertible into one equity share) |
| Eligibility | Options under the Company's ESOS may be granted to select employees and directors (excluding promoter directors) of the Company as per the discretion of the compensation committee (" Compensation Committee ") constituted by the Board of Directors of the Company for this purpose. |
| Offer date | Will be decided by the Compensation Committee when the options are granted to the employees. |

| Particulars | Employee Stock Option Scheme- 2005 (“ESOS”) |
|---|--|
| <p>Vesting requirement and exercise period</p> <p>Exercise price/ pricing formula</p> <p>No. of options granted till date</p> | <p>Options granted to an employee under this ESOS shall vest in the manner set out below:</p> <p>Period from Offer Date:</p> <p>Less than 1 year: Nil;</p> <p>More than 1 year but less than 2 years: upto 25% of the total options granted;</p> <p>More than 2 years but less than 3 years: upto 60% of the total options granted; and</p> <p>More than 3 years and less than 4 years : upto 100% of the total options granted.</p> <p>At the end of 4 years, all the un-exercised options shall lapse.</p> <p>The exercise price shall be decided by the Compensation Committee from time to time.</p> <p>Nil</p> |



Objects of the Issue

The Object of the present Issue is to raise capital for the expansion of our existing chain of Piramyd Megastores and TruMart supermarkets, to enable us to consolidate our position in the existing markets and to make in-roads into newer markets.

We intend to use the proceeds of the present issue for the following purposes:

1. Capital Expenditure and Deposits for setting up new stores in both segments - Piramyd Megastores (Lifestyle retail), TruMart (FHPC) and offices/distribution centres.
2. Upgradation of Information Technology Infrastructure
3. Repayment of Bridge Loan
4. Meeting the expenses of the issue

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of our Company enable us to undertake the existing activities and the activities for which the funds are being raised through this issue.

Fund Requirement & Means of Finance

(Rs. mn.)

| Description | Total Project Cost | Amount spent upto August 31, 2005 | Expenditure incurred from September 1, 2005 to October 13, 2005 | Planned Expenditure from October 14, 2005 – March 31, 2006 | Planned Expenditure from April 1, 2006 – March 31, 2007 | Planned Expenditure from Public Issue* |
|--|--------------------|-----------------------------------|---|--|---|--|
| Capital Expenditure | 1,678.0 | 490.4 | 60.2 | 406.0 | 781.6 | 1,187.6 |
| Upgradation of Information technology infrastructure | 98.7 | 38.7 | 3.5 | 60.0 | 0.0 | 60.0 |
| Repayment of Bridge Loan to Ashok Cutting Tools Ltd. | 300.0 | 0.0 | 0.0 | 300.0 | 0.0 | 300.0 |
| Public Issue Expenses | 72.4 | 0.0 | 0.0 | 72.4 | 0.0 | 72.4 |
| Total Funds | 2,149.1 | 529.1 | 63.7 | 838.4 | 781.6 | 1620.0 |

Means of Finance

(Rs. mn)

| | |
|-------------------------|-------|
| Total Fund Requirement | 1,620 |
| Means of Finance | |
| Promoters' Contribution | 480 |
| Net Offer to Public | 600 |

The above fund requirement is based on the current business plan of the company. In view of the highly competitive and dynamic nature of the industry, in which the company operates, the company may have to revise its business plan from time to time and consequently its fund requirement may also change. Also the above fund requirement and deployment are based on internal management estimates, approved by our Board of Directors and are not appraised by any bank or financial institution. However, we constituted an Investment Monitoring Committee, details of which are provided on page 20 of this Prospectus.

Shortfall in Issue Proceeds

In case of any shortfall in the actual raising of funds earmarked for the above activities, increased fund raising for a particular activity may be met through additional debt or/and equity.

Interim Use of Proceeds

Pending any use as described above, we intend to invest the proceeds of this Issue in high quality, interest/dividend bearing short term/long term liquid instruments including deposits with banks. We may also deploy the proceeds of the issue in temporarily reducing our exposure to working capital borrowings from banks and financial institutions. These investments would be authorised by our Board or a duly authorised committee thereof.

Funds Deployed

Out of the total project cost mentioned above, we have spent Rs 592.8 mn. for the period between March 28, 2005 to October 13, 2005. The same has been certified by M/s. Chandan S Gupta & Co. , Chartered Accountant, having their office at Mitra Kunj, 3rd floor, Flat No. 1, 16 Pedder Road, Mumbai – 400026 and having membership no. 82481.

Details of the expenditure incurred by us for the period between March 28, 2005 to October 13, 2005 are as under :

| Cost Particulars | Rs. mn. |
|--|---------|
| Capital Expenditure | 550.6 |
| Upgradation of Information Technology Infrastructure | 42.2 |
| Total Expenditure | 592.8 |

The above expenditure have been financed as follows :

| Means of Finance | Rs. mn. |
|----------------------------------|---------|
| Equity Contribution | 255.2 |
| Loans / Inter Corporate Deposits | 337.6 |
| Total | 592.8 |

DETAILS OF EXPENDITURE PLAN

Capital Expenditure

The funds raised would be utilized in capital expenditure of Piramyd Megastores, Trumart Supermarkets, Offices and Distribution Centres. This includes deposits for the stores as these are located in leased premises and are refundable on expiry of our agreements with the owners/developers.

Piramyd Megastores

Of the 8 new Piramyd Megastores proposed to be funded out of this Issue, we have signed definitive/ contractual agreements for 6 and the balance 2 are under various stages of identification/finalisation.

| Store Location | BUA (sq. ft.) | Commencement Year |
|-----------------------|---------------------|-------------------|
| Ludhiana [#] | 50,000 | FY2006 |
| Delhi – I | 78,000 | FY2006 |
| Pune – II | 65,000 | FY2006 |
| Pune – III | 48,000 | FY2006 |
| Delhi – II | 80,000 | FY2007 |
| Delhi – III | 81,000 | FY2007 |
| Mumbai – II* | 50,000 ⁺ | FY2007 |
| Mumbai – III* | 50,000 ⁺ | FY2007 |
| Total | 502,000 | |

* - indicates the stores for which no definitive/ contractual agreements have been signed

+ - Indicative BUA

- The Ludhiana Megastore commenced operations on October 4, 2005.



TruMart Supermarkets

We propose to open 12 additional TruMart Supermarkets during FY2006 and 24 TruMart Supermarkets over FY2007. By the end of FY2007, the cumulative BUA under TruMart Supermarkets will be approximately 178,000 sq. ft.

The proposed Store Capital Expenditure includes escalators/elevators, electricals, lighting, air conditioning, interiors, furniture, fixtures, security systems, in-store IT systems, display equipment and other establishment related expenses. We enter into contracts with vendors for the supply of the same a few months before we expect the property to be handed over to us to operate our stores. While we have not entered into any contracts for procurement of the above indicated items of expenditure, since these are standard equipment available from various vendors in India and overseas, we foresee no difficulty in sourcing the same even at a short notice.

Land : None of the abovementioned properties are proposed to be purchased by us currently. However, we may evaluate outright purchase options for the locations which are currently not contracted.

Manpower : We will continuously evaluate our manpower requirements in line with our growth plans and recruit the required personnel accordingly.

Upgradation of Information Technology Infrastructure

We are investing into upgrading our IT backbone. This includes:

- Merchandise Management System (MMS) through the implementation of one of the leading ERP solutions for the retail industry from JDA (J D Armstrong, a US based company). JDA provides various productivity tools across various stages of Planning, Procurement, Inventory Management and Sales. JDA's solution is highly scalable to manage a large number of stores. We plan to closely bind our Merchandise Management System ("MMS"), a component of the JDA package, and replenishment application which is part of the ERP package under implementation, with those of key vendors. This will reduce the intake processing time as well as enable vendors to be more proactive in terms of managing their own inventory.
- JDA's Warehouse Management System: JDA's warehouse management system will provide tools for driving operational excellence and better performance at our distribution centres.
- Finance & Accounting: We plan to implement Oracle Financials and Oracle Financials Analyser software. After the implementation of Oracle Financials, we will be able to generate real time profitability statements.

Repayment of Bridge Loan

We have taken a bridge loan from Ashok Cutting Tools Ltd. to partly finance the Ahmedabad Megastore and the 3 TruMart stores, recently opened at Thane, Pune and Mumbai. We do not have any relationship with Ashok Cutting Tools Ltd., except normal business relationship. We will use the proceeds of the Issue towards repayment of principal and interest of the bridge loan.

Public Issue Expenses

The expenses for this Issue includes underwriting and management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at Rs. 72.4 mn. For details of these expenses, refer to Page 153 of this Prospectus.

Working Capital requirements

We do not seek to utilise funds raised through this issue for meeting working capital requirements.

(Rs. mn)

| | |
|---------------------|--------------|
| Current Assets | |
| Inventories | 221.3 |
| Accounts Receivable | 30.0 |
| Loans and Advances | 36.2 |
| Cash and Bank | 13.1 |
| | 300.5 |
| Current Liabilities | |
| Creditors | 135.3 |
| Net Current Assets | 165.2 |

Currently, working capital requirements are being funded through own funds and working capital limits from the following banks:

| Bank | Limits Sanctioned Amount (Rs mn) | Amount utilised (Rs mn) |
|----------|----------------------------------|-------------------------|
| Yes Bank | 200 | 20 |

We believe that these facilities alongwith our internal accruals are adequate to take care of our working capital requirements. The tangible assets that would be created out of the total project cost to be financed out of this Issue is to the extent of 70.37%.

No part of the issue proceeds will be paid by us as consideration to our Promoters, Directors, Key Management Personnel or to any of our group companies.

Investment Monitoring Committee

We constituted an Investment Monitoring Committee at the Board Meeting held on May 16, 2005. The members of the Committee are Mr. K.N. Iyer, Mr. Nandan A. Piramal and Mr. Homi Aibara. Mr. Aibara is the Chairman of the Committee. The scope of responsibilities of the Committee is as follows :

1. Take on responsibility for the monitoring of the project's feasibility, business plan relating to the same and achievement of outcomes;
2. Ensure the project's scope aligns with the requirements of the Company as approved by the Board.
3. Provide those directly involved in the project with guidance on project business issues;
4. Ensure effort and expenditure are appropriate to the expectations of the Company and its stakeholders.
5. Address any issue that has major implications on the timely implementation of projects
6. Reconcile differences in opinion and approach, and guide and resolve issues hampering timely implementation of projects.
7. Report on project progress to the Board from time to time.

Basic Terms of the Issue

| | |
|---|---|
| Public Issue by the Company | 9,000,000 Equity Shares of face value of Rs. 10/- each |
| Of which | |
| A) Promoters Contribution | 4,000,000 Equity Shares of Rs.10 each |
| B) Net Offer to Public comprising | 5,000,000 Equity Shares of Rs.10 each |
| (a) Qualified Institutional Buyers Portion (QIBs) | At least 2,500,000 Equity Shares of face value of Rs. 10/- each constituting at least 50% of the Net Offer to Public (Allocation on a discretionary basis) |
| (b) Non-Institutional Portion | Not less than 750,000 Equity Shares of face value of Rs 10/-, constituting 15% of the Net Offer to Public or Net Offer to Public less allocation to QIB Bidders and Retail Individual Bidders (Allocation on a proportionate basis) |
| (c) Retail Portion | Not less than 1,750,000 Equity Shares of face value of Rs 10/-, constituting 35% of the Net Offer to Public or Net Offer to Public less allocation to QIB Bidders and Non Institutional Bidders (Allocation on a proportionate basis) |
| Equity Shares outstanding prior to the Issue | 11,000,000 Equity Shares of face value of Rs. 10/- each |
| Equity Shares outstanding after the Issue | 20,000,000 Equity Shares of face value of Rs. 10/- each |
| Use of Issue proceeds | Please see section titled "Objects of the Issue" on page 17 of this Prospectus for additional information |

Notes: Under-subscription, if any, in category (b) and (c) would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLMs.



Basis of Issue Price

The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 (Rupees Ten only) and the Issue Price is 12 times the face value.

Qualitative Factors

Factors external to us

- Retailing is the world's largest private industry
- GDP growth continues to drive strong retail growth in Asia
- India emerges as most attractive retail market
- Retail sales constitute nearly half of consumer expenditure and would continue to grow

Factors internal to us

- Professional and capable management team
- Ability to capture a larger share of the consumer wallet
- Seamless Shopping Experience – Wide Array of Offerings
- Commitment to Customer Service
- Piramyd Power Club - Large and Loyal Customer Base
- Promoter and Promoter Group Strengths
- Streamlined Operations and Processes
- Technology – Operational Excellence

For detailed discussion on the above factors, refer to section titled "Industry Overview" on page 24 of this Prospectus and "Business Overview" on page 36 of this Prospectus.

Quantitative Factors

Since the Company has been incorporated on March 18, 2005, the first financial year will end on March 31, 2006. As a result quantitative data pertaining to the Company cannot be provided.

Comparison with industry peers

Information for industry peers has been taken from Capital Market Vol. XX/16, – October 10 - 23, 2005. The following companies are in similar line of business, however, have been classified in different industry segments as per the aforesaid source.

| Particulars | Price Per Share (Rs.) | NAV (Rs.) | EPS (Rs.) | P/E (times) |
|--------------------|------------------------------|------------------|------------------|--------------------|
| Pantaloon Retail | 1,867 | 102.20 | 17.50 | 106.7 |
| Shoppers' Stop | 380 | 75.70 | 5.50 | 66.7 |
| Trent Limited | 876 | 186.80 | 9.70 | 74.10 |

The Issue Price is Rs 120 has been determined on the basis of the demand from investors through the Book Building Process and is justified based on the accounting ratios. The face value of the Equity Shares is Rs. 10 and the Issue Price is 12 times of the face value.

The BRLMs believe that the Issue Price of Rs 120 is justified in view of the above presented parameters. See the Section titled "Risk Factors" on page xviii of this Prospectus and the financials of the Company as set out in the Auditors Report on page 88 of this Prospectus to have a more informed view.

Statement of Tax Benefits

The statement of tax benefits has been certified by our auditors, M/s Haribhakti & Co.:

As per the present provisions of Income-tax Act, 1961 (hereinafter referred to as “the Act”) and other laws as applicable for the time being in force in India, the following tax benefits are available to the company and to the shareholders of the company, subject to fulfillment of prescribed conditions:

A. To the Company

- 1 Under Section 32 of the Act, the company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business.
- 2 Under Section 10(34) of the Act, dividend income (whether interim or final) received by the company from any other domestic Company (in which the company has invested) is exempt from tax in the hands of the Company.
- 3 The income received by the company from distribution made by any mutual fund specified Under Section 10(23D) of the Act in respect of which tax is paid by such mutual fund u/s. 115R of the Act or from the Administrator of the specified undertaking or from the specified companies referred to in section 10(35) of the Act is exempt from tax in the hands of the Company.
- 4 Under Section 10(38) of the Act, the Long-term Capital Gains arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the company.
- 5 As per the provisions of Section 112(1)(b) of the Act, other Long-term Capital Gains arising to the company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on long-term capital gains worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long-term capital gains worked out without considering indexation benefit (plus applicable surcharge and education cess).
- 6 As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the company from transfer of Equity Shares in any other company through a recognised stock exchange or from sale of units of any equity-oriented mutual fund are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.
- 7 In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the Company would be entitled to exemption from tax on Long-term Capital Gain [not covered by section 10(36) and section 10 (38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the “new asset”) to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

B. To the Shareholders of the Company

I Resident Shareholders

- 1 Under Section 10(34) of the Act, dividend (whether interim or final) received from a domestic company is exempt from tax in the hands of the resident shareholders of the Company.
- 2 Under Section 10(38) of the Act, the Long-term Capital Gain arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the resident shareholders.
- 3 As per the provisions of Section 112(1)(a) of the Act, other Long-term Capital Gains arising to the resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on long term capital gains after considering the indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and education cess).
- 4 As per the provisions of section 111 A of the Act, Short-term Capital Gains arising to the resident shareholders from the transfer of Equity Shares in a company through a recognised stock exchange are subject to tax @ 10% (plus applicable surcharge and education cess) if such a transaction is subjected to Securities Transaction Tax.

- 5 As per the provisions of section 88E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax, to the extent of Securities Transaction Tax paid on such transactions. The amount of rebate shall, however, be limited to the amount arrived at by applying the average rate of income tax on such business income.
- 6 In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the resident shareholders would be entitled to exemption from tax on Long-term Capital Gains [not covered by section 10(36) and section 10 (38) of the Act], if such capital gains are invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
- 7 In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in Section 54F of the Act, the shareholder is entitled to exemption from Long-term Capital Gains arising from the sale of shares in the Company [not covered by sections 10 (36) and 10 (38) of the Act], if the net consideration is invested for purchase or construction of a residential house. If part of the net consideration is invested within the prescribed period in a residential house, such gains would not be chargeable to tax on a proportionate basis. If, however, such new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long-term capital gains of the year in which such residential house is transferred.

II Mutual Funds

In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India are exempt from income-tax, subject to the notified conditions.

III Venture Capital Companies /Funds

In case of a shareholder being a Venture Capital Company / Fund, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, are exempt from income-tax, subject to the conditions specified in Section 10(23FB) of the Act.

C. Benefits available under the Wealth Tax Act, 1957

'Asset' as defined under section 2(ea) of the Wealth Tax Act, 1957, does not include share in companies. Hence, the shares are not liable to Wealth Tax.

D. Benefits available under the Gift Tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

Notes:

1. All the above benefits are as per the current tax law and will be available only to the sale by first named holder in case the shares are held by joint holders.
2. In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
3. However, a shareholder is advised to consider in his/her/its own case. The tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal.

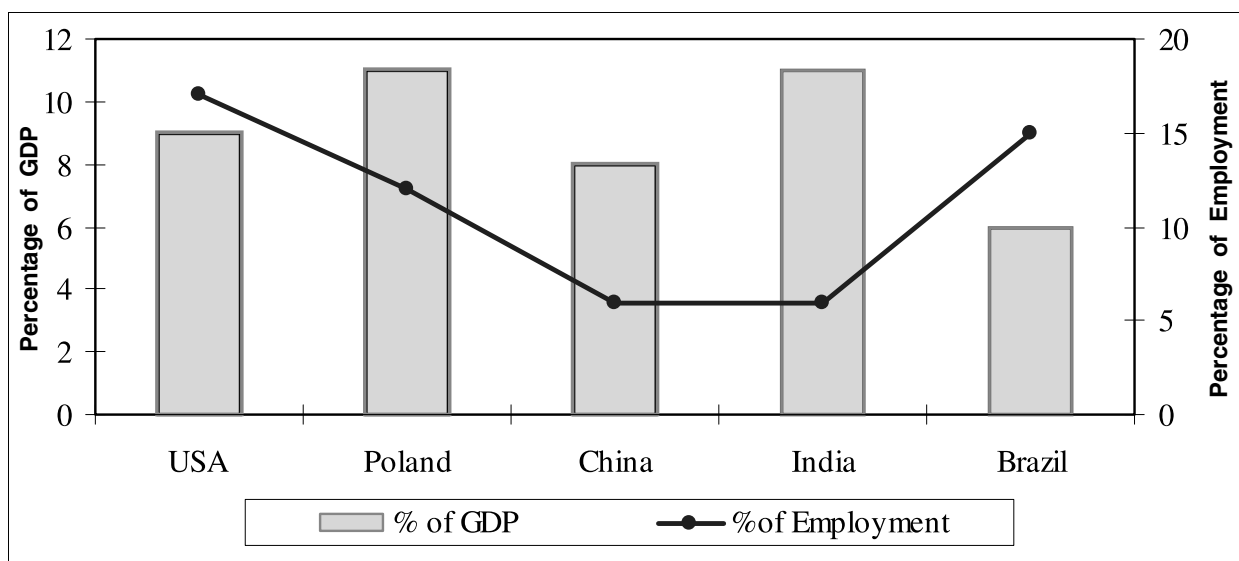
IV. ABOUT THE ISSUER COMPANY

Industry Overview

Retailing is the world's largest private industry

Retail is the world's largest private industry with global retail sales of roughly USD 8 trillion. Retailing is also one of the biggest contributors to the Gross Domestic Product (GDP) of most countries and also one of the biggest employers.

Contribution to GDP and Employment



Source: McKinsey Report

The size and importance of the retail sector can be gauged by the fact that:

- The world's largest company is a retailer – Wal-Mart Stores, with a market capitalization of USD 208.26 billion (as on July 5, 2005). It topped the Fortune 500 rankings for 3 years in a row (ending March 2004)
- Over 50 of the Fortune 500 companies are retailers
- Around 25 of the Asian Top 200 companies are retailers

GDP growth continues to drive strong retail growth in Asia

GDP growth and consumption feed off each other; ergo, fast growing economies will breed greater growth in consumption, which will in turn push faster retail growth

GDP Average Annual Growth (2004 – 2008)

| Country | Annual Growth |
|-----------|---------------|
| China | 8.4% |
| India | 7.2% |
| Malaysia | 5.4% |
| Thailand | 5.3% |
| Singapore | 5.2% |

Source: Global Outlook, August 2004
Economist Intelligence Unit

India emerges as most attractive retail market

According to AT Kearney's report – 'Emerging Market Priorities for Global Retailers', The 2005 Global Retail Development Index™, India ranks as the most attractive emerging market as a retail destination.

India's retail market has grown by 10% on an average in the past five years. The report attributes the changing retail landscape in the country to the increasing mobility among the middle and upper classes and increasing urbanisation. The table below displays the ranking of different countries and the various parameters considered in arriving at these rankings.

Emerging Markets for Retail

| Country | Parameters | | | | Rank |
|----------|-----------------------------|--|--------------------------------|--|------|
| | Country Risk 25% | Market Attractiveness 25% | Market Saturation 30% | Time Pressure 20% | |
| India | 62 | 34 | 91 | 80 | 1 |
| Russia | 52 | 58 | 71 | 92 | 2 |
| China | 68 | 40 | 53 | 90 | 4 |
| Turkey | 51 | 56 | 66 | 65 | 9 |
| Thailand | 64 | 41 | 59 | 71 | 12 |
| Malaysia | 70 | 49 | 58 | 40 | 18 |
| Egypt | 51 | 35 | 85 | 30 | 25 |
| Brazil | 52 | 56 | 57 | 20 | 29 |
| | 0=high risk 100=low risk | 0=low attractiveness, 100=high attractiveness | 0=saturated 100+unsaturated | 0=no time pressure 100=urgency to enter | |

'Emerging Market Priorities for Global Retailers', The 2005 Global Retail Development Index™, Copyright A.T. Kearney, 2005. All rights reserved. Quoted (or reprinted) with permission.

Indian Retail Industry

India has a large number of retail enterprises, which totalled over 12 million. In terms of the structure, the industry is fragmented and predominantly consists of independent, owner-managed shops. The retail businesses include a variety of traditional retail formats, such as "kirana" stores which stock basic household necessities (including food products), stalls in markets, retailers selling from carts, hawkers and small non specialized retailers.

Retail sales constitute nearly half of consumer expenditure and would continue to grow

Total retail sales constituted about one-third of India's Gross Domestic Product (GDP) during 2000-02. The share of retail sales as a percentage of consumer expenditure was about 47% during 2000-02. (Source: Retailing in India – Euromonitor 2004 report)

Consumer Expenditure by Sector 1999-2003

Rs. billion

| | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---------------|---------------|---------------|---------------|---------------|
| Food, beverages & Tobacco ¹ | 6,418 | 6,545 | 7,076 | 7,677 | 8,366 |
| Clothing & footwear | 594 | 634 | 622 | 698 | 780 |
| Gross rent fuel & power | 1,244 | 1,472 | 1,671 | 1,759 | 1,907 |
| Furniture, furnishings, appliances & services | 351 | 397 | 424 | 470 | 520 |
| Medical care & health services | 790 | 954 | 1,106 | 1,193 | 1,327 |
| Transport & communication | 1,552 | 1,743 | 1,891 | 2,077 | 2,328 |
| Recreation, education & cultural services | 434 | 480 | 527 | 570 | 637 |
| Miscellaneous goods & services | 957 | 1,133 | 1,278 | 1,380 | 1,589 |
| TOTAL | 12,339 | 13,359 | 14,595 | 15,825 | 17,453 |

Source: 1999-2002 Central Statistical Organization, 2003 Euromonitor estimates

Note: ¹Excludes expenditure on food & beverages at hotels & restaurants

The retail industry is the second largest contributor to employment in the country after agriculture. The retail sector employed about 20 million people in 2002, which accounted for nearly 5% of the total employed population of India. (Source: Retailing in India – Euromonitor 2004 report)

The Indian retail landscape is evolving with interplay of factors ranging from demographic to economic ones facilitating the growth of organized retail. The retail industry is in a booming phase with retail sales increasing at an average annual rate of 7% during 1999-2002. The growth rate is forecasted to be significantly higher at 8.3% annual rate during the period 2003-08, which is higher than the forecasted rate of 7.1% for consumer expenditure. (Source: Retailing in India – Euromonitor 2004 report)

Category of retail enterprises in India

The largest category of retail businesses are specialized retailers selling food, beverages and tobacco from fixed retail outlets. The next important category is clothing retailers, which represented 7% of all retail enterprises in 2002, followed by chemists and retailers of electric/electronic equipment. (Source: Retailing in India – Euromonitor 2004 report)

Organized retail in India is in its infancy and is finding its feet now

Given the highly fragmented nature of the retail industry in India, the organized retail industry constitutes about 3% of the total retail market presently. In terms of value, organized retail has been estimated at Rs 287.5 billion in 2004. (Source KSA Technopak, 2005)

The variation in the structure of the global retail industry across economies is striking. The retail industry in the developed economies operates largely through the organized retail channels. As can be seen from the table below, the share of organized retail is above 80% in US and Taiwan, and is substantial in other emerging markets like Malaysia and Thailand. In China organized retail constitute about 20% of total retail sales. India, in comparison, is dominated by the traditional retailing channels, with organized retail having a negligible share.

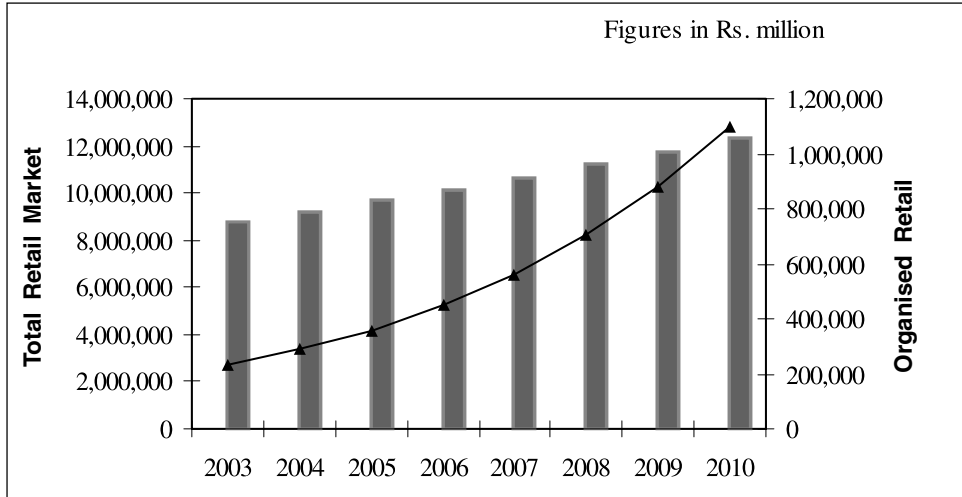
Share of modern retail trade in different countries

| Country | Size (Rs. billion) | Traditional channel (%) | Modern channel (%) |
|-----------|-----------------------|----------------------------|-----------------------|
| US | 102,300 | 15 | 85 |
| Taiwan | 5,060 | 19 | 81 |
| Malaysia | 880 | 45 | 55 |
| Thailand | 968 | 60 | 40 |
| Brazil | 4,400 | 64 | 36 |
| Indonesia | 3,300 | 70 | 30 |
| Poland | 2,420 | 80 | 20 |
| China | 14,300 | 80 | 20 |

Source: The Marketing Whitebook, 2005, Businessworld

Organized retail trade in India is at an inflexion point. The share of organized retail in the total retail pie is set to increase from about 3% in 2004 to about 8 – 10 % by 2010. (Source: KSA Technopak, 2005) This growth is on the back of changing customer aspirations and improving retail real estate infrastructure in the country.

Growth of Organized Retail in India

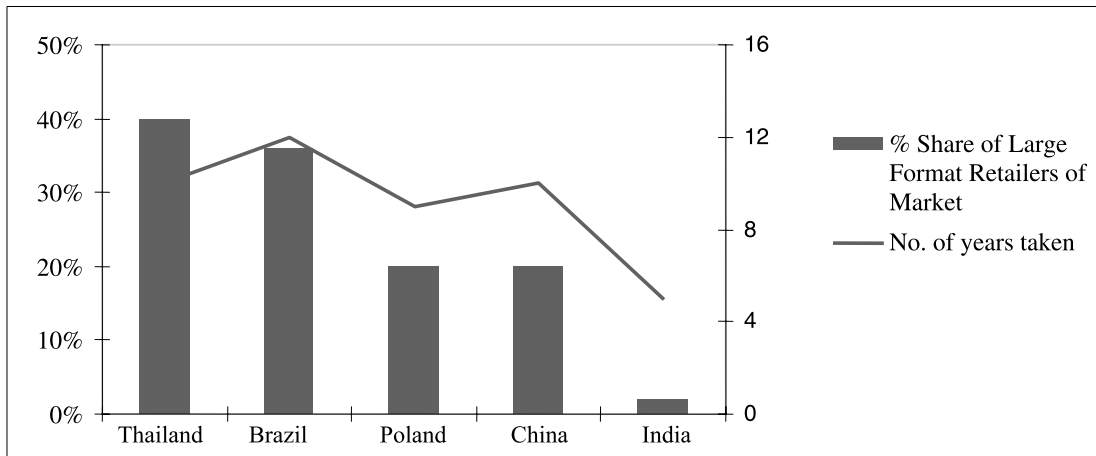


Source: KSA Technopak

In Thailand, there has been an explosion in the growth of organized retail, with over 40 % of the trade moving to modern formats within 10 years. The easy entry of foreign retailers and the geographic concentration of the retail industry facilitated this growth. In Poland, where modern retail has captured 20% of the market in the last 9 years, ease of real estate access, a level playing field between modern and traditional retailers, and ease of entry for foreign retailers contributed to the growth.

India is expected to show similar trends as Indian consumers and markets, in the past have shown an ability to leapfrog evolution cycles as has happened in the case of mobile phones.

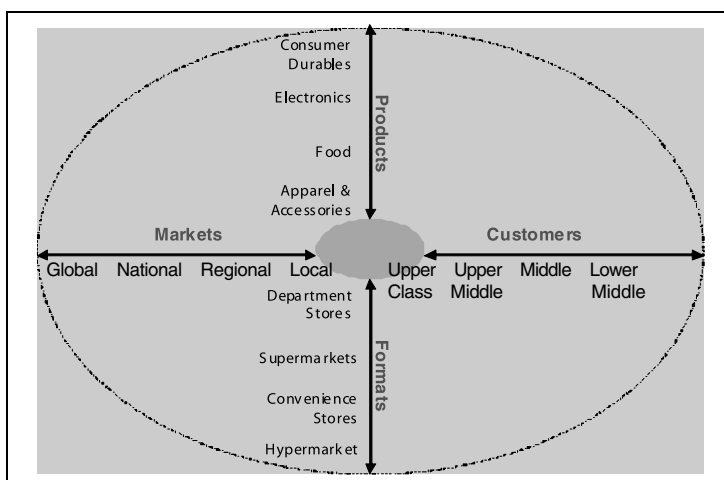
Growth of Organized Retail



Source: KSA Technopak

Four Axes of Retail scale up

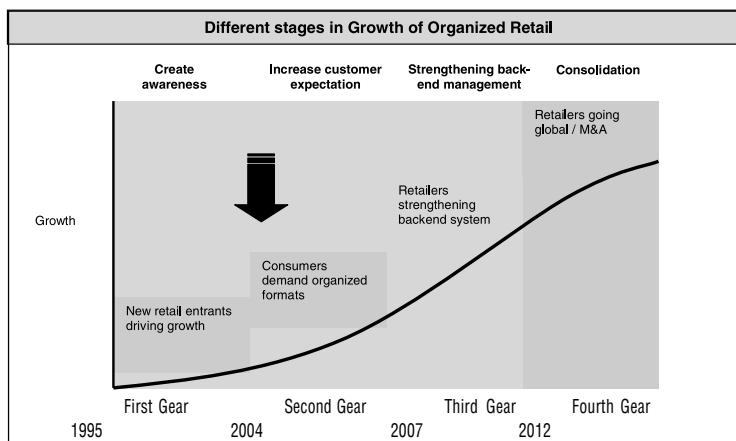
The chart below illustrates along the four axes, the broad parameters along which the retailing activity can be scaled up. It represents the choices available before a retailer in terms of how the business model can be designed. The four parameters are the products that can be offered, the markets in which the retailer may have a presence, the retailing format that may be adopted for operation and the profile of the customers that are identified as the target segment. These four parameters are interlinked and together frame the strategic disposition of the retail business.



Organized Retail is evolving with changing customer aspirations

Organized retailing in most economies has typically passed through four distinct phases in its evolution cycle. In the first phase, new entrants create awareness of modern formats and raise consumer expectations. In the second phase consumers demand modern formats as the markets develop – thereby leading to strong growth. As with the life cycle in any industry, the high rate of growth would lead to a stage where the market would reach maturity and all the players would strengthen their positions. This will be followed by the final phase where the market would reach saturation, the growth would be limited and for sustainable growth, retailers would explore new markets as well as evaluate inorganic opportunities. The US finds itself in the fourth phase with retail companies driven by the philosophy of globalization, owing to the above mentioned factors. For example, in 2003, the top 30 food retailers had extended their reach to 85 different countries, a 15 fold increase in reach from a decade earlier.

Stages in growth of organized retail



Source: KSA Technopak

The Indian retail industry is evolving in line with the changing customer aspirations across product groups, with modern formats of retail emerging. India is currently believed to be in the second phase of this evolution. The Indian customers are becoming more demanding with improved standard of living and changing lifestyles. As the sector enters the third phase of evolution, supply chain management will attain top priority. Fierce competition will force retailers to quickly respond to changes in the market – bringing forth the importance of supply chain management in managing stock availability, supplier relationships, new value added services and cost cutting. Traditional retailers are expected to enhance their investments in supply chain, whilst new entrants are likely to look at supply chain first before rolling out their national reach.

Drivers of Growth in Organized Retailing

The country is experiencing certain socio-economic changes which would fuel the growth in organized retail. Some of the key enabling factors are higher affluence levels, increased purchasing power of the average Indian consumer, changing demographic and aspiration factors of the Indian population and real estate developments across the country.

Increasing affluence levels expected to drive demand.

Increasing household income has led to a substantial change in the profile of the Indian consumer. In the table provided below the profile of the 'Climbers', 'Consuming' and 'Very Rich' consumers class is biased towards self indulgent consumption patterns. It is projected that by 2007 these segments would be over 160 million households as compared to 124 million in 2000 and would constitute about 81.5% of the population against about 69% in 2000.

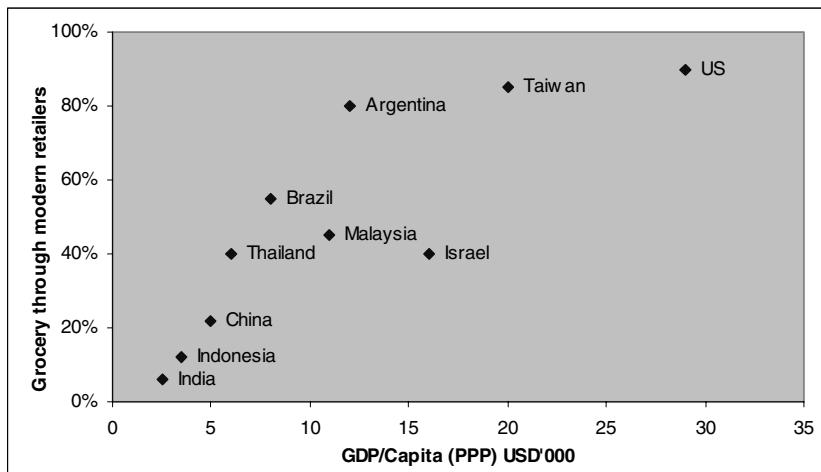
Classification of households with respect to annual income

| Classification (annual household income) | Number of Households (mn) | | |
|--|---------------------------|-----------|-----------|
| | 1994-1995 | 1999-2000 | 2006-2007 |
| Very Rich (above INR 215,000) | 1 | 3 | 5 |
| Consuming (INR 45,000 – 215,000) | 29 | 55 | 76 |
| Climbers (INR 22,000 – 45,000) | 48 | 66 | 82 |
| Aspirants (INR 16,000 – 22,000) | 48 | 32 | 20 |
| Destitutes (less than INR 16,000) | 35 | 24 | 17 |

Source: NCAER

This is supported by the evidence collected worldwide that economic development and rising incomes drive organized retail. As can be seen in the chart below, a higher per capita income as seen in U.S. and Taiwan coincides with channel modernization.

Economic development drives channel modernization



Source: "Retailing in India, the Emerging Revolution", CII McKinsey Report

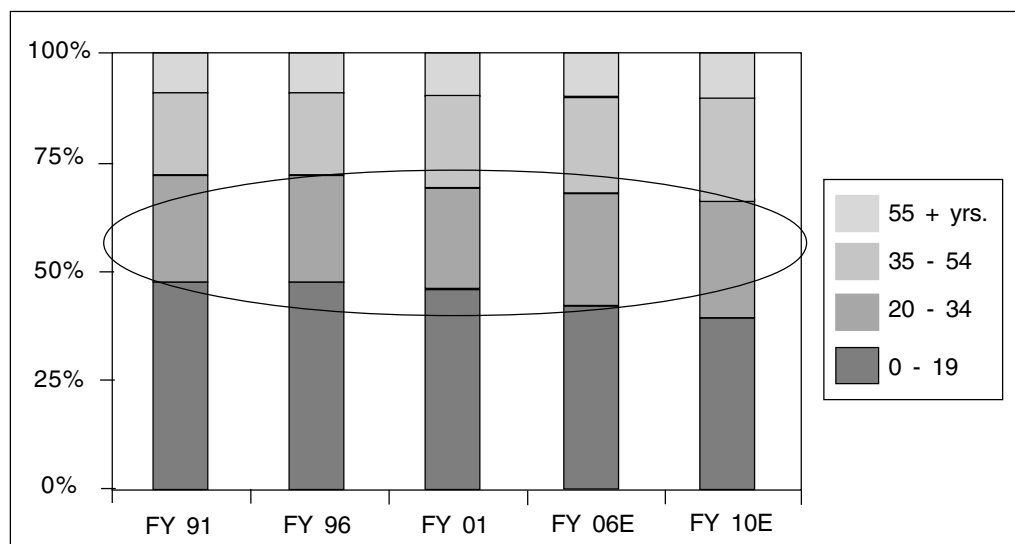
According to an A C Nielsen study, consumer confidence in India is among the highest in the globe with 77% of Indian consumers optimistic that the economy is set to improve going forward.

Young population with high disposable income

India has the lowest median age of 24 years, for its over 1,000 million strong population, among the other highly populous countries. Thus India has the largest 'young' population in terms of sheer size and this young segment is the major driver of consumption as they have the ability (disposable income) and willingness (consumer confidence) to spend. Most of such upwardly mobile consumers have little personal time and they seek greater variety and availability of items under a single roof and give highest preference to convenience, which is the basic proposition of modern retailing formats.

The brand-conscious young population forms the largest segment of demand for the majority of retailers. This segment has grown 3.22% per annum over the past decade, compared to the overall population growth of 2.13% per annum.

Changing age demographics in India



Source: KSA Technopak

Exposure to international lifestyles

The Indian consumers are getting increasingly exposed to international lifestyles. This can be attributed to the impact of globalization which has removed trade barriers and promoted consumerism. As a result, there is greater acceptance and demand for renowned brands. Most of the leading world brands like Levis, Pepe, Lee, Arrow, Espirit, Nike, Reebok, Hugo Boss, Ray Ban, and Parker are now available in India.

Quality retail space under development in leading urban centres

Rapid expansion in the retail space is taking place in the country. This can be witnessed in the purchase and development of real estate and the rapid construction of malls. Through the 1990's organised retail in India added just 1 mn sq. ft of space a year. Whereas from 2001 onwards, the pace quickened dramatically. In 2003 alone, 10 mn sq ft was added (Source: The Marketing Whitebook, 2005, Businessworld). Retail consultancy KSA Technopak estimates that 200 malls will come up between 2005 and 2006. In all 40 mn sq ft of retail space will be added in the next 2 -3 years.

Rising retail finance and consumer credit has increased affordability

Supply side changes such as consumer finance help in shaping a markets buying power. Consumer credit, especially through credit cards, has been growing healthily year on year. Financial card usage in India has witnessed tremendous growth with volume transactions experiencing greatest growth at 3,009 % since 1998 to reach 851.8 million in 2003. Value transactions grew 1,339 % to reach almost Rs 403.9 billion in 2003 (Source: Retailing in India – Euromonitor 2004 report).

Changing consumer requirements and lifestyles

Over the years, the consumer awareness has increased on the quality and the price of the products/services expected owing to the increasing literacy in the country and the exposure to developed nations via satellite television or by way of overseas work experience. Consumers are more vocal about the quality of the products/services that they expect from the market. This awareness has made the consumer seek more reliable sources for purchases and hence the logical shift to purchases from the organized retail chains that have a corporate background and where the accountability is more pronounced. The consumer also seeks to purchase from a place where his/her feedback is more valued.

Modern retailing formats provide different value proposition

The traditional retailing format has been largely limited in meeting the changing requirements of consumers. The consumers,

now, value convenience and a wide variety of offerings coupled with a pleasant shopping experience. This has created an opportunity for modern retailing formats to emerge and plug the existing gaps. A number of modern retailing formats have sprung up, each offering a distinct value proposition to the consumer. Some of the modern retail formats and their value positions are given below.

Value proposition of modern retail formats

| Format | Definition | Value Position |
|-----------------------------------|--|--------------------|
| Supermarket/Convenience stores | Food and household products | Convenience |
| Department Stores | Multiple product categories, usually lifestyle driven with apparel accessories predominating | Service and choice |
| Hypermarkets/Discount Stores | Large stores in big box format, with volume based discounted prices | Price and choice |
| Specialty Stores/Category Killers | Extensive range of products under a single category | Service |

Implementation of VAT to reduce cost and complexity

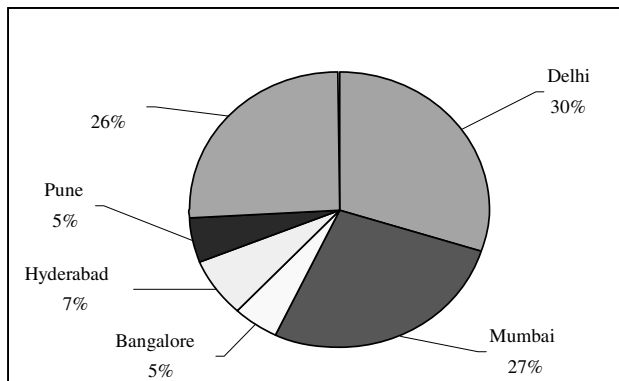
Differential sales tax rates across states and the incidence of multi point octroi added to costs and complexity. Currently sourcing is from multiple points to offset the disadvantage of imposition of local levies. The implementation of Value Added Tax (VAT) is expected to narrow down the cost advantage that unorganized retailers enjoy over the organized ones.

Region-wise attractiveness of retailing

Currently most of the retail activity is centered around the metropolitan cities, but going forward, it is estimated that the focus will shift to smaller cities. According to an NCAER survey there are 67 cities in India with population in excess of 5 million.

A research done by Knight Frank also supports the argument of retail growth driven by the metropolitan cities. The chart below shows the distribution of mall space across the country by 2007.

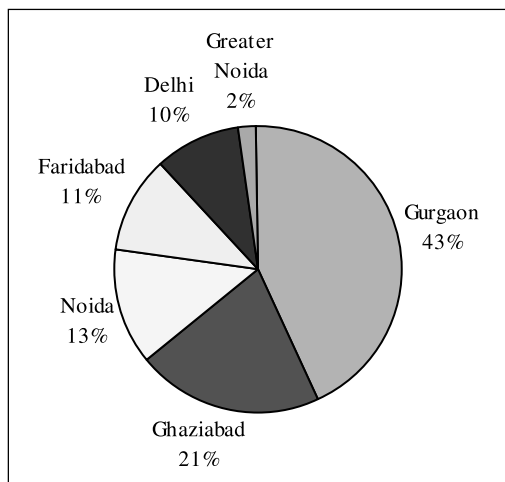
Mall distribution in India - 2007



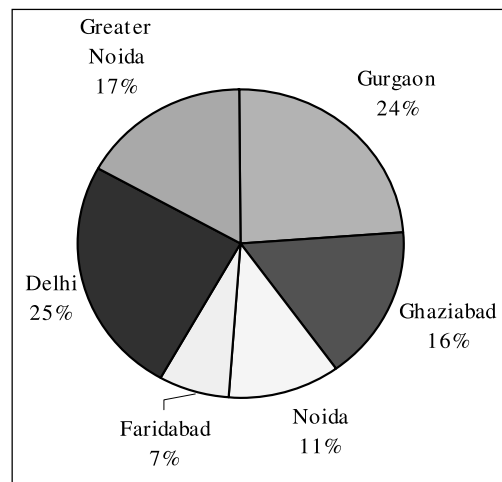
Source: Knight Frank India Research

The research identified Delhi and Mumbai as India’s two most prominent retail destinations, with Bangalore, Hyderabad, Pune, Chennai, Ahmedabad, Nagpur following as cities attracting retailers’ attention. In Delhi, while the current concentration of retail space is in places like Gurgaon, the Delhi market remains relatively untapped. Going forward it is expected to emerge as the most attractive retail destination.

Current Retail Space Distribution: NCR



Retail Space Distribution by 2007: NCR

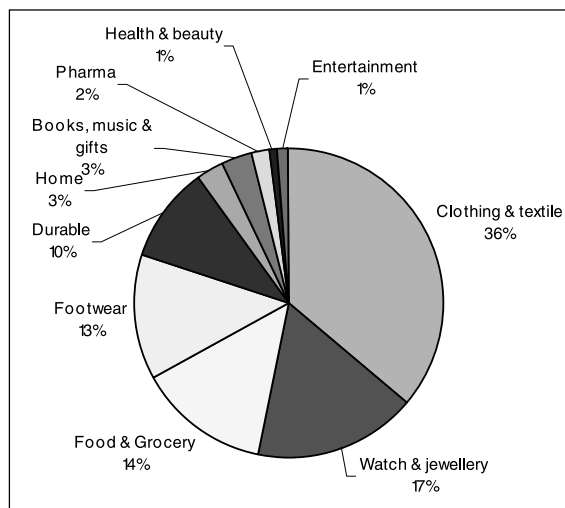


Source: Knight Frank India Research

Composition of Organised Retail

A breakup of sales in organized retail shows lifestyle (clothing and textile, footwear, home, watches and jewellery and health and beauty) as the largest segment accounting for 73% in value terms. This is followed by Food and Grocery accounting for 14% of the organized retail value.

Break-up of consumer's expenditure in organized retail



Source: The Marketing Whitebook, 2005, Businessworld

Rapid growth of organized retailing is expected in the food segment. This can be attributed to the highly unorganized nature of the market currently, which thus presents an attractive potential, and the growing preference of consumers to shop at modern retail formats. Clothing is the other segment expected to show high growth potential.

Indian Apparel Market

The Indian apparel market was valued at over INR 780,000 million, in 2004 and is dominated by unorganized players having a share of about 80 - 85%. The men's segment dominates with 42% market share while the women and children's wear have 34% and 16% market share respectively. Uniforms account for the remaining 8%. (Source: KSA Technopak)

The growth rate in the apparel segment averages about 12% across the categories. The women's wear segment appears to show most potential at 13%.

India's Apparel Market

| Segment | 2003 Value (Rs. mn) | 2004 Value (Rs. mn) | Growth rate |
|--------------------|------------------------|------------------------|-------------|
| A) Core segment | | | |
| Men's apparel | 291,950 | 326,440 | 12% |
| Women's apparel | 232,680 | 263,950 | 13% |
| Children's apparel | 114,280 | 125,400 | 10% |
| Sub-total | 638,910 | 715,790 | 12% |
| B) Others | | | |
| Uniforms | 55,110 | 65,150 | 18% |
| TOTAL | 694,020 | 780,940 | 13% |

Source: Images/ KSA Technopak Fashion Textile Yearbook 2004

The apparel market comprising of menswear, women's wear and children's wear can be further classified into the following two categories:

1. The ready-to-stitch (RTS) segment, where the consumer purchases the fabric from a retail outlet and then uses the services of local tailors to convert them to ready garments and
2. The ready-to-wear (RTW) segment, where the consumer purchases a ready-made apparel garment.

The RTW market is a growing one in India and this growth has accelerated over the past ten years in line with the economic development and changes in lifestyle of the population.

In most other mature and developed countries, RTW apparel is the norm. The RTS segment in these countries is meant for designing couture wear for the more elite classes. Even in China the RTW market has become the norm and very little local tailoring services exist.

Within this overall RTW segment, branded RTW apparel in India has been growing exponentially at about 21.8% every year and is witnessing a higher growth compared to unbranded RTW segment. This is reflected in the growing number of fashion labels being associated with Indian products. This growth is driven by the growth in disposable income and the expansion of organized retail infrastructure.

Proportion of branded vs. unbranded RTW apparel in India in 2004

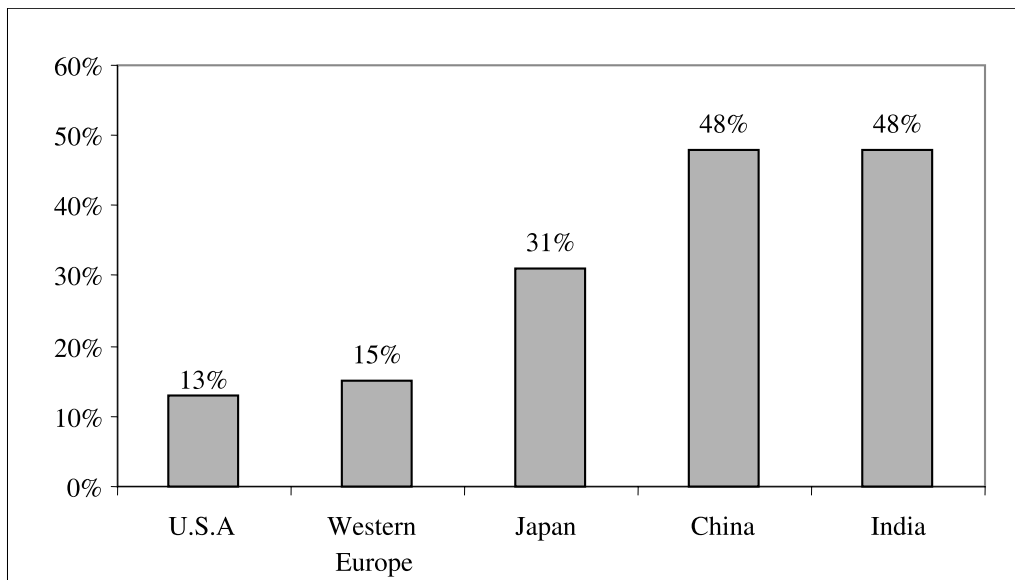
| Category | Share of Branded (%) | Share of Unbranded (%) |
|----------|----------------------|------------------------|
| Men | 33% | 67% |
| Women | 22% | 78% |
| Kids | 10% | 90% |

Source: Images/ KSA Technopak Fashion Textile Yearbook 2004

Indian Food and Grocery Market

The size of the total Food and Grocery market was valued at about Rs 7,500 billion in 2003 and it commands the largest share of the consumer wallet. As shown in the chart below, close to 50% of consumer spending is on food and beverage, which is much higher than in the developed countries like US and Western Europe. This is because in a developing country like India, a large chunk of consumer expenditure is on basic necessities, especially food related items. Hence, food, beverages and tobacco together accounted for as much as 71% of retail sales in 2002. The remaining 29% of retail sales are non-food items. (Source: Retailing in India – Euromonitor 2004 report)

Percentage spent on food of the total income

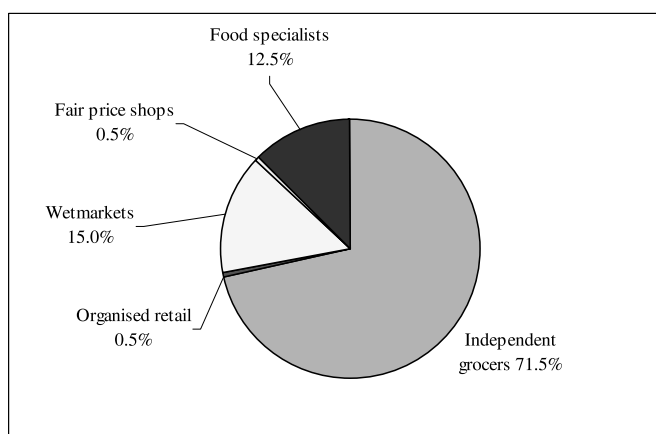


Source: KSA Technopak

Independent grocers have 71.5 % of market share

There are a large variety of retailers operating in the food retailing sector. This is not surprising considering the enormous size of the market for food. The chart below gives a breakup of the various food retailing formats prevalent in India. It clearly brings out the dominance of traditional retailing, with independent grocers constituting 71.5% of the total market share (Source: Retailing in India – Euromonitor 2004 report). These traditional types of retailers, who operate small single outlet businesses mainly using family labour, dominate this sector. This is because of the competitive strengths that traditional retailers possess. These include low operating costs and overheads, low margins, proximity to customers, long operating hours and additional services to customers such as home delivery.

Market Share of different formats



Source: Retailing in India – Euromonitor 2004 report

In comparison, supermarkets account for a miniscule proportion of food sales. Nevertheless, supermarket sales expanded at a much higher rate than other retailers. Growth in supermarket sales during 1999-2002 was 32% per year, compared with 6% for total retail sales of food.

This is because a greater number of higher income Indians, prefer to shop at supermarkets because of convenience, range of merchandise, higher standards of hygiene and the attractive ambience. Among the segments of organized retail, food retail is expected to develop the fastest. Going forward, it is expected that supermarkets will be the fastest growing food retailers. Their sales are expected to grow by about 40% per year during 2003-2008 (Source: Retailing in India – Euromonitor 2004 report).

Even at the global level, supermarkets seem to be the prime form of food retailing. The latter half of the 20th Century, in both Europe and North America, has seen the emergence of the supermarket as the dominant grocery retail form. There are several reasons behind the popularity of supermarkets. The search for convenience in food shopping and consumption led to the birth of the supermarket. As incomes rose and shoppers sought both convenience and new tastes, supermarkets were able to expand the products offered. Computer operated outlets integrated with better logistical set-ups and technological improvements ensured that supermarkets remain the preferred shopping destinations of consumers.

The food supply chain in India is highly fragmented and is cluttered with several intermediaries, from farm-processor-distributor-retailer. However, changes are underway and systems are being established for effective Business-to-Business (farmer-processor, processor-retailer) solutions thereby leveraging the core competence of each player in the supply chain. This helps to contain costs in the delivery mechanism.

Business Overview

Overview

We are one of India's major retailers with a presence in the following two segments:

- Lifestyle retailing
- Food, Home and Personal Care (FHPC) retailing

We are a part of the Piramal group and benefit from their experience and expertise. We currently operate 14 stores in the above segments, spread across 5 cities occupying around 260,000 sq. ft of retail space. Our lifestyle retail business runs under the 'Piramyd Megastore' brand which houses a range of offerings including apparel, accessories like jewellery, watches, footwear and a home section etc. The target segment for our lifestyle retail business is the informed and fashion conscious customer. The FHPC business runs under the 'TruMart' brand. TruMart is positioned as a dependable neighbourhood store that offers genuine value. We offer convenience by being located in residential areas and cater to both the bulk buying and top up requirements of our customers.

Key Strengths

Professional and capable management team

We have a capable management team having a sound understanding of the retail business. Our core team has been a part of the growth story since the Piramal group's foray into retailing in 1999. We are led by a dynamic and experienced MD and CEO, Mr. K.N. Iyer. He is backed by a knowledgeable and motivated functional team. Our team introduced several initiatives such as the concept of an anchor tenant, a supermarket within a department store etc., in India

Ability to capture a larger share of the consumer wallet

We have presence in lifestyle retail and FHPC segments which are the two largest segments within organized retail in India. Together, lifestyle retail and FHPC retail account for 87% of the consumer's expenditure within organised retail. (Source: The Marketing Whitebook, 2005, Businessworld). Our presence in both these growing segments will enable us to cater to a large segment of the Indian population, besides benefiting from the synergies that exist between the two segments. These include a common technology platform and customer base. The FHPC business is not seasonal and experiences higher stock turn rates whereas the lifestyle retail business offers higher margins. Thus a combination of the two serves as a de-risking model for the business.

Seamless Shopping Experience – Wide Array of Offerings

The Megastore offers a wide range of merchandise across menswear, ladies fashion, unisex casuals and kids' apparel. Our offerings also include toys, accessories, footwear, perfumes, cosmetics and home fashion, watches optical wear including prescription eye wear and sunglasses and an exclusive range of electronics across multiple brands and price points.

Our TruMart stores house a range of food and grocery, and home and personal care products to meet the regular shopping requirements of our customers.

Commitment to Customer Service

It is our constant endeavour to maximise customer satisfaction through exceptional service. We believe that service is our differentiator and our reason to be, which is mirrored in our service vision, "We believe in service, We do it with pride". The commitment to service is pervasive across all functions and management levels and is achieved through several initiatives.

We offer our customers a seamless shopping experience and a wide range of merchandise at our stores. We believe that customer intimacy is essential and so we offer personalized services. With this thinking, we have a unique concept of customer adoption, wherein our sales people adopt some of our regular customers and thus become a single point contact with the customers. Our sales people undergo intensive training programs so that they are educated about the store and more importantly, in handling customer requirements with pleasure.

Piramyd Power Club - Large and Loyal Customer Base

One of our key strengths is the loyal customer base that we have established. Our loyalty program, Piramyd Power Club is over 100,000 members strong. It is a dual benefit program, offering members both the conventional loyalty points as well as additional privilege discounts on merchandise, besides other benefits like home delivery. We work towards delighting our members by seeking regular feedback, improvising on our offerings and delivering superior service.

Promoter and Promoter Group Strengths

We are part of the Piramal group and benefit from their experience and expertise.



- Piramal Holdings Ltd. (PHL): The expertise of PHL is valuable for site selection and project management as PHL specialises in project development and development consultancy. PHL which owns Crossroads provides us the ability to attract multinational brands for our stores as these brands are present in Crossroads.
- Morarjee Textiles and Integra Apparel: The expertise of the group in the textile business will be beneficial in developing and strengthening our private label initiative. We also source part of our fabric for menswear from these companies.

Streamlined Operations and Processes

We have implemented a system of category management and have established a set of working and review committees. Our Management Information Systems are designed to yield useful data on a category, sub-category and SKU (Stock Keeping Unit) level for the merchandise stocked, to ensure operating effectiveness of the business. We intend to further strengthen our systems and use tested CRM (Customer Relationship Management) processes, in keeping with the increased requirements and complexities of the expanding business.

Technology – Operational Excellence

We run our operations with a strong technology focus and adopt a process driven approach. We have robust systems and are ramping up the same in preparation for the expansion plans. We are in the process of implementing the ERP package from JDA, a renowned package for retail applications, which will include Merchandise Management System and Warehouse Management Systems. This will significantly strengthen our planning, procurement, inventory management and sales activities. Systems for Point of Sales, Oracle Financials for financial planning and analysis etc are under implementation as well.

Each of the two retail segments we operate in viz. lifestyle retail and FHPC are explained in detail later in this section.

Expansion Plans

We believe that we have reached an inflexion point and are ready for expansion. From the existing 5 Megastores and 8 TruMart stores, we plan to have 17 Megastores and 69 TruMart stores by 2008. From a current presence that is mainly in Maharashtra, we would have a presence across western and northern India. Of the 13 stores to be funded from the proceeds of this Issue, we have already signed 8 properties.

| Store Location | BUA (sq. ft.) | Commencement Year (FY) |
|---------------------------|---------------|------------------------|
| Ludhiana [#] | 50,000 | 2006 |
| Delhi – I | 78,000 | 2006 |
| Pune – II | 65,000 | 2006 |
| Pune – III | 48,000 | 2006 |
| Mumbai – II ⁺ | - | 2007 |
| Mumbai – III ⁺ | - | 2007 |
| Delhi – II | 105,000 | 2007 |
| Delhi – III ⁺ | 60,000 | 2007 |
| Delhi – IV | 81,000 | 2008 |
| Gurgaon | 80,000 | 2008 |

* - indicate the properties for which no definitive/ contractual agreement has been signed

+ - carpet area

- The Ludhiana Megastore commenced operations on October 4, 2005.

The FHPC business is also set for a rapid expansion. Our current plan is to concentrate on the cities of Mumbai and Pune, where we have already built a presence. We can leverage on the early mover advantage, particularly in Pune and consolidate our presence.

We propose to open 12 additional TruMart stores during FY2006 and 24 TruMart stores over FY2007.

We continue to evaluate options, spot global trends and aim at getting the early mover advantage. This philosophy and drive is spread across products, categories and even business segments.



Piramyd Megastore – Lifestyle Retail

We are a department store offering a wide range of merchandise in a seamless fashion. We offer apparel for men (formals and casuals), women (ethnic and western), kids and infants. Our non-apparel offerings include fashion accessories, footwear, watches, eyewear, cosmetics, jewellery, and home products.

The lifestyle retail business started as an anchor tenant at Crossroads in 1999, offering international quality shopping experience. The store with a Built Up Area (BUA) of about 28,000 sq. ft. was conceived as a standalone model with the main objective of driving traffic for Crossroads. The store attracted high footfalls and retail sales per square foot per annum and this encouraged us to convert the Piramyd Megastore brand into a retail chain.

The following table shows the current coverage of the chain.

| No. | Store Location | BUA (sq. ft.) | Commencement Year |
|-----|----------------|---------------|-------------------|
| 1 | Mumbai | 28,000 | 1999 |
| 2 | Pune | 42,000 | 2001 |
| 3 | Nagpur | 38,000 | 2003 |
| 4 | Ahmedabad | 68,000 | 2005 |
| 5 | Ludhiana | 50,000 | 2005 |

The second store in Pune commenced operations in 2001 as a large format store spread over 42,000 sq ft. The assets of an existing store were taken over and turned around, ready for operations within 40 days. The Nagpur store started operations in 2003 with a BUA of about 38,000 sq ft. We took the store on a wet lease wherein the investment in interiors was borne by the developer. The Ahmedabad store, launched on July 1, 2005, is the first store outside Maharashtra and it kick-starts the expansion plan for the lifestyle retail business of PRL across India. The Ludhiana Megastore is our first store in the Northern region and commenced operations on October 4, 2005.

Business Strategy

We have evolved a business model for lifestyle retail that is 'Profitable, Sustainable and Scalable'. The key aspects of our business model include –

Large Format Stores providing seamless shopping experience

We plan to operate our future stores on floor plates larger than 18,000 sq. ft. We have signed up properties ranging from 48,000 sq. ft to 105,000 sq. ft. Such large formats offer the following benefits:

- Ability to offer more depth and width in our offering to consumers
- Higher spending per consumer due to more time in the store leading to higher chances of impulse purchases
- Better negotiating power for property rates

We would operate large format stores which can be either standalone or part of a large mall. Wherever we are a part of a mall, we would only operate as an anchor tenant. An anchor tenant is the highlight of the mall, occupying a large space, attracting larger footfalls and having better bargaining power on rentals.

Wide Range of Offering

We house a wide range of offerings across several categories and stock about 80,000 SKUs (excluding the SKUs managed by the concessionaires). This is underlined by the depth and width of our offerings:

Width of offerings: Within the watch segment, for example, our offerings vary from value for money brands like Sonata to premium brands like Tag Heuer, Rado and Omega.

Depth of offerings: For example, we offer a complete package in our eye care section with multiple brands in the sunglasses segment and also prescription spectacles.

Enhancing customer experience

We have entered into partnerships for categories which are not our core proposition with a view to making Piramyd Megastore an ideal family destination offering a complete shopping experience. Thus Piramyd Megastores are accompanied by a TruMart store which would attract higher footfalls and greater frequency of visits. We have also tied up with Jammin to include them at the Piramyd Megastores so as to provide family entertainment to customers. This provides a platform for the whole family to increase the time spent at our stores. We are planning to introduce food courts based at some places to enhance the value proposition to our consumers and also as a differentiating factor to drive footfalls.



De - Risking Strategy

We have entered into various types of business arrangements with our vendors to optimize margins and minimize risks. We operate using the following arrangements:

1. Bought Out Merchandise (Outright)

Under this arrangement, we purchase the merchandise from the vendor and thus own it. We incur the holding and carrying cost of inventory but the risk of markdown varies from 0% to 100% in accordance with specific arrangements with vendors

2. Merchandise on Consignment Basis

Under this arrangement, the consignor or vendor continues to remain the owner of the inventory and bears all inventory related risks as all unsold stock is returned to the consignor. The margins on Merchandise on Consignment Basis are typically lower than the merchandise bought on outright as the consignor bears the inventory risk.

3. Concessionaires

Under this arrangement we provide our concessionaires with a demarcated space within our store to sell their products. The concessionaire keeps his own inventory and employs staff at his counters. The billing also happens through the concessionaires. The income from this arrangement can be in the nature of fixed rentals, percentage of sales or minimum guarantee.

Our Operations

Our operations cover the following important elements:

1. Customer Segmentation and Targeting

2. Positioning

3. Product Strategy

- a. Branded Merchandise
- b. Private Label and Proprietary Label

4. Supply Chain Management

- a. Sourcing
- b. Distribution & Logistics

5. Marketing

- a. Advertising
- b. Events and Promotional Activities
- c. Piramyd Power Club – Our Customer Loyalty and Privilege Program

6. Customer Relationship Management (CRM)

- a. Feedback
- b. Data Mining

Each of the above elements has been explained in detail below.

1. Customer Segmentation and Targeting

In order to segment the market for lifestyle retailing, we use parameters such as socio-economic classification, purchasing power and site location.

Based on the above 3 parameters, the target segment for our lifestyle retail offering was identified as follows:

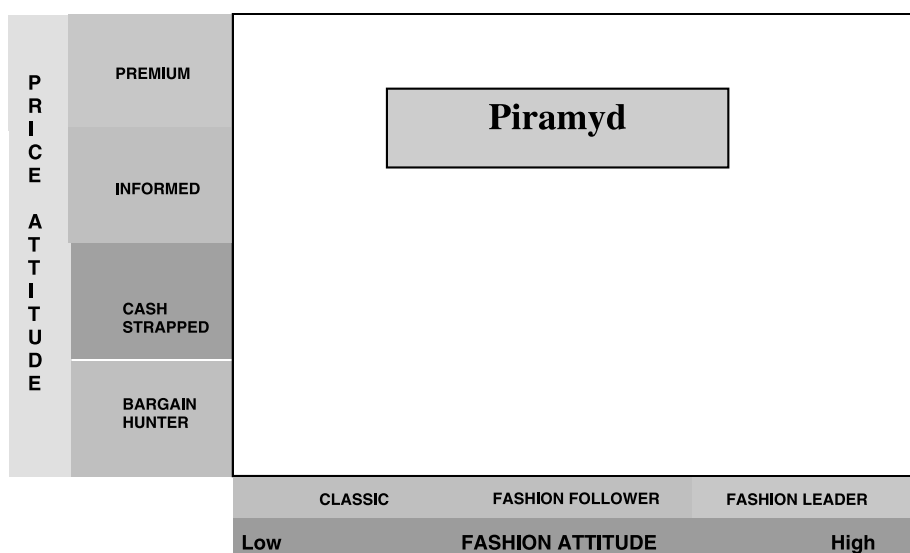
- SEC A & SEC B
- Households with average per capita per annum spends on lifestyle products of Rs 21000 or more in metros and Rs. 15,000 or more in Class A towns
- Metros and mini metros

2. Positioning

We believe that clarity in differentiation and positioning is the key to creating a long-term sustainable competitive advantage. We consider two attitudes of the consumer, Fashion Attitude and Price Attitude. Irrespective of the age or income profile, every consumer has a certain attitude towards fashion. He/she is a 'Fashion Leader' (willing to experiment, bold, self confident, and willing to make a statement – Film Stars, Models, Socialites and even some Students), a 'Fashion Follower' (innovative, looks for new ideas, but would follow the fashion leaders) or a 'Classic' (conservative – typically bankers, lawyers). The second important attitude is the Price Attitude. Irrespective of the income of an individual or the wealth that he/she possesses, every customer has a Price Attitude. He/she is either a 'Bargain Seeker' or 'Cash Strapped (generally students or Start- outs)' or 'Informed' (working men/women conscious of the value in the merchandise offering) or 'Premium' (socialites – very conscious of their image and willing to pay a high price for the image that a designer label may provide).

We primarily cater to the 'Informed' and 'Fashion Follower' customers (as depicted in the grid). However, some of the product offerings are targeted towards the 'Premium' as well as 'Fashion Leader' customer.

We wish to occupy customer mind space as the lifestyle retail megastore of choice for the fashion conscious.



3. Product Strategy

The Piramyd Megastore is positioned as a department store catering to the middle and upper-middle class sections at each of its locations. Our product strategy has evolved with this positioning. Our core offering is branded merchandise, retailing international, national and regional brands as well as private and proprietary labels.

a. Branded Merchandise

Currently, our apparel and non-apparel proposition is primarily branded – be it international brands like Levis, Lee, Arrow, Tommy Hilfiger, etc., national brands like Louis Philippe, Color Plus, Spykar, Gini & Jony, Allen Solly, etc. or regional brands like Tuscan Verve, Easies, etc.

In case of certain sub-categories in which brands do not exist, like decorations and adornments in home fashions, and dress material in ladies ethnic wear, the product is sourced from local vendors, village artisans, etc. to make the product unique and provide value for money.

From a price-point perspective, about 80% of our offerings would remain the same across the chain. However, 20% could be premium or value priced, based on the location and local tastes and preferences.



Based on the nature of the market, certain regional adjustments are done to cater to local needs. This could be in the form of a brand/label that is manufactured in that city/state or a product that is particularly developed for a festive occasion peculiar to that location. This helps build uniqueness in our proposition and strengthens customer loyalty.

To ensure that the proposition in each new location is as close to the requirement as possible, we undertake market research for estimating the market size and wardrobe analysis. We obtain market information by way of vendor interaction and also conduct ground based surveys to explore the opportunities.

This helps in fine-tuning the proposition in terms of the width and depth of the offerings, as well as addressing certain price-point and regional peculiarities that may exist in a new market.

b. Private and Proprietary Labels

Private and Proprietary Labels form part of the value proposition for most retail chains. Private labels are in-house labels developed by PRL wherein we design, source and market the products. Proprietary labels are labels from other reputed manufacturers wherein we have exclusive distribution and marketing rights. The purpose of having a private label range is threefold:

- to maintain differentiation in one's value offer vis-à-vis the competition,
- to fill in category or price gaps in product offerings, and
- to drive higher trade margins

A private label range serves to reduce the current time to market and launch new products. Besides, we have a grip over the markdowns and control on the merchandise

The private label business grew at a chain-level from 1% of revenue in FY2002 to about 7% of revenue in FY2005. The contribution to margins was higher and thus we plan to put more emphasis on our private label business

The following are some of the private labels offered at Piramyd:

| Brand | Category |
|----------------------|---|
| Venti Uno | Men's premium shirting |
| Kaanz | Ethnic wear label for men and women |
| Rudra | Salwar kameez label to address the ladies day wear and office wear requirements |
| Aloha and Club Orion | Lounge wear and club wear segments |
| Peppermint and Enya | Ladies western wear |

In order to strengthen our private label business, we have upgraded our back-end infrastructure which includes:

- a team of designers and buyers dedicated to private labels
- quality control and production planning staff
- a consolidated vendor base
- marketing collaterals like product information tags, visual merchandising support, etc.

To further enhance our private label delivery, we intend to leverage on the Piramal group's resources like Morarjee Textiles for fabrics as well as Integra Apparel, a subsidiary of Morarjee Textiles, for ready-mades in the men's category.

4. Supply Chain

Supply Chain is broadly broken up into two key processes viz. sourcing and logistics.

Sourcing

Sourcing comprises Design, Buying and Merchandising (B&M), each of which are explained below.

- Design is the function that gives direction to the value proposition for each coming season in terms of color palettes, styles, fabrics, designs etc.
- Buying is the function that sources, develops and buys branded and own label ranges in line with the product strategy through a balance of choice, value, quality and fashion to continuously exceed the customer's expectations while delivering the planned profitability.

- Merchandising, through a combination of planning and pro-active management of inventory ensures that each department fulfils the company's strategic and performance objectives whilst satisfying the customer needs at all times.

Sourcing involves the following activities

- Pre-season planning
- In season management
- Vendor management
- Product sourcing

The function of B&M, through a number of planning (Pre-season Planning) and performance management (In-season Management) tools, ensures that performance is in line with plans.

Pre-Season Planning

Pre-season planning comprises the following:

- **Outlet Planning**

The Outlet Planning Process is the application used to maximise space productivity on a store-to-store basis. The tool can be used to rationalise space amongst categories within a store as well as between brands/labels within a particular category.

- **Category Planning**

Category Planning is similar to the Outlet Planning, though this is used to plan the productivity of a Category on additional parameters, like inventory (stock turns/net weeks cover), space (Gross/Net Margin Returns per Square Foot) and margins (Margins on Intake and Delivered Margin on Sales).

- **Range Planning**

Range Planning is the process that ensures that the customer needs are met by buying the right width of the right product in the right depth and delivering it to the right stores at the right time. Range Planning enables you decide what to buy, how many options to buy and how much to buy of each option, and when to put it on sale.

In Season Management

This is the process where actual performance is measured against the plans set at the beginning of each season, and decisions are taken that will ensure that future performance is adjusted in the light of this performance.

- **Weekly Reviews**

Retail is monitored on a weekly basis – Monday through Sunday, where each week's performance is compared to the week before as well as to the same week in the previous year.

- **Trade Reviews**

Trade Reviews are similar to the weekly reviews, except these are done on a monthly basis. In addition to reviewing performance, other issues like inventory ageing, top and bottom style performance, etc. are reviewed.

- **Weekly Sales Stock Intake**

The Weekly Sales Stock Intake or WSSI is an application that is used to plan and manage intakes. The WSSI maps physical inventory with on-going performance, based on which corrections are made to ensure that inventory levels are in line with actual performance.

Vendor Management

We have established professional and sustainable relationships with our vendors. With the increased scale, we plan to narrow down our vendor base to make vendor management and related supply chain more efficient.

The vendor review process happens at three levels as follows:

- The primary review of vendor performance happens as part of the routine weekly and monthly trade reviews. During this review brand/label performance is reviewed (with corresponding vendors) from a sales perspective, margins perspective as well as inventory perspective.
- The second review is a more vendor-driven review, whereby each vendor has access to our web-based performance

tracking system. By logging into the Piramyd Value Chain website, they can have access to their sales and stock performance as well as review open Purchase Orders.

- The third review process is one that is conducted for most key vendors, especially those in the branded categories, whereby quarterly or seasonal reviews take place and plans are set for the next season.

With our ERP system scheduled to go-live in January 2006, we plan to closely bind our Merchandise Management System (“MMS”), a component of the JDA package, and replenishment application with those of key vendors. This would reduce the intake processing time as well as enable vendors to be more proactive in terms of managing their own inventory.

Product Sourcing

Our sourcing requirements are handled through a large and talented pool of buyers and merchandisers. Our buyers constantly review the market – physically and virtually – by attending trade fairs, scanning the competition, reviewing international retail websites, subscribing to trade periodicals, detailed conversations with vendors etc.

Distribution and Logistics (D&L)

D&L is the other key element of the Supply Chain process. The D&L team is responsible for developing the distribution and logistics master plan for the organization to ensure that merchandise flows from the vendors to the right stores in a timely and cost efficient manner. This is achieved by evolving the logistics strategy for the company which includes setting up of a distribution system, inventory management, warehouse management and supply chain management.

Given that our expansion is being driven region wise, i.e. West and North India to start with, we have created a regional Distribution Centre (“DC”) near Mumbai. We have added another DC near Delhi to cater to the Northern region.

The regional DC would be a common platform for intakes and processing of all merchandise intended for stores within a particular region. From here, the central DC will push desired quantities to the respective stores based on specific requirements. In addition it permits better control of inventory thereby lowering inventory holding costs.

In order to further cut down the time-frames in the vendor-warehouse-floor-customer chain, we are initiating the concept of “source-tagging” where bar-coding and security tagging can be done by each vendor prior to despatch to the concerned Central DC. This will enable faster flow-through since certain activities that make merchandise “shop-ready” will have already been taken care of.

5. Marketing

We do not have any collaborations. We also do not have any performance guarantees and don’t receive any assistance in marketing by collaborators.

a. Advertising

Our retail brands and their activities are supported through mass media communication across media vehicles that are aimed at engaging our primary catchment segments and building brand awareness.

Our outlets are our best advertisements. Among all the forms of communication with the customer, the most significant one is visual merchandising. Visual merchandising serves the purpose of not only promoting certain styles / fashion statements and enhancing their desirability, but also of being one of the most important messaging tools to clearly position the Piramyd Megastore in the competitive landscape. Our visual merchandising dockets reflect our drive for coherent lifestyle imaging across our outlets balanced with the need to match local sensibilities and aspirations.

Apart from the above, we also have an online presence through our website, which provides information to customers on our offerings. It has the potential to act as a customer touch point for actual online purchases as we develop our online transaction and related distribution capabilities.

We have entered into an agreement with Bennett, Coleman and Co. Ltd. on August 30, 2005 to make advertisements in the print and non-print media for three years for a consideration of Rs. 108 mn.

b. Events and Promotional Activities

Events and promotions play an important role as a platform for the brand to communicate with customers. All the activities done by our outlets are aimed at enhancing the shopping experience of the customer.

Our store activity calendar is a stream of events that are closely linked with the merchandise of the season. These events are an endeavour to keep our customers in touch with the latest trends and products as well as to familiarize them with new product usage possibilities. These high visibility events create a lively atmosphere that lends an added touch of freshness every time customers visit our stores. We believe that promotions are a means to building an enduring relationship with the customer. We offer special privileges for the Piramyd Power Club (PPC) members during all such events through the year, in appreciation of their continuing patronage.

All our promotional activities obtain a great deal of support from the brands that are retailed from our stores on the strength of the relationship we have built with them. Partner brand participation in our advertising and promotional programs helps in reducing our marketing costs.

The following are some of the major promotional events during a year:

- Wo(Men) at Work: related to executive wear
- Denim Festival: related to denim and casual wear
- Shopping Fever: end of season sale
- Get Dazzled: related to jewellery and accessories
- Diwali: major shopping festival
- Kids All Rounder Hunt: related to kids wear
- Cool Cool Piramyd: related to winter wear
- Shopping Fever: end of season sale

c. Piramyd Power Club

Our customer loyalty and privilege program – Piramyd Power Club is a strategic initiative and aims at being a strong differentiating factor. It draws its strength from the fact that it has been built with high qualification thresholds. This ensures that our loyalty program is of very high quality considering the purchasing power of our member customers

It is a unique program that offers dual benefits – shopping points as well as discounts to the customers. The privileges built into the program are both financial as well as non-financial in nature. The total number of PPC members is about 100,000 and they contribute around 45% to the total retail sales. We have four levels in our PPC namely Classic, Silver, Gold and Platinum. The following are some of the privileges enjoyed at different PPC levels:

- As a PPC member, one automatically gets a discount of up to 10% based on the membership type
- Every time a member shops at Piramyd, a cache of Power Points is built up. These points are awarded on all purchases and can be redeemed at any time during the membership period
- Exclusive offers are made on purchases of various brands at Piramyd from time to time
- Any garment at Piramyd, which requires alterations, will be delivered at the member's home absolutely free of cost, within 24 hours
- The PPC members get invited to special events within the store and the mall, in case of our Mumbai store which is located at Crossroads

6. Customer Relationship Management

a. Feedback

In order to be dynamically responsive to market demands, our business requires us to be constantly aware of the tastes and preferences of our customers as well as the changes in the market place. Market and consumer research plays an important role in achieving this.

The Piramyd Megastore Customer Satisfaction Index (PMCSI) is a composite percentage rating score based on the Piramyd Customer Satisfaction Survey (instituted in 2001), and pro-active customer feedback. This provides us with inputs on new product introduction, changing merchandise mix, improving customer service etc



b. Data Mining

Apart from ensuring continued customer loyalty, and thereby providing a sustainable revenue-generating customer base, the Piramyd Power Club acts as a source of market intelligence. Some of the customer behaviour information that this strong database enables us to capture and analyze are:

- Product category specific and brand-wise sales analysis – cross-promotional opportunities
- Purchasing power analysis – through frequency of purchase & average bill size
- Catchment productivity analysis

That apart, we also monitor other store data to gauge general shopping patterns related to each outlet which allows further analysis such as:

- Analysis of conversion of customer visits to sales
- Product category performance analysis
- Brand performance analysis

TruMart – FHPC Retail

Our TruMart stores offer food, grocery, home and personal care products to our customers. Our offerings include dry and wet groceries, bakery, household products, stationery, pharmacy, etc. We are positioned as a dependable neighbourhood store that offers genuine value. We focus on offering convenience and consistent service to our customers and do so by catering to the bulk and top up shopping requirements of our customers through our TruMart Supermarket and TruMart Daily convenience stores respectively.

The first Piramyd Supermarket was launched at Piramyd Megastore, Pune in 2001. Subsequently, enthused by the success of the Pune supermarket, two more Piramyd Supermarkets were launched alongside Megastores at Mumbai and Nagpur. The encouraging performance of the supermarkets and the increased loyalty that they commanded indicated that the supermarket could operate as a business model, independent of the Megastores as well. Thus the first independent Piramyd Supermarket was launched as a pilot project in Kalyani Nagar, Pune, which heralded the expansion plans in the Food & Grocery, Home and Personal Care (FHPC) retailing business.

We currently operate 8 stores under the TruMart brand which includes the hitherto ‘Piramyd Supermarkets’ that have been renamed as TruMart. Of these, 5 are standalone stores while the other 3 are at the Piramyd Megastores at Mumbai, Pune and Nagpur.

The following table shows the expansion of the TruMart chain to date.

| No. | Store Location | BUA (sq. ft.) | Commencement Year (in terms of FY) |
|-----|----------------------|---------------|------------------------------------|
| 1 | Pune Megastore | 3,500 | 2001 |
| 2 | Mumbai Megastore | 2,600 | 2002 |
| 3 | Nagpur Megastore | 2,800 | 2003 |
| 4 | Pune Kalyani Nagar | 7,600 | 2004 |
| 5 | Pune Bhandarkar Road | 4,800 | 2005 |
| 6 | Thane* | 10,600 | 2006 |
| 7 | Pune, Kondhwa* | 7,800 | 2006 |
| 8 | Kandivali, Mumbai* | 8,600 | 2006 |

* - Indicative BUA

We have started operation in a new store located within our Megastore at Ahmedabad on October 29, 2005

Business Strategy

As with lifestyle retail, we believe that we have evolved a business model for FHPC retailing that is ‘Profitable, Sustainable and Scalable’. Our strategy for building a profitable, sustainable and scalable business model is as given below:

Hub and Spoke Model – Cluster Approach

The business model going forward is to develop each store on a hub and spoke model. Each store would either be a hub or a spoke. The hub would be the TruMart Supermarket spread over an area of 6,000 - 8,000 sq. ft. and catering to the bulk requirements of its consumers. The supermarket would provide depth and width of products with discounts as

arranged with vendors. The spoke, TruMart Daily, would be smaller variations of 1,500 - 2,000 sq ft area, catering to the top up purchasing needs of the customers. This would provide convenience as a value proposition as it would be located in the heart of residential areas close to the target consumers.

The following table summarizes the key elements of the model:

| FLAGSHIP + NEIGHBOURHOOD SUPERMARKETS | | |
|---------------------------------------|--|--|
| HUB | <ul style="list-style-type: none"> • Bulk/monthly purchases • Specialty shopping • Combined mode | |
| | Catchment Area : Size: Location: | Upto 3 km 6000-8,000 sq. ft. Large shopping areas in market places and densely populated areas |
| SPOKE | <ul style="list-style-type: none"> • Top Up and Emergency purchases | |
| | Catchment Area: Size: Location: | Upto 0.5 km 1500-2,000 sq.ft. Residential/Local shopping markets |

This model was formulated based on the findings of a survey commissioned to understand the Indian consumers buying patterns and criteria in choosing their shopping destination. The survey was carried out by AC Nielsen ORG-MARG and covered a sample of 350 interviews conducted across Mumbai.

The key results of the survey are as follows:

1. There are two shopping patterns –bulk shopping and top up shopping. Bulk shopping is usually a monthly/ fortnightly purchase where customers purchase for their planned requirements. They require more depth and width of products to choose from in accordance with their family needs. Top up shopping would have lower memo size per customer as it is aimed at replenishment of the bulk purchases of the family.

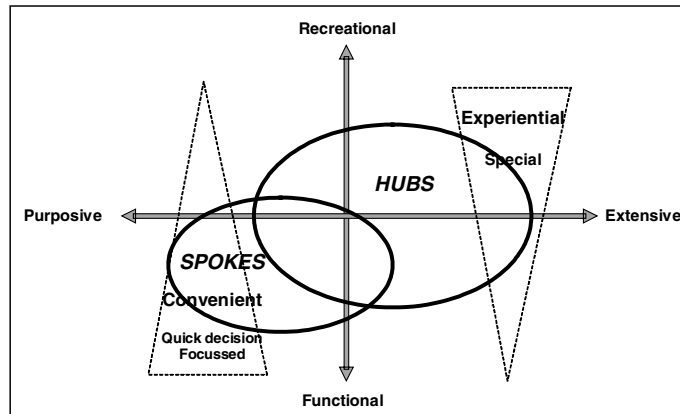
The following table offers a snapshot of our research findings, which indicated that 55% of customer purchases are bulk and 45% is top up shopping.

| | Monthly amt. spent | Monthly amt. spent | Total amt. spent | % contribution of bulk buying | % contribution of to up buying |
|--------------------------|---------------------------|---------------------------|-------------------------|--------------------------------------|---------------------------------------|
| Processed Foods | 561 | 277 | 838 | 67 | 33 |
| Groceries | 1467 | 985 | 2452 | 60 | 40 |
| Dairy Products | 226 | 153 | 379 | 60 | 40 |
| Health & Beauty Products | 288 | 98 | 386 | 75 | 25 |
| Beverages | 234 | 201 | 435 | 54 | 46 |
| Home Cleaning Products | 177 | 43 | 220 | 80 | 20 |
| Household Hardware | 139 | 33 | 172 | 81 | 19 |
| Bakery Products | 186 | 200 | 386 | 48 | 52 |
| Fruits | 529 | 238 | 767 | 69 | 31 |
| Vegetables | 511 | 312 | 823 | 62 | 38 |
| Non Vegetarian Products | NA | 246 | 246 | | 100 |
| Milk | NA | 654 | 654 | | 100 |
| Newspaper | NA | 106 | 106 | | 100 |
| Total | 4318 | 3545 | 7864 | 55 | 45 |

2. The top 5 criteria in choosing where to shop for dry food and FMCG products is the distance from the customers' home, discount offer, home delivery, ordering over the phone and credit facility.

The cluster approach forms the basis of our FHPC retailing business model because the same consumer requires different retail formats for his various buying requirements. The survey indicated that both bulk buying and top up purchasing account for a significant part of customer expenditure in this segment. This explains our decision to cater

to the same consumers through two formats – TruMart Supermarket and TruMart Daily. The following diagram illustrates the logic, based on the type of shopping viz. recreational, extensive, functional or purposive.



Wide Range of Offerings

We offer a wide assortment of merchandise across FHPC categories, including regional and imported products. The TruMart supermarkets stock over 14,500 SKUs and a typical TruMart convenience store stocks about 6000 SKUs. Our offerings are spread across major groups such as processed foods, beverages, non-food, personal care, perishables, frozen foods, etc.

Partnerships

We have entered into partnerships to offer products such as bakery products and pharmacy items at our stores. This helps to increase our value proposition and increase our offerings to non core products.

Personalised Service

A key finding of the customer survey is the importance of home delivery especially for top up requirements and hence we would provide home delivery from our TruMart Daily. The core aspect of our positioning is to offer convenience by being situated in residential areas to ensure closeness to the customer. The survey revealed that this feature was most highly valued by the customers.

Operations

As a company offering FHPC products, our operations for TruMart include:

1. Segmentation and Target Audience
2. Positioning
3. Product Strategy
 - a. Private Label Strategy
4. Supply Chain Management
 - a. Sourcing Strategy
 - b. Distribution Strategy
5. Advertising and Promotion

1. Segmentation and Target Audience

We have used the following parameters to segment the market for FHPC product retailing:

- Socio-economic classification
- Purchasing power
- Location

We have defined our target customer as a housewife who does the regular shopping for FHPC products in terms of the following attributes:

- Core middle class –MHI (Monthly Household Income) of Rs 10,000+
- Husband is a middle level manager
- Exposed to the new format of shopping/ entertainment – big retail stores, supermarkets and multiplexes
- But currently shopping for her most of her needs at the local kirana store because of convenience
- Is positively disposed towards supermarkets
- Normally the family goes out twice a month for eating, movies etc

2. Positioning

Our positioning is based on the requirements of our target audience and the conviction to meet these expectations. We position ourselves as a dependable store offering genuine value. Our brand name and logo has been developed as a seal of Trust, Reliability and Guarantee.

3. Product Strategy

We will provide merchandise offerings in three categories:

- National and International Brands,
- Regional/ Local Brands and
- Unbranded and Private Label

The emphasis is on products and brands, whose identification with us will establish TruMart’s brand equity as a supplier of quality products, encourage repeat purchases, develop customer loyalty and result in increased market share.

We also categorise products from customer purchase behaviour. Our offerings can be clubbed under the headings of Preferred, Destination, Occasional/ Seasonal and Convenience/ Impulse in terms of eliciting customer response.

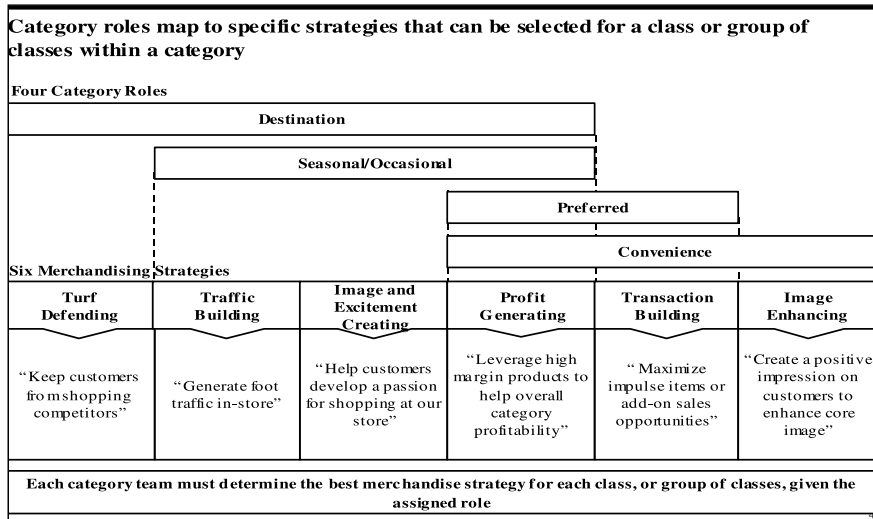
The following chart illustrates the above categorization.

| | |
|--|---|
| Preferred “Bread & Butter Products” | Destination “Drive by Competition” |
| Personal Care Bakery Products Frozen food Canned Products Biscuits/Confectionery | Edible oils Spices Cereals/Pulses/Flours Dairy products Vegetables and Fruits |
| Occasional/Seasonal “Needed, But Not Everyday” | Convenience/Impulse “One-Stop/Add-On Sales” |
| Paper Products Household products Hardware Kitchen utilities | Stationery Pharmacy Florist General Services-Bill collection |

The above categories will have the following strategies regarding the width (brand choice), depth (number of variants), price and tactical usage (for drawing customers to the store):

| | Destination | Preferred | Convenience | Occasional/Seasonal |
|----------------|-----------------------------|---|-------------|---------------------|
| Width | High | High | High | High/med |
| Depth | High | Low | Low | Low |
| Price | Aggressive-Best in the city | Aggressive Value added range price for margin | MRP | MRP |
| Tactical usage | High | Medium | Medium | Low |

We also map this categorization from the perspective of customer specific strategies. These are explained in the graph below in terms of their roles and merchandizing strategy.



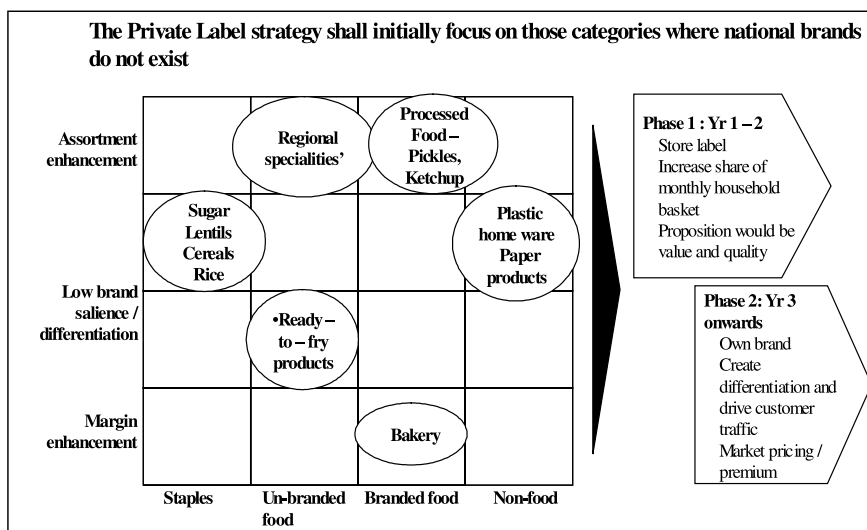
The share of the customer's wallet will be enhanced through a strong proposition in occasional and impulse products and services.

a. Private Label Strategy

For the customer, 'Store brands' or Private Labels most often mean products of acceptable quality at reasonable prices, while for the retailer private labels translate into better margins, better ties with manufacturers and the ability to fill gaps in the consumer requirements. Store brands offer the added advantage of exclusivity as no other store has them. Our private label strategy is meant to give us the flexibility to provide a range of products that suit our customers, at affordable prices.

We are developing our own label initially in products from the unorganized sector with low entry barriers as we are convinced that having a private label can ensure better market reach and margins. Some of the categories wherein we will be launching our private labels are:-

- Provisions and groceries
- Ready to fry
- Home products (tissues, magic wipes etc)
- Processed foods (pickles, jams, sauces etc)
- Bakery



4. Supply Chain Management

a. Sourcing Strategy

The sourcing strategy will focus on buying from 'source' wherever possible. We will focus on sourcing with minimum intermediaries. The idea is to source from as "upstream" as possible in the supply chain, thereby increasing margins and reducing costs.

The following table explains our sourcing plan for various product categories

| Product Category | Sourcing plan |
|----------------------------------|---|
| Vegetables and fruits, flowers | Vendor managed stall in initial stages. Selling prices to be determined by store Move to direct sourcing from mandi once scale achieved and for certain key products farm gate sourcing. |
| Cereals and pulses | Direct sourcing from mandi, outsource repacking Direct farmer sourcing as volumes are achieved |
| Ready-to-fry | Direct sourcing from co-operatives |
| Bakery | Our own Patisserie Delicatessen to be vendor managed |
| Household ware / appliances | Source from wholesalers Imported products to be centrally procured |
| FMCG products | Central negotiations with key companies such as Hindustan Lever, Colgate and Nestle for direct company deliveries |
| Services (Pharmacy, Florist etc) | Vendor Managed |

b. Distribution Strategy

We believe that the key to success for any FHPC retail chain is efficient supply chain management.

Although in India the larger brands have started to work on their supply chain and are working towards greater efficiencies, the challenge is in relation with the supply chain for unorganized sector. This consists of mainly two supply channels: -

- Perishables that are sourced fresh with direct delivery to store.
- Non-Perishables that are sourced and packed with own label.

Our supply chain operates on a central DC (regional) concept with direct store supplies wherever volumes or perishability of product dictate it.

The key elements of the distribution strategy, which address the supply chain management, are: -

- Minimum suppliers: This brings benefits due to economies of scale both in purchasing and supply logistics, reduced overheads and control requirements and easier vendor development.
- Creation of Regional/city Hubs: Regional/city offices are set up to address the region/ city wise requirements so that each region/city will have up to 90% centralized distribution and 10% will be direct to store incase of perishables.
- Replenishment frequency: The desired servicing of stores from the central distribution center is daily while the supply frequency for specific SKUs is once a week. Hardware and general merchandise items are to be treated as exceptions and indented and ordered as per requirement.

5. Advertising and Promotion

We use an appropriate mix of advertising media and in-store special events to communicate value. A lot of focus is put on "Relationship Marketing" which builds and strengthens loyalty among our target-customer segments.

TruMart is a neighbourhood store, as explained in its positioning statement and it is therefore an integral part of the neighbourhood it resides in. Our communication reflects this relationship along with our customer value proposition.

We have entered into an agreement with Bennett, Coleman and Co. Ltd. on August 30, 2005 to make advertisements in the print and non-print media for three years for a consideration of Rs. 108 mn.

Our Corporate Functions

The lifestyle retail and FHPC retail are supported by our corporate functions which are as given below:

1. Business Development
2. Project Management
3. Information Technology
4. Human Resources
5. Retail Information Systems

1. Business Development

We believe that in retail, the location is a source of competitive strength. Retail is as much about space productivity as it is about managing merchandise.

Site identification is an upstream process and has a long term impact on the retail business potential. We have in place a multi-level process and expertise under the business development function. We derive strength from the Piramal group's real estate and mall management expertise.

Site Identification

During our site selection process, we engage services of external agencies such as Jones Lang Lasalle for specific modules. Our site selection process is specific to each business.

Piramyd Megastore:

- Macro analysis of market attractiveness for city selection:
A database of cities across India is scanned for socio-economic, infrastructural, real estate, consumer and retailer data and we assess the cities in terms of attractiveness.
- Micro analysis of short listed cities to identify preferred retail zones:
Based on the real estate overview of retail pockets, regulatory and market norms, we identify specific retail pockets within each city for probable store development.
- Trading area analysis towards market size estimation

This is an exhaustive exercise carried out by an external agency such as AC Nielsen, where we analyze the demographic profile to size target population. Our representative agency conducts surveys and exit interviews to estimate the market size.

- Direct Survey to recommend merchandize mix

This step is also carried out by external agencies such as AC Nielsen and involves using exit interviews to understand customer behavior. We also do strength and character mapping of competition. Based on this we identify the merchandize mix to create a competitive advantage.

TruMart:

Our strategy for FHPC retail uses the cluster approach. The site identification for TruMart is different from that for the lifestyle retail section in the following aspects-

- A well defined regional focus
- The property sizes are much smaller. As mentioned earlier, a typical TruMart store is of 6,000 – 8,000 Sq Ft space, while TruMart Daily will be 2,000 Sq Ft.
- The focus is on identification of zones that can support a stand alone store (hub) with a cluster of convenience stores (spokes) located around it. This identification of clusters is carried out with the help of local specialists.
- After identification of clusters, potential for TruMart stores is carried out using the following parameters:
 - Consumption
 - Buying Pattern
 - Competition Set
 - Customer Profile

Once a trading area/cluster has been identified and broadly mapped for either a Piramyd Megastore or a TruMart store, we typically take the following steps:

- Identification and evaluation of possible store sites through a scanning of the city and retail zones.
- Recommendation of options by the head of business development on aspects like space quality in terms of location, visibility and facilities. This also involves deciding on the model as a standalone store or as part of a mall.
- Endorsement by head of operations and head of B&M
- Approval of megastore site by the CEO and Executive Director - Business Development and for TruMart by the COO
- Negotiation of commercials, legal documentation, sign off and handing over to Projects

2. Project Management

Once the MOU for a particular location is signed, the Store Planner collects information from the respective heads on layouts, Store Merchandize Mix Plan, HR plans and overall project budget. Thereafter, the Architect, Designer and Utilities Consultant are appointed and store design is finalized. The detailed design development comprises

- Fixture Design & Mapping;
- Visual Merchandising;
- Merchandise Mapping;
- Interior Design; and
- Signage & Communication Plan

We have a team of engineers and architects which does the Store Planning and this team works on new projects and upgradation of the existing stores. The progress of each project is regularly reviewed by the project review committee and the CEO to ensure timely implementation of the project. Planning and starting a new Megastore takes approximately 8 – 30 months, depending on the stage at which the construction is when we sign on the property whereas a TruMart takes between 2 – 6 months.

We have engaged the services of international architectural design consultants, Zachary Design UK, to create a unique identity and ambience at our Megastores.

3. Information Technology

A key element of our corporate functions is the Information Technology strategy and set up.



Current Systems Set Up

Enterprise software enables us to manage procurement, goods movement between supplier and the stores, sales and stock analysis. Enterprise software was integrated with our billing software RADOS from IBM. In order to further cut down the time-frames from vendor-to-customer, we will soon initiate the concept of "source-tagging" where bar-coding and security tagging can be done by each vendor.

All the other information system requirements were completed with Tally Software to manage financial accounting, Alif Software to manage Payroll & Attendance, and Shawman software to manage the Human Resources and CRM. For the FHPC retail business, Retailmagik from Shawman was implemented to manage the buying process.

Piramyd Value Chain

In order to provide "On-Demand Information" of sales and stock to the suppliers a website called "Piramyd Value Chain" was implemented in January 2003. Through a secured login, our Business Associates (suppliers) are able to review sales and stock performance of their respective brands for last 6 months.

Business Intelligence

To meet the challenges of the dynamic information requirement to drive the business operations, we selected 'Pro-Insight' from Base Info. Users can obtain sales and stock information with an ability to slice the information across various dimensions like time, location, and merchandise category.

Communication & Networking

We have tied up with Sify, to use their secured Virtual Private Network (VPN) communication to connect our offices, stores and distribution centre on 24 x 7 basis. This has been the back bone for providing online information on stocks at all locations which enables us to replenish stocks at the right time ensuring better availability of merchandise at the stores.

Future Plans

To effectively manage our growth plan, it will be essential to implement robust systems and business processes incorporating best practices in retail. We intend to deploy various technology solutions, over a period of the next 24 months, covering most of the business processes in the organization. These are divided into software and related initiatives and hardware and related initiatives.

A. Software and related initiatives

Merchandise Management System (MMS)

We have started the implementation of one of the leading ERP solutions for the retail industry from JDA (J D Armstrong, a US based company). JDA provides various productivity tools across the various stages of Planning, Procurement, Inventory Management and Sales. JDA's solution is highly scalable to manage a large number of stores.

JDA MMS's software which is integrated with Arthur Planning will allow us to monitor the budget versus actual performance across various metrics

Inventory,

Space utilization, and

Manpower productivity

Merchandise Planning System

Our merchandise planning process aims at aligning the Company's goals with the product mix that the customer demands.

Arthur Planning Software

Arthur Planning supports the art of merchandise selection to meet target customer's needs and the retailer's strategic financial goals through the framework of a "best practice" process

JDA's Warehouse Management System

JDA's warehouse management system provides tools for driving operational excellence and better performance at our distribution centres. The Auto-Replenishment tools allow us to maximize the ROI on inventory by minimizing manual effort of stock/sales review.

As the business grows, the JDA software suite, can be scaled to meet multiple sourcing and sales channels over a period of time, as listed below:

| Sourcing Channels | Sales channels |
|-----------------------------|-------------------------|
| Local supplier | Retail (Brick & Mortar) |
| International Supplier | Online Sales (Website) |
| Private label manufacturing | Tele-marketing |
| | Catalogue Selling |

Supermarket Software Strategy

JDA software is designed for implementation across multiple lines of business with some minor changes. Having incorporated the multiple piece level pricing of JDA, we will be able to use the same software for both the lifestyle retail and FHPC businesses.

Front end software:

- Point Of Sale (POS):
We recently selected a POS solution from Seacom, a Pune based company, providing POS solution integrated with ERP solutions for some of the leading retailers in the country.
- Customer Loyalty Program (CLP) :
We are working with Shawman to revise the existing CLP software to improve the data mining capability.
- Finance & Accounting :
We plan to implement Oracle Financials and Oracle Financials Analyser software on or before 1st April 2006. After the implementation of Oracle Financials, we will be able to generate real time profitability statements at business level (lifestyle retail & FHPC retail business), product category level, thus ensuring accountability at each category level within a business.

B. Hardware Strategy and related initiatives

Point of Sale Hardware and Desktop Computers

We intend to have a tie up with a vendor to provide a complete range of Point of Sale hardware and back office computer requirements.

Servers

In order to ensure minimum downtime for all the applications including the point of sale, we provide for 2 servers in a given store.

Support & Maintenance

We have tied up with CMS computers to provide support and maintenance for hardware and software at all our stores.

4. Human Resource (HR) Management System

Human Resource is one of the critical support functions and forms another key element of the corporate backbone. We currently employ more than 750 employees. With the company embarking on an expansion plan, it has ramped up its management bandwidth, and more than 250 employees have joined the business in recent months. We are a very young and energetic organization with average employee age being less than 30.

We believe that service is our core philosophy, and people are our most important resources.

Our HR objective is: "To establish Piramyd as a place where people aspire to work."

The four values that form the basis for our HR Philosophy are:

- Integrity: Earning and retaining the trust of our customers is the foundation of our business model. Towards this aim, personal integrity is the most important criteria for selecting and retaining employees at Piramyd.
- Entrepreneurship: The environment is of empowerment and entrepreneurship, where employees are encouraged to take up challenging tasks and think fresh.



-
- Trust and Mutual Respect: We work as a team, and trust and respect for each other forms the basis of our achieving more, together.
 - Performance Culture: We aim to enable our employees to achieve their maximum potential and reward performance to maintain high performance levels.

We operate with an empowered structure, where each person has autonomy to take decisions to deliver on his KRAs (Key Result Areas). For example even as we have standardized systems all across, the store heads and category heads operate as mini CEOs, and take their decisions to deliver on profitability at store/ category levels respectively.

Organisation Structure

Our organization is headed by a Managing Director and CEO. While our growth plans will require significant management time, it is important to keep the focus on operations and efficiency. To do justice to the twin objectives of managing growth and managing operations we have put in place a multi tier management system, which shall manage the operations. It comprises periodic review by the following committees.

Working Board

- Concretize business strategy
- Organisation development
- Approve business performance and rolling plans

Operations Review Committee

- Review performance against plan
- Develop countermeasures for any shortfalls
- Project performance for next month
- Resolve any cross functional issues

Executive Committee

- Focus on tactical issues: Drive top line and cost rationalization
- Identification of key Initiatives, implementation plan and review
- Develop and share insights
- Resolve operational cross functional issues

Project Review Committee

- Ensure progress as per plan
- Resolve cross functional Issues
- Capture insights

This is in line with our core value of empowerment and a participative management style.

Performance Management: Appraisal, Rewards and Recognition

The performance culture of our company is driven by its quarterly performance appraisal system. Performance against KRAs is evaluated jointly with the superiors using a three scale performance rating. Thus good performance is rewarded through

- Recognizing employees with outstanding performance
- Performance Linked incentives

Recruitment and Selection

Our management strength is derived from systems and people. Given that we are a growing company we are building on our people strength. It starts with our selection process, where we emphasize on recruiting high quality people with high emphasis on cultural fit. For our backend process we recruit from reputed institutions like NIFT (National Institute of Fashion Technology). We also recruit experienced people from the industry and related industry.

For a new store, we start the recruitment process three months in advance. This allows us to train our front-end staff on various aspects, so that they deliver excellent customer service from day one.

Training

The employee performance flows from strong emphasis on training and development using a combination of in house and external resources. All new frontline employees undergo a comprehensive induction schedule, including training on “Customer Excellence”. It is followed up by on the job training on product knowledge and customer interaction. Additionally, employees are regular attendees at retail summits and seminars like KSA Technopak and International Council of Shopping Centres Inc.

Retention Strategy

With the retail sector in India growing at a rapid rate, the availability of quality skilled manpower is a constraint. Employee retention is critical for us and we attempt to address this issue by:

- Taking care of their growth and aspirations
- Felicitation of employees with long term commitment
- Offering retention bonus to employees
- Offering ESOS to employees to encourage loyalty and performance

5. Retail Information System

One of the most important is the Retail Information System (RIS). RIS analyzes sales, costs, inventory, debt etc and provides the management ratios which cover different aspect of the business. A regular review of the business is essential for efficient operations. Comparisons happen inter-store, inter- company and across the industry.

- Analysing Sales: For any retailer, effective and optimum utilization of retail space is imperative. The sales generated per square ft of retail space are captured on a daily basis at a store level (PSFPD).
- Analysing Margins: Gross Margin (Net Margins) is analyzed against several parameters. GMROF (GMROF) captures Gross Margin on Floor space, GMROI (NMROI) on Inventory, GMROL (NMROL) on labour. We also calculate EBITDA and PBT Margins while analysing the operations.
- Analysing Costs: The different parameters we generate are Rental Cost to Sales, Marketing Cost to Sales and SG&A Costs to Sales.
- Analyzing Net Margins: Gross Margin is analyzed against several parameters. GMROF captures Gross Margin on Floor space, GMROI on Inventory, GMROL on labour and GMROTI on total investments on inventory and space.
- Analysing Asset productivity: The key parameters to be analyzed are Capital Turnover Ratio and the Stock Turnover Ratios or Inventory Holding Ratio. The latter is significant as the investment in inventory is significant and hence a lower stock turnover ratio signifies better inventory management.

Property

The table below presents details of the property that we own/ use:

| Location | Built up Area (sq. ft.) | Nature of agreement | Counter party and Address | Date of agreement | Tenure |
|--|-------------------------|----------------------|---|-------------------|----------|
| Mumbai Megastore and TruMart Haji Ali, Mumbai | 33,000 | Conducting agreement | Piramal Holdings Limited Crossroads 28, Pt. M M Malaviya Marg Tardeo, Mumbai | March 28, 2005 | 5 years |
| Pune Megastore and TruMart Pune Camp | 45,500 | Conducting agreement | M/S Ramesh Builders Dheeraj Chambers 9, Hazarimal Somani Marg Mumbai - 400 001 | March 12, 2001 | 6 years |
| Nagpur Megastore and TruMart Dharampet | 40,800 | Conducting agreement | M/S Citi Centre 233, WHC Road, Nagpur | June 26, 2003 | 15 years |
| Ahmedabad Megastore, including our TruMart store therein | 68,000 | Sale Deed | M/s Soumya Constructions Pvt Ltd, Ahmedabad | April 11, 2005 | NA |
| Ludhiana Megastore | 50,000 | Lease Deed | M/s Ansal Township & Project Limited 1202 Antriksh Bhawan 22, GK G Marg, Delhi 01 | Dec 4, 2004 | 5 yrs |

| Location | Built up Area (sq. ft.) | Nature of agreement | Counter party and Address | Date of agreement | Tenure |
|--------------------------------------|-------------------------|-----------------------------------|---|-------------------|---------|
| TruMart, Kalyani Nagar, Pune | 7,600 | Conducting agreement | Hermes Developers 9, Hajarimal Somani Marg Mumbai - 400 001 | January 29, 2004 | 9 years |
| TruMart, Bhandarkar Road, Pune | 4,800 | Leave and Licence agreement | M/S Shree Associates Shop No. 01, Plot No. 02 Gananjay Society Gandhi Bhavan Road Kothrud, Pune - 411 038 | January 14, 2005 | 3 years |
| TruMart, Thane | 10,600 | Leave and Licence agreement | Hiranandani Properties Pvt. Ltd., Olympia Central Avenue, Hiranadani Business Park Powai, Mumbai - 400 076 | April 6, 2005 | 3 years |
| TruMart, Kondhwa, Pune | 7,800 | Business Conducting | Konark Puram Kondhwa Road, Pune 48 | 21st July, 2005 | 9 years |
| TruMart, Kandivali | 8,600 | Leave and Licence agreement | Vasudev C. Wadhwa Construction Vasukamal 424 -A, 14th Road Bandra West Mumbai - 400 050 | April 16, 2005 | 3 years |
| Bhiwandi DC | 12,250 | Leave and Licence agreement | M/S Chamunda Developers Chamunda Commercial Complex, Old Agra Road Near Kasheli Bridge Village - Kasheli Bhiwandi, Thane | January 25, 2005 | 3 years |
| Delhi DC | 5,000 | Warehouse Services Agreement | M/s Jeena & Company E5/B1 Mohan Coop Badarpur, New Delhi-44 | August 29, 2005 | 3 years |
| Corporate Office, Khatau House Mahim | 3,700 | Leave and Licence agreement | Indokem Ltd. Khatau Housem Mogul Lane Mahim, Mumbai - 400 016 | July 18, 2005 | 1 year |
| Office premises, Victor House Mumbai | 5,000 | Business Service Centre Agreement | Tathatsu Investment & Leasing Pvt. Ltd. P.O. Nag Nagar, Dhaiya Dhanbad Bihar - 826 004 | October 15, 2003 | 3 years |
| Office premises, Worli, Mumbai | 5,230 | Business Centre Agreement | Mr. Chetan Amichand Shah and Ms. Sheela Chetan Shah 19, A Sterling Apartment Pedder Road Mumbai - 400 026 | June 1, 2005 | 2 years |
| Office premises, Lower Parel, Mumbai | 49,285 | Indenture Deed | Mrs. Mridula S. Adharyu and others and PRMPL (Deed of Rectification dated June 17, 2005 to declare Piramyd Retail Limited as the purchaser of the property in place of PRMPL, as was stated in the Indenture Deed) | June 9, 2005 | NA |

Industry Regulations and Policies

The Government of India has over the years formulated various legislations, which apply to companies engaged in the business of retail and establishing retail stores in India.

Trade Regulations

Under the provisions of various Central Government and State Government statutes / legislation each of our department stores are required to obtain and regularly renew certain licenses/ registrations and / or permissions required statutorily to operate our department stores.

Our Company currently has three department stores and six super markets situated in various cities in India and therefore are regulated by legislation enacted by various State Governments.

Pursuant to the applicable laws in force in various states in India in which our department stores and super markets are situated each of our department stores and super markets require material registrations / licenses/ consents / permissions under the statutes listed out below. The statutes/ legislation list set out below is by way of illustration and is not exhaustive.

- Applicable state shops and establishment legislations
- Applicable state municipal legislations
- Contract Labour (Regulation & Abolition) Act, 1970
- Standards of Weights and Measures Act, 1976
- Prevention of Food Adulteration Act, 1954
- Copyright Act, 1957
- Provident Fund and Miscellaneous Provisions Act, 1952
- Insecticides Act, 1968
- Various other statutes.

Our stores also require a licence for live musical performance and for playing music in our stores under the provisions of the Copyright Act, 1957. Our brand names are also required to be registered under the Trademarks Act 1999. In addition to the above our Company is also required to comply with the provisions of the Companies Act, the Foreign Exchange Management Act 1999, the Income Tax Act 1961, Employees Provident Fund and Miscellaneous Provisions Act, 1952, Employees State Insurance Act, 1948, various sales tax and customs and excise related legislations, state government legislations, to the extent applicable, and the rules issued from time to time there under to the extent applicable.

Our company engages for each of our stores the services of various contractors who in turn employ contract labour who provide inter alia gift wrapping, security, house-keeping, maintenance, alteration, valet services at various department stores of our company. Hence our company is also regulated by the provisions of the Contract Labour (Regulation & Abolition) Act, 1970 and other state government legislations to the extent applicable.

For details of the above-mentioned licenses/registrations see the section titled 'Government Approvals' in this Prospectus.

Foreign Investment Regulations

The Government of India formulated an industrial policy was formulated in 1991 ("Industrial Policy 1991") in order to implement its policy of economic reforms. The Government of India has since amended the Industrial Policy 1991 from time to time in order to enable foreign direct investment in various sectors of the Indian industry in a phased manner, gradually allowing higher levels of foreign participation in Indian companies. However, as per the current Central Government policy on foreign direct investment, foreign direct investment is not permitted in Indian companies carrying on business in the Indian retail trading sector.

Fiscal Regulations

In accordance with the provisions of the Income Tax Act, 1961 any income earned by way of profits by a company incorporated in India is subject to tax levied on it in accordance with the tax rate declared as part of the annual budget passed by Parliament.

Our company is eligible for certain benefits available under the Income Tax Act, 1961. For details of the tax benefits see 'Statement of Tax Benefits' on page 22 of this Prospectus.



Value Added Tax

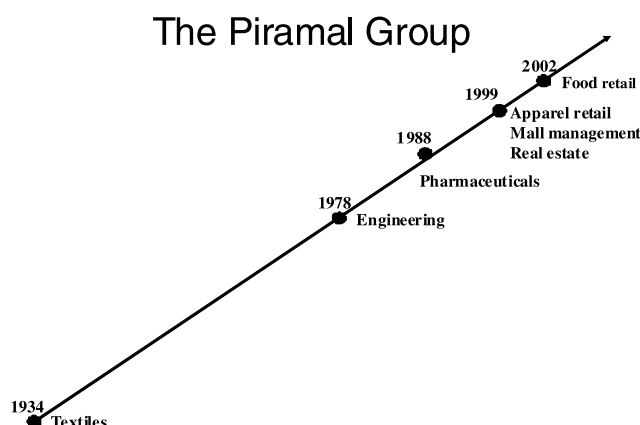
In terms of the policies enumerated in the Central Government budget for the current fiscal year implementation of VAT is scheduled to be completed within this fiscal year. VAT levy will be administered by the Value Added Tax Act and the rules made thereunder. It will replace the present levy of sales tax. Under the current single-point system of tax levy, the manufacturer or importer of goods into a State is liable to sales tax. There is no sales tax on the further distribution channel. VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax.

History and Corporate Structure

Background

We are a part of the Piramal group. With a turnover of about Rs.30 billion, FY2005, the Piramal group is amongst the leading business houses in the country. The Group has a presence in diverse sectors spanning across Pharmaceuticals, Textiles, Real Estate, Engineering, Family Entertainment and Retail with manufacturing operations in 19 locations across five states and employing over 18,000 people.

The chart below is a snapshot of the evolution and growth of the Piramal group.



Group Vision

The Group's vision is defined by the following statement:

'All our businesses to be amongst the top 3 in their respective sectors'

The above statement motivates and drives all the Group companies. The Group's history is illustrative of its inherent ability to turn around businesses, with a strong appetite for inorganic growth. The Group has a presence in a number of sunrise industries, which are poised for growth. The Group is helped by its core set of values which is the basic tenets on which it runs its activities. It lays great emphasis on Integrity and Commitment and follows a policy of Empowerment and an Open door culture.

The industry segments in which the Group is present and major Group companies within each segment are mentioned below:

Realty

The Group's real estate development business, currently operated under Morarjee Realty Ltd. and Piramal Holdings Ltd., is among the leading real estate developers in Mumbai.

- Piramal Holdings Ltd. (PHL)

Crossroads located at Haji Ali, Mumbai was launched in September 1999. It is the first mall in the country to incorporate global standards in terms of retail management, technology and design. The mall houses some of the most premium international brands like Marks & Spencers, Mango, Morgan, Ermenigildo Zegna, Bose, Tag Heuer and some of the leading domestic brands like Planet Fashion, Color Plus, Arrow, Zodiac and Ritu Kumar. In 2004, the Group launched its second shopping mall called 'CR 2' at Nariman Point in Mumbai. In addition to shopping and dining options, CR2 has a five screen multiplex and is spread over an area of 80,000 square feet.

- Morarjee Realty Ltd.

It is a vertically integrated business, with expertise in Project Management, Development Consultancy, Marketing and Facility Management. It has developed over 5.1 million square feet of space in Mumbai with another 4.4 million square feet on the anvil across segments under the following brands:

- Office complexes under the Peninsula brand and
- Residential complexes under the Ashok brand.

Textiles

- Morarjee Textiles, popularly known as Morarjee Mills, was established in 1871 and is one of the oldest textile units in the country today. With two manufacturing units in Nagpur, it produces a wide spectrum of fabrics including cotton, polyester and blended fabrics, and works with brands and shirt makers in over 25 countries.
- Integra Apparels & Textiles Pvt. Ltd, the garment manufacturing subsidiary of Morarjee Textiles Ltd., counts major brands such as Tommy Hilfiger and Esprit among its customers.

Family Entertainment

The concept of a Family Entertainment Centre was redefined for the Indian consumer when Jammin was launched in September 1999 at Crossroads with about 130 games including Video Games, Redemption Games, Kiddie Rides, Bumper Cars and Virtual Reality Games, for both kids and adults. A second Entertainment Centre of Jammin was launched within Mumbai in January 2004.

Pharmaceuticals and Healthcare

- Nicholas Piramal India Ltd (NPIL) is one of the leading pharmaceutical company in India NPIL has registered dramatic growth over the last 15 years through a string of acquisitions that include the Indian subsidiaries of multi national corporations like Roche, Boehringer Mannheim, Rhone Poulenc, Hoechst Marion Roussel (Research Division) and the pharmaceutical division of ICI Indian Ltd.
- In the healthcare sector, the group runs a multi-specialization and full service hospital - Gopikrishna Piramal Memorial Hospital.

Engineering

- PMP Auto Components, manufacturing auto ancillaries, has plants in Mumbai and Satara. It serves the OEM (Original Equipment Manufacturers), exports and replacement markets.
- GP Electronics Ltd produces hard ferrites, with applications in automobiles and consumer electronics, supported by 'best-in-the-world' technology from TDK, Japan.
- Miranda Tools specializes in cutting tools and won export excellence awards for FY2002 and FY2003.

Retail

In 1999, the group ventured into the retail business space. The retail business of the group is owned and operated by Piramyd Retail Ltd in two broad segments viz. Lifestyle retail and Food, Home and Personal Care (FHPC) retail.

Lifestyle retail Business

History and Major Events

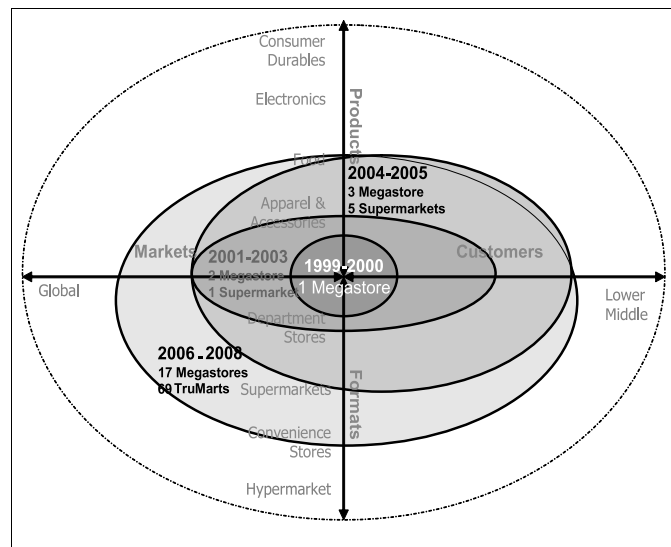
In October 1998, Piramal Enterprises engaged the services of McKinsey & Co. and the retail consulting firm, KSA Technopak, to assist in formulating a framework for understanding the retail business. The outcome of this exercise was an entry strategy aimed at building a successful model with sustained profitability and growth. At that time, there were few established players in organized retail and the share of organized retail was below 1% of the total retail market

The following four steps were identified in the study in the process of achieving the long-term goals:

1. Initialization (Learning Phase)
2. Develop a profitable, sustainable and scalable business model
3. Test the business model for commercial viability (Testing Phase)
4. Replicate the business model (Growth Phase)

It takes at least two to four years to move a business from stage 1 to stage 4. The chart below reflects the evolution of the retail business of the group.

Chart : Evolution of the retail business



1. Initialization (1999 – 2000)

In 1999, the group launched the first internationally styled mall in India, Crossroads, at Mumbai and Piramyd entered as the anchor tenant.

The initial experience led to the following learning:

- Focus on cost of operations
- Accurate demand forecast to optimize inventory levels and control markdowns
- Reduce the gaps in product offering
- A Direct Marketing and Customer Loyalty Program to improve sales.
- Supermarket (Food and Grocery Retail) as a part of the overall proposition to increase the frequency of visits of the customer,
- International Sourcing (from Italy and Sri Lanka) in the Women’s Wear and Home Categories not economically viable due to lack of critical mass.

2. Develop a profitable, sustainable and scalable business model (2001 – 2003)

In March 2001 an existing Department Store in Pune with a total area of 42,000 sq. ft. was taken over. Piramyd Megastore, Pune had a much larger store space and it was decided to increase the product offerings. Concessionaires were identified for Jewellery & Watches, Optical Wear and Sunglasses, Ladies Footwear, Customised Tailoring & Designer Wear. This provided the width and depth of a specialty store and provided a seamless shopping experience to the customer. Several additional steps were undertaken to fine tune the business model based on the key learning:

- Tie-ups with concessionaires for Sports Apparel and Footwear (Planet Sports, Indonesia), Perfumes and Cosmetics (Mado Parfum, France).
- Launch of a Customer Loyalty Program called Piramyd Power Club
- Launch of the first supermarket as a part of the overall proposition of Piramyd Megastore.
- Introduction of merchandise on “Consignment” basis, strengthening of the MIS system, introduction of the concept of Category Management at the back-end

3. Test the business model for commercial viability (2004 – 2005)

The Nagpur Megastore was launched in FY2004. The first three FHPC stores were a part of the Megastores and recognising the success of this venture, the group launched two standalone supermarket stores in Pune.



4. Replicate the Business Model (2006 – 2008)

We launched our lifestyle retail Megastores at Ahmedabad on July 1, 2005 and Ludhiana on October 4, 2005. We have identified properties in Pune, Mumbai, Ludhiana and Delhi for our expansion; and propose to have a total of 17 Megastores and 69 TruMart stores by 2008.

The history of the retail business shows the ability of the management to develop the business model in the light of the learning from operations and the opportunities in the market place. In the future too, if the management is convinced about certain opportunities, we would not hesitate to explore the same.

Piramyd Retail Ltd.

The apparel business launched in 1999 was a part of Piramyd Retail and Merchandising Pvt. Ltd. (PRMPL). The FHPC retail business was housed under Crossroads Shoppertainment Pvt. Ltd. (CSPL). As the apparel and food businesses individually reached a critical mass, the management felt that there were distinct synergies in the two businesses.

- Present both lifestyle retail and FHPC options to a customer together since lifestyle retailing and FHPC retail command a significant wallet share of a typical consumer.
- Sharing of systems and best practices in inventory management and supply chain management
- A common business development team handling the tasks of market research, site selection, negotiation and legal documentation
- A common IT platform for Merchandise Management and CRM
- Sharing of HR management system and resources including recruitment, training & development (albeit with specialized training programs based on the requirements of the two businesses) and performance management
- Sharing of corporate management resources

The merging of the two businesses is also reflective of our strategy of rolling out full line department stores with the FHPC complement, thus physically merging and co-locating the two formats for customer convenience.

Transfer of Business to PRL

Piramyd Retail Ltd. (PRL) commenced operations on March 28, 2005. PRL acquired the lifestyle retail business of PRMPL and the food retail business of CSPL. For this purpose, we entered into business transfer agreements with PRMPL and CSPL, the salient features of which are mentioned below. The food retail business is being aggregated into an umbrella brand called TruMart which would have a chain of supermarkets and convenience stores.

1. The following are the salient features of the transfer of business from CSPL to PRL:

We have executed a business transfer agreement dated April 1, 2005 with Crossroads Shoppertainment Pvt. Ltd. ("Crossroads"). Under this agreement Crossroads agreed to transfer its retail business to us as on April 1, 2005, subject to the satisfaction of certain conditions precedent. Under this Agreement, the Company has agreed to acquire the retail business of Crossroads on "as is where is basis", as a going concern, for a lump sum consideration equivalent to the net current asset of Crossroads as on March 31, 2005, subject to the satisfaction of certain conditions precedent. As per the audited accounts of Crossroads as on April 1, 2005 the consideration payable by us to Crossroads was a sum of Rs. 23.46 mn. The Company has, as of date, paid Crossroads the entire purchase consideration of Rs. 23.46 mn. The assets of the Crossroad's retail business have been transferred by way of physical delivery to the Company.

The retail business of Crossroads which was transferred to the Company includes the fixed assets and all the movable assets in relation to the retail business such as all stocks, cash balances with banks, customer data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other rights and interest in Crossroads' retail business. Further, Crossroads also transferred all liabilities and obligations relating to the retail business as on March 31, 2005 such as its secured and unsecured debts (whether in Indian rupees or foreign currency), contingent liabilities, litigations and arbitral and other proceedings duties, undertakings in respect of Crossroads' retail business.

2. The following are the salient features of the transfer of business from PRMPL to PRL:

The Company has executed a business transfer agreement dated March 25, 2005 with Piramyd Retail and Merchandising Pvt. Ltd. ("PRMPL"). Under this agreement PRMPL agreed to transfer its retail business to the Company as on March 28, 2005, subject to the satisfaction of certain conditions precedent. Under the agreement the consideration for the transfer of PRMPL's retail business is the difference between the value of the assets and liabilities of the retail business of PRMPL as on March 28, 2005. As per the audited accounts of PRMPL as on March 31, 2005 the consideration payable by the Company to PRMPL was a sum of Rs. 180.3 mn. The Company has, as of date, paid PRMPL the entire purchase consideration of Rs. 180.3 mn. The assets of the PRMPL's retail business have been transferred by way of physical delivery to the Company.

The retail business of PRMPL which was transferred to the Company includes all assets and properties except the fixed assets of the retail business, including but without being limited to deposits all stocks cash balances with banks cash balances with banks, customer data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other rights and interest in PRMPL's retail business. Further, PRMPL also transferred all liabilities and obligations relating to the retail business as on March 28, 2005 such as its secured and unsecured debts (whether in Indian rupees or foreign currency), contingent liabilities, litigations and arbitral and other proceedings duties, undertakings in respect of PRMPL's retail business.

Our Main Objects

The main objects of the company are:

To acquire, set up, establish, maintain, run, operate and manage business centre, departmental stores, super markets, shopping malls, speciality stores, shopping outlets, and for the purpose to give on lease or hire, to deal in, trade, import, export, market, distribute, process, pack, re-pack, move, preserve, produce, repair, wholesale, retail, exchange, stock, supply, indent or otherwise to act as agents, sub-agents, wholesalers, retailers, representatives, commissions agents, franchisers and dealers of all commercial, industrial, scientific, household, domestic, forest and food products and services, consumer goods, consumer durables and other consumer's necessities or every kind, make and sorts, whatsoever, including cosmetic, pharmaceuticals, automobile, plants, machineries, equipments, apparatus, gadgets, appliances, computer hardware, computer parts, softwares, components, communication equipments, petroleum products, steel, accessories, spare parts, tea, coffee and refreshment rooms, cafe, ice cream parlors, video parlors, jute, textiles, linens, furnishing fabrics and fabrics of all kinds, readymade garments and clothing, lingerie, hosiery, leather, rubber and plastic products, footwear's, glass wares, enamel wares, earthenware, porcelain wares, handicrafts, antiques, accessories, home decor items, furniture, personal care products, metals, cookeries, precious and semi precious stones, jewellery, paper and paper products, perfumery, engineering goods, electrical & electronic goods and all other types of general goods, consumables, materials, accessories, commodities and equipment or any other general merchandise or services of every nature, types and description on ready or forward basis.

We do not have any subsidiaries.

Shareholder agreements

We are not aware of any subsisting shareholder agreements.

Other agreements

We have entered into an agreement with Bennett, Coleman and Co. Ltd. on August 30, 2005 to make advertisements in the print and non-print media for three years for a consideration of Rs. 108 mn.

Strategic partners

NIL

Financial partners

NIL

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to the Memorandum of Association:

| Date of Shareholder Approval | Reason for Change |
|-------------------------------------|--|
| June 13, 2005 | Increase in Authorised Capital from Rs. 10 mn to Rs. 200 mn |
| July 8, 2005 | Increase in Authorised Capital from Rs. 200 mn to Rs. 210 mn |

Raising of Equity

For details of raising of equity, please refer to "Capital Structure – Notes to Capital Structure" on page 10 of the Prospectus.

Raising of Debt

Launch of Ahmedabad Store

In the year 2005, our Company availed an ICD of Rs. 300 mn from HDFC and bridge loan of Rs. 300 Mn. from Ashok Cutting Tools Limited (to be repaid from Issue proceeds) for the purpose purchase of premises for the Ahmedabad store.

Management

Board of Directors

Under our Constitutional Documents we can have a maximum of 12 Directors. We currently have 9 Directors on our Board of Directors.

The following table sets forth details regarding our Board of Directors:

| Details | Age (years) | Other directorships | Term | Date of Appointment |
|--|-------------|--|--------------|---------------------|
| <p>Name: Ms. Urvi A. Piramal Designation: Chairperson Husband's name: Late Ashok G. Piramal Address: Piramal House 61, Pochkanwala Road Worli, Mumbai 400016 Occupation: Industrialist Nationality: Indian</p> | 52 | <p>Alltime Mercantile Co. Pvt. Ltd Charlie Capital Services Ltd Cinline Trading Company Pvt. Ltd Cityline Constructions Pvt. Ltd. Crossroad Shoppertainment Pvt. Ltd G P Electronics Ltd. Goldlife Mercantile Co. Pvt. Ltd Goldflag Mercantile Co. Pvt. Ltd Gujarat Glass Pvt. Ltd Highzone Mercantile Co, Pvt. Ltd Maxplaza Trading Co. Pvt. Ltd Morarjee Realities Ltd. Morarjee Textiles Ltd. Newone Trading Co. Pvt. Ltd Newzone Mercantil Co. Pvt. Ltd Nicholas Piramal India Ltd Oneline Mercantile Co. Pvt. Ltd Onestar Mercantile Co. Pvt. Ltd Onestar Trading Co. Pvt. Ltd Oneup Mercantile Co. Pvt. Ltd Peninsula IT Parks Pvt. Ltd Piramal Holdings Ltd. Piramal Polymers Ltd. Piramyd Retail and Merchandising Pvt. Ltd PMP Components Pvt. Ltd Sea star Trading Co. Pvt. Ltd Super Plaza Mercantile Co. Pvt. Ltd Supersoft Mercantil Co. Pvt. Ltd Supersoft Trading Co. Pvt. Ltd Surewin Trading Co. Pvt. Ltd Thundercloud Technologies India Pvt. Ltd Top Flag Trading Co. Pvt. Ltd Toptech Mercantile Co. Pvt. Ltd Topwave Mercantile Co. Pvt. Ltd Topzone Mercantile Co. Pvt. Ltd Urvi Chemicals & Allied Industries Ltd. Wetall Investment Pvt. Ltd</p> | Non Retiring | 18 March, 2005 |
| <p>Name: Mr. Nandan A. Piramal Designation: Vice Chairman Father's name: Late Ashok G. Piramal Address: Piramal House 61, Pochkanwala Road Worli, Mumbai 400016 Occupation: Industrialist Nationality: Indian</p> | 25 | <p>Alltime Mercantile Co. Pvt. Ltd Goldlife Mercantile Co. Pvt. Ltd Goldspot Mercantile Co. Pvt. Ltd. Maxplaza Trading Co. Pvt. Ltd. Newone Trading Co. Pvt. Ltd Oneline Mercantile Co. Pvt. Ltd Onestar Mercantile Co. Pvt. Ltd Onestar Trading Co. Pvt. Ltd Oneup Mercantile Co. Pvt. Ltd Sea star Trading Co. Pvt. Ltd</p> | Retiring | March 19, 2005 |

| Details | Age (years) | Other directorships | Term | Date of Appointment |
|--|-------------|--|----------|---------------------|
| <p>Name: Mr. K. N. Iyer Designation: Managing Director and CEO Father's name: Mr. Narayan Iyer Address : 92A, Twin Towers, V. S. Marg, Prabhadevi, Mumbai – 400016 Occupation: Business Executive Nationality: Indian</p> | 47 | <p>Supersoft Trading Co. Pvt. Ltd Surewin Trading Co. Pvt. Ltd Toptech Mercantile Co. Pvt. Ltd Topzone Mercantile Co. Pvt. Ltd Truetime Mercantile Co. Pvt. Ltd. Winstar Mercantile Co. Pvt. Ltd.</p> <p>Piramyd Retail and Merchandising Pvt. Ltd Windsor Finvest Pvt. Ltd.</p> | Retiring | March 18, 2005 |
| <p>Name: Mr. Jaydev Mody Designation: Director Father's name: Mr. Mukund Mody Address: 27, West Hill, Napean Sea Rd Mumbai – 400036 Designation: Industrialist Nationality: Indian</p> | 50 | <p>Aarti Management Consultancy Pvt. Ltd. Aditi Management Consultancy Pvt. Ltd. Alibaug Farming & Agriculture Co. Pvt. Ltd. Alltime Mercantile Co. Pvt. Ltd. Amtrac Management Services Pvt. Ltd. Anjoss Trading Pvt. Ltd. Arrow Webtex Ltd. Bombay Motors & Radios Pvt. Ltd. Cityline Construction Pvt. Ltd. Cromwell Tools (India) Pvt. Ltd. Crossroads Shoppertainment Pvt. Ltd. Fresca Fine Dining Pvt. Ltd. Highland Resorts Pvt. Ltd. Inter-Trade Mercantile Co. Pvt. Ltd. Jammin Recreation Ltd. L & T Crossroads Pvt. Ltd. Morarjee Realities Ltd. Newone Trading Co. Pvt. Ltd. Online Mercantile Co. Pvt. Ltd. Peninsula Facility Management Services Pvt. Ltd. Piramal Holdings Ltd. Piramyd Retail and Merchandising Pvt. Ltd. Surewin Trading Co. Pvt. Ltd. Topzone Mercantile Co. Pvt. Ltd. West Star Elastomers Pvt. Ltd.</p> | Retiring | March 28, 2005 |
| <p>Name: Mr. Harshvardhan A. Piramal Desination: Director Father's name: Late Ashok G. Piramal Address: C-3, Seaface Park 50, Bhulabhai Desai Rd, Mumbai-400026 Occupation: Industrialist Nationality: Indian</p> | 32 | <p>BMK Laboratories Pvt. Ltd Crossroad Shoppertainment Pvt. Ltd Esecure Solutions India Pvt. Ltd. Fresca Fine Dinning Pvt. Ltd. Genequest India Pvt. Ltd. Goldlife Mercantile Co. Pvt. Ltd. Goldspot Mercantile Co. Pvt. Ltd. Maxplaza Trading Co. Pvt. Ltd Millenium Broad Cast Company Pvt. Ltd.</p> | Retiring | March 28, 2005 |

| Details | Age (years) | Other directorships | Term | Date of Appointment |
|---|-------------|---|----------|---------------------|
| <p>Name: Mr. Rajeev A. Piramal Designation: Director Father's name: Late Ashok G. Piramal Address: Piramal House 61, Pochkanwala Road Worli, Mumbai 400016 Occupation: Industrialist Nationality: Indian</p> | 29 | <p>Morarjee Textile Ltd (Formerly Morarjee Brembana Ltd) Nicholas Piramal India Ltd NPIL - Dr. Phadke Path Laboratories & Infertility Centre Pvt. Ltd NPIL - Dr. Golwilkar Laboratories Pvt. Ltd NPIL - Laboratory & Diagnostics Pvt. Ltd NPIL Path Labs Pvt. Ltd. Onestar Mercantile Co. Pvt. Ltd Onestar Trading Co. Pvt. Ltd Oneup Mercantile Co. Pvt. Ltd Peninsula Facility Management Services Pvt. Ltd Piramal Holdings Ltd Sea star Trading Co. Pvt. Ltd Super Plaza Mercantile Co. Pvt. Ltd Supersoft Mercantil Co. Pvt. Ltd Supersoft Trading Co. Pvt. Ltd Thundercloud Technologies India Pvt. Ltd Top Flag Trading Co. Pvt. Ltd Toptech Mercantile Co. Pvt. Ltd Topwave Mercantile Co. Pvt. Ltd Topzone Mercantile Co. Pvt. Ltd Truetime Mercantile Co. Pvt. Ltd. Wetall Investment Pvt. Ltd Winstar Mercantile Co. Pvt. Ltd.</p> <p>Artemis Investments Pvt. Ltd. Bacchus Investments Pvt. Ltd. Blazon Investments Pvt. Ltd. Carry-on Investments Pvt. Ltd. Cinline Trading Co, Pvt. Ltd Goldflag Mercantile Co. Pvt. Ltd Goldlife Mercantile Co. Pvt. Ltd Goldspot Mercantile Co. Pvt. Ltd. Highzone Mercantile Co. Pvt. Ltd Jammin Recreation Ltd Lucre Investments Pvt. Ltd. Maxplaza Trading Co. Pvt. Ltd. Melody Investments Pvt. Ltd. Morarjee Realities Ltd. Nebula Investments Pvt. Ltd. Newzone Mercantil Co. Pvt. Ltd Nirvana Investments Pvt. Ltd. One-up Mercantile Co. Pvt. Ltd. Onestar Trading Co. Pvt. Ltd. Onestar Mercantile Co. Pvt. Ltd. Pacific Piramal International Pvt. Ltd PMP Components Pvt. Ltd Renato Finance & Investment Pvt. Ltd Seastar Trading Co. Pvt. Ltd. Supersoft Trading Co. Pvt. Ltd. Swift Investments Pvt. Ltd.</p> | Retiring | March 28, 2005 |

| Details | Age (years) | Other directorships | Term | Date of Appointment |
|---|-------------|--|----------|---------------------|
| <p>Name: Mr. Arvind K. Singhal Designation: Independent Director Father's name: Mr. Rajendra Kumar Address: 3, Padmini Enclave Hauz Khas, New Delhi - 110 016 Occupation: Business Executive Nationality: Indian</p> | 46 | <p>Toptech Mercantile Co. Pvt. Ltd. Topzone Mercantile Co. Pvt. Ltd. Truetime Mercantile Co. Pvt. Ltd. Urvi Chemicals & Allied Industries Ltd. Winstar Mercantile Co. Pvt. Ltd.</p> <p>KSA Technopak India Pvt. Ltd S & A Fashions Pvt. Ltd TCNS Clothing Co. Pvt. Ltd</p> | Retiring | May 16, 2005 |
| <p>Name: Mr. Homi Aibara Designation: Independent Director Father's name: Late Mr. Sorab Burjor Aibara Address: Nepean Terrace, 25, Nepean Sea Road Malabar Hill Mumbai – 400 036 Occupation: Management Consultant Nationality: Indian</p> | 52 | <p>Arcom Electronics Pvt. Ltd. Boot Exports (Bombay) Pvt. Ltd. Goldshield Services Pvt. Ltd. Integrated Caps Pvt. Ltd. Mahajan & Aibara Consultants Pvt. Ltd. Radhakrishna Foodland Pvt Ltd Shrashti Properties Services Pvt. Ltd.</p> | Retiring | May 16, 2005 |
| <p>Name: Mr. Berjis Desai Designation: Independent Director Father's name: Mr. Minoos Desai Address: Yezerina II, 740/741 Dadar Parsi Colony Dadar, Mumbai – 400 014 Occupation: Solicitor Nationality: Indian</p> | 49 | <p>Adlabs Films Ltd Agribuys.Com India Pvt. Ltd Business Asia Consulting Pvt. Ltd. Capricorn Agrifarms & Developers Pvt. Ltd. Capricorn Castle Pvt. Ltd. Capricorn Group Pvt. Ltd. Capricorn Lifestyle Pvt. Ltd. Capricorn Plaza Pvt. Ltd Capricorn Residency Pvt. Ltd. Cashtech Solutions India Pvt. Ltd. Chanhill Studfarm Pvt. Ltd. Centrum Finance Ltd Centrum Fiscal Pvt. Ltd. Emcure Pharmaceuticals Ltd. Ferrari Express India Pvt. Ltd. Isagro (Asia) Agrochemicals Pvt. Ltd. Jakari Express Pvt. Ltd. Jakari Holdings Pvt. Ltd. Onward Technologies Ltd Praj Industries Ltd. Seafreight Pvt. Ltd. Sterlite Industries India Ltd. Vadhvan Port Pvt. Ltd. Watson Wyatt India Pvt. Ltd. 3D PLM Software Solutions Ltd.</p> | Retiring | May 16, 2005 |

The following are the family relationships between the persons on our Board of Directors

- Ms. Urvi A. Piramal is the mother of Mr. Harshvardhan A. Piramal, Mr. Rajeev A. Piramal and Mr. Nandan A. Piramal
- Ms. Urvi A. Piramal is the sister of Mr. Jaydev Mody



Brief Biographies of our Directors

Ms. Urvi A. Piramal – Chairperson

For details on Ms. Piramal, please refer to the section on Our Promoter on page 78 of this Prospectus.

Mr. Nandan A. Piramal – Vice Chairman

For details on Mr. Piramal, please refer to the section on Key Management Personnel on page 74 of this Prospectus.

Mr. K.N. Iyer – Managing Director and CEO

For details on Mr. Iyer, please refer to the section on Key Management Personnel on page 75 of this Prospectus.

Mr. Jaydev Mody - Director

Mr. Jaydev Mody, 50 years, is a graduate in Arts from the University of Bombay.

Mr. Mody has more than 20 years of experience in the field of real estate development and has been instrumental in building and developing Crossroads, the first shopping mall of international standards in India.

Mr. Mody is the Chairman of Arrow Webtex Ltd., a Public Limited listed company, involved in the manufacture of narrow woven fabrics and having interests in real estate development and consultancy.

He has also been responsible in developing several large residential complexes, office complexes and retail destinations in and around Mumbai. He is currently involved in the development of Ashok Towers, Ashok Gardens, Peninsula I.T. Park etc.

He is on the Board of ICSC (International Council of Shopping Centres), a body formed with an intention of safeguarding and directing the growth of shopping malls in India and also Member of Indian Association of Amusement Park and Industries.

Mr. Harshvardhan A. Piramal - Director

Mr. Harshvardhan A. Piramal, 32 years, holds a Bachelor of Science, Physics degree from Kings College London and an MBA in Finance and Strategy from London Business School. He began his professional career as an analyst at Indocean Venture Advisors (now JP Morgan Chase). Mr. Piramal has been actively involved in the Piramal group ventures. He is the Director of Morarjee Textiles Ltd. and prior to this, served as the Chief Operating Officer in the division of Allied Pharmaceutical Businesses at Nicholas Piramal Ltd.. He worked at Piramal Enterprises Ltd. where he was involved in project evaluation and implementation. Mr. Piramal has a keen interest in sports activities and has won several accolades in sports such as polo, soccer and equestrian sports. He is the co founder of the Wildlife Conservation Trust.

Mr. Rajeev A. Piramal – Director

Mr. Rajeev A. Piramal, 29 years, is the Director of Morarjee Realities Ltd. and Vice President – Corporate & Strategic Planning for Piramal Holdings Ltd.. He completed his ICSE from Bombay Scottish School, Mumbai and the 'A-level' course from Davies College, United Kingdom. He holds a BBA (Bachelor in Business Administration) from Baldwin Wallace College, Cleveland, USA. He began his career as a management trainee at Nicholas Piramal Ltd. before joining Crossroads where he was responsible for the entire mall operations. He is currently involved in project planning and execution for the real estate business at Piramal Holdings Ltd..

Mr. Arvind Singhal – Independent Director

Mr. Arvind Singhal, 47 years, is the Chairman of KSA Technopak (I) Pvt. Ltd.. He holds a Bachelor of Engineering (Electronics & Communication) from University of Roorkee (now IIT – Roorkee) and an MBA (Finance & Marketing) from University of California, Los Angeles, USA. Prior to establishing KSA Technopak in 1992, Mr. Singhal worked with DCM Data Products, Birla VXL, and Modern Suitings. Mr. Singhal is professionally active at various textile and other consumer goods professional associations and industry forums, and is also a regular contributor to various publications. His experience ranges from areas of overall strategic planning, development of business plans, developing alliances and assistance in planning distribution, branding and retailing in the domestic market and providing overall project implementation related advice and assistance.

Mr. Homi Aibara - Independent Director

Mr. Aibara, 52 years, is the partner, Mahajan & Aibara Consultants Pvt. Ltd. concentrating on Management Consultancy activities. He completed his schooling from The Doon School, Dehradun and holds a Bachelor of Commerce, Calcutta degree. He is also a Chartered Accountant with an F.C.A. (England and Wales) degree. He began his career with Hays

Allan, a firm of Chartered Accountants in London. He has been associated with I.T.C. Ltd. and the Al-Futtaim Group, Dubai before joining the Management Consultancy division of A.F. Ferguson & Co. As a management consultant, Mr. Aibara's areas of specialisation are hospitality, retail, real estate and tourism industries. He has directed over 150 assignments in these sectors for strategy studies, feasibility studies, negotiation of management contracts, tender processes, divestment, acquisition etc.

Mr. Berjis Desai - Independent Director

Mr. Desai, 49 years, graduated from Elphinston College, Mumbai with First Class Honors. He stood first in the University of Mumbai in the First and Third year L.L.B exams and was selected to study law at Cambridge University, England, where he stood first as well. He has been practicing law since 1980. Lately, a founder partner of Udwadia, Udeshi & Berjis, Mr. Desai is the Managing Partner of the firm. Mr. Desai specializes in Mergers and Acquisitions, Derivatives, Corporate and Financial Laws, International Business Laws, International Commercial Arbitration and Offshore Structuring. In addition, he has extensive experience both as an Arbitrator and Counsel, in international commercial as well as domestic arbitrations. Mr. Desai regularly contributes articles on legal and commercial issues to various magazines and journals. He is an associate member of the American Arbitration association, a member of ICC-India and a life member of the Indian Council of Arbitration and the London Court of International Arbitration.

For details of borrowing powers, refer to page 182 of this Prospectus.

Compensation of Managing Directors/Whole time Directors

Mr. K.N. Iyer - Managing Director and CEO

Mr. K.N. Iyer was appointed as Managing Director and CEO of our Company on July 1, 2005 for a period of five years. The details of Mr. Iyer's remuneration are as below:

Salary and Perquisites payable for the period from 1st July 2005 up to 31st March 2006:

- Basic Salary of Rs 385,000 per month
- Reimbursement of Leave Travel Expenses once in a year for self and family (which shall include spouse and dependent children) subject to a limit of Rs 250,000 per annum
- Reimbursement of Medical expenses subject to a limit of Rs 15,000 per annum. The Managing Director shall also be eligible for Insurance Premium for Medical and hospitalization policy for self and family as aforesaid
- Leave and Encashment of Leave at the end of the tenure in accordance with the rules of the Company.
- Personal Accident Insurance cover as per the Company's Service Rules
- Contribution to Provident Fund, Superannuation fund or annuity fund as per the Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961
- Car for use on Company's business and Telephone at Residence, Mobile phones for official use only
- Reimbursement of business promotion, traveling and all other expenses incurred for the business of the Company
- Gratuity on the basis of 15 days' salary for each completed year of service as per the applicable laws and amendments from time to time

Salary and Perquisites payable for the period from 1st April 2005 up to 30th June 2010: The remuneration payable to Managing Director and other perquisites shall be decided by the Board of Directors of the Company subject to the limits laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

Minimum Remuneration

Where in any financial year, the Company has no profit or its profits are inadequate, the Company will pay to the Managing Director Minimum Remuneration as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 as notified from time to time.

Provided further that any excess salary drawn by or paid to him any year of loss or inadequacy of profits shall be refunded by him and for this purpose, the Company shall effect recovery month by month and every month commencing from the month following the month in which the annual accounts disclosing the loss or inadequacy of profits are approved by the Board of Directors in their meeting held pursuant to Section 217 of the Act.

Mr Nandan A. Piramal, Vice Chairman

The details of Mr. Nandan A.Piramal's remuneration are as follows:

Salary and Perquisites payable for the period from 1st July 2005 up to 31st March 2006:

- Basic Salary of Rs 400,000 per month
- Reimbursement of Leave Travel Expenses once in a year for self and family (which shall include spouse and dependent children) subject to a limit of Rs 250,000 per annum
- Reimbursement of Medical expenses subject to a limit of Rs 15,000 per annum. The Managing Director shall also be eligible for Insurance Premium for Medical and hospitalization policy for self and family as aforesaid
- Leave and Encashment of Leave at the end of the tenure in accordance with the rules of the Company
- Personal Accident Insurance cover as per the Company's Service Rules
- Contribution to Provident Fund, Superannuation fund or annuity fund as per the Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961
- Car for use on Company's business and Telephone at Residence, Mobile phones for official use only
- Reimbursement of business promotion, traveling and all other expenses incurred for the business of the Company
- Gratuity on the basis of 15 days' salary for each completed year of service as per the applicable laws and amendments from time to time

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Minimum Remuneration

Where in any financial year, the Company has no profit or its profits are inadequate, the Company will pay to the Managing Director Minimum Remuneration as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 as notified from time to time.

Provided further that any excess salary drawn by or paid to him any year of loss or inadequacy of profits shall be refunded by him and for this purpose, the Company shall effect recovery month by month and every month commencing from the month following the month in which the annual accounts disclosing the loss or inadequacy of profits are approved by the Board of Directors in their meeting held pursuant to Section 217 of the Act.

Expenditure Incurred By the Directors (Excluding the Whole Time Directors)

The expenditure incurred on travelling, lodging and fees paid to the Directors for the period from 18 March 2005 to 30 April 2005 was Rs Nil.

Corporate Governance

The provisions of the listing agreement to be entered into with NSE and BSE, including with respect to corporate governance will be applicable to us immediately upon listing of our equity shares on the stock exchanges and we are in compliance with the provisions of the listing agreements with these stock exchanges especially relating to corporate governance, broad basing of management and setting up necessary committees like the Audit Committee and the Shareholders'/ Investors' Grievance Committee. We have complied with SEBI Guidelines in respect of corporate governance specially with respect to broad basing of the Board, constituting the committees such as shareholding/ investor grievance committee details of which are provided herein below. We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

- Audit Committee;
- Remuneration Committee;
- Share Transfer Committee/ Investor Grievance Committee.

Audit Committee

The audit committee comprises 3 (three) non-executive Directors, namely, Mr. Harshvardhan A. Piramal, Mr. Berjis Desai and Mr. Homi Aibara, who is also the Chairman of the Committee. The Committee was constituted on May 16, 2005. The responsibilities of the audit committee inter alia include the following:

- Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services
- 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 judgement 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
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- 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
- Discussing with internal auditors any significant findings and follow up there on
- 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
- Discussing with external auditors before the audit commences on the nature and scope of audit and after the audit to ascertain any area of concern
- Reviewing the company's financial and risk management policies
- 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
- To monitor the utilisation of funds which is to be raised by this proposed issue of Equity Shares

Share Transfer Committee and Investor Grievance Committee

We have constituted the Share Allotment/Share Transfer/Transmission and Shareholders; Grievance Redressal Committee. The Committee was constituted on May 16, 2005.

The members of the Committee are Mr. K.N. Iyer and Mr. Nandan A.Piramal. The Company Secretary of the Company shall act as the Secretary to the Committee.

The features of the Committee are as follows:

- The Committee shall have powers to approve/authenticate all the Share transfers/transposition/transmission requests received from the Shareholders. However requests for issue of duplicate share certificates shall be passed on to the Board of Directors of the Company.
- The Committee shall resolve all the complaints received from the Investors/Shareholders within 7 days of receipt of the same.
- The Secretary shall place before the Board the status of various complaints received by the Committee in every Board meeting.
- The Committee shall have powers to delegate their powers to any two officers of the Company at their sole discretion.

The Committee shall meet at least once in every quarter of the year.

Remuneration Committee

We constituted the Remuneration Committee at the Board Meeting held on May 16, 2005.

The members of the Committee shall constitute three independent directors. The members of the Committee are Mr. Arvind Singhal, Mr. Homi Aibara and Mr. Berjis Desai. The Company Secretary of the Company shall act as the Secretary to the Committee.

The Committee shall have powers to decide the following:-

- Remuneration payable to the Managing Director/Whole time Directors of the Company
- Sitting fee payable to the Non Executive Directors of the Company
- Remuneration policy of the Company covering policies on remuneration payable to the senior executives of the Company.

The Committee shall meet at least once in every quarter of the year. The quorum for the committee shall be the presence of any two members. The members may chair the meetings on a rotational basis amongst themselves.

Investment Monitoring Committee

For details please refer to page 20 of this Prospectus.

Shareholdings of Directors, including details of qualification shares held by them

| Name of the Director | Face Value (Rs) | Number of Equity Shares |
|-----------------------|-----------------|-------------------------|
| Mr. Nandan A. Piramal | 10 | 1 |
| Mr. Homi Aibara | 10 | 3,000 |

There is no requirement to hold qualification shares by the Directors of the Company.

Interests of Directors

Except as stated in "Related Party Transactions" on page 93 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 the shares allotted to them. Except to the extent of their compensation as mentioned on page 70 and 71 of this Prospectus, and their shareholding or shareholding of companies they may represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

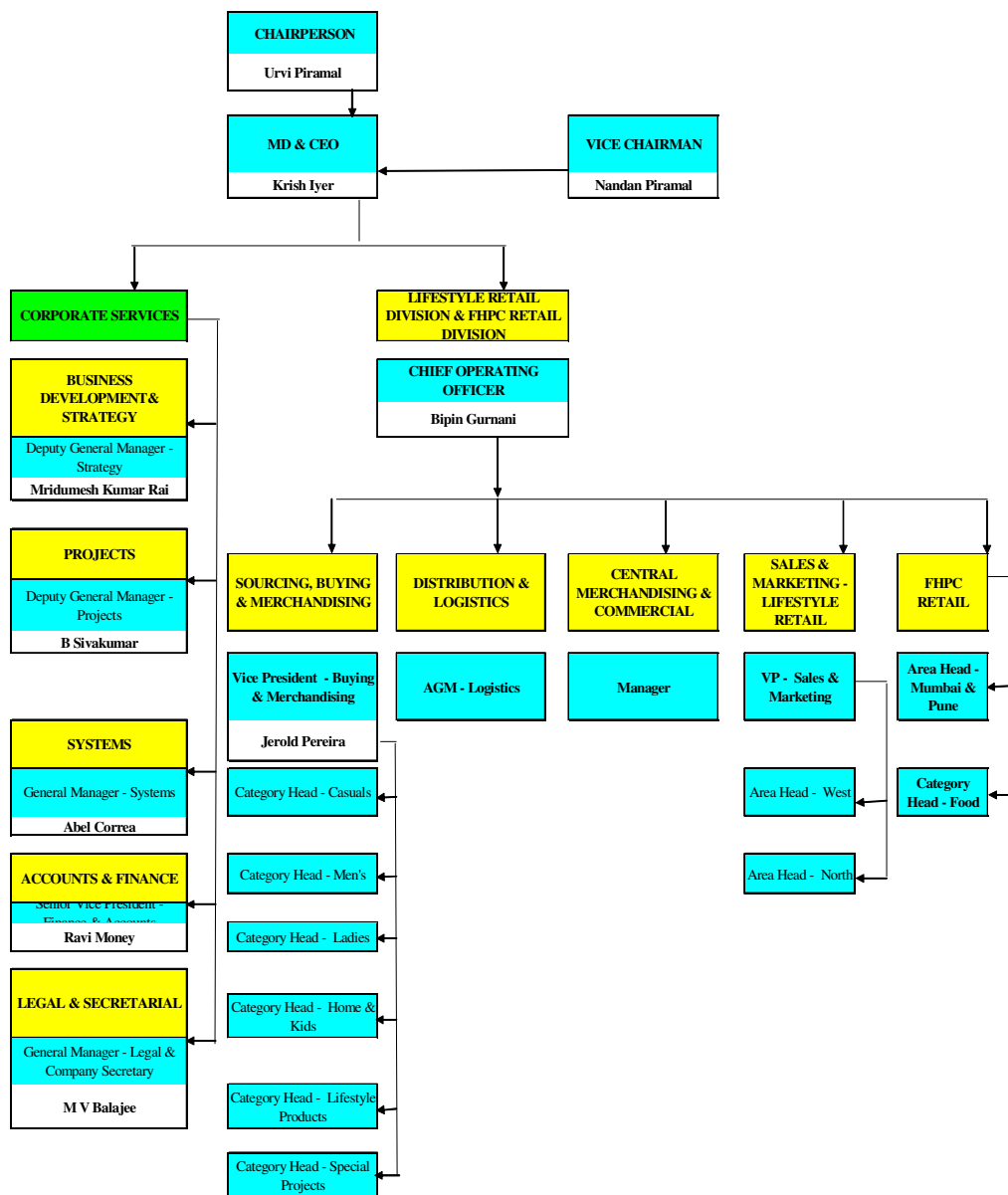
All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

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

Change, if any, in the directors in the last three years

| Name | Date Of Appointment | Reason |
|-----------------------------|---------------------|--------------------------------------|
| Mr. Jaydev Mody | March 28, 2005 | To broad base the Board of Directors |
| Mr. Harshvardhan A. Piramal | March 28, 2005 | To broad base the Board of Directors |
| Mr. Rajeev A. Piramal | March 28, 2005 | To broad base the Board of Directors |
| Mr. Arvind Singhal | May 16, 2005 | To broad base the Board of Directors |
| Mr. Homi Aibara | May 16, 2005 | To broad base the Board of Directors |
| Mr. Berjis Desai | May 16, 2005 | To broad base the Board of Directors |

Management Organizational Structure



Details regarding Key Management Personnel

Mr. Nandan A. Piramal, 25 years, is the Vice Chairman at PRL.

After completing his ICSE from Cathedral John & Cannon School in 1997, Mr. Piramal went on to complete his "A-Level" Course from Seven Oaks School - United Kingdom in 1999 and also completed his BA from University College – London in 2002.

Mr. Piramal began his career with UTV where he undertook the function of Ad Production and was later associated with AZB & Partners for a year.

Mr. Piramal joined the Retail Business Group to take over the lifestyle products section as Category Head and contributed towards the profitability of the Division. After his successful stint as the Category Head, Mr. Piramal went on to assume the



responsibility as Vice Chairman and Executive Director of Piramyd Retail Ltd. His experience in the retail industry is 2 years.

For details on the remuneration of Mr. Nandan A. Piramal, refer to page 71 of this Prospectus.

Mr. K. N. Iyer, MD and CEO

Born in 1957 in Mumbai, Mr K.N. Iyer completed his graduation from Sydenham College of Commerce & Economics affiliated to Mumbai University and post graduation from the Institute of Chartered Accountants of India as well as the Institute of Company Secretaries of India.

Mr Iyer began his career with Asian Paints in finance and has since taken on various roles in functions as diverse as finance, operations and marketing in manufacturing, finance and retail sectors in a career spanning well over two and a half decades.

At present, Mr Iyer is the Managing Director & Chief Executive Officer of Piramyd Retail Ltd., the retail business arm of the Piramal group and comprises lifestyle retail (Piramyd Megastore) and Food, Home & Personal Care Retail (TruMart & TruMart Daily). The group's retail foray has been driven by his acumen and foresight, his having been involved with Piramyd since its inception in 1999.

Mr Iyer is an active speaker and has presented papers on several subjects at various seminars and conferences. Apart from his responsibilities with Piramal Enterprises, Mr Iyer also plays other key roles (listed as follows):

- Director, Governing Board, Retailers Association of India
- Member - Advisory Board, International Council of Shopping Centers – India
- Member – Advisory Board, Indian Retail School, New Delhi
- Member - Advisory Board, Wellingkar School of Retail, Mumbai
- Member – Advisory Board, KCCMS Business School, Mumbai
- Member - Advisory Board, Images
- Member - Sub-Committee on Supply Chain and Internal Trade, Indian Merchants Chamber
- Member – Retailing Committee, 2005 of Federation of Indian Chambers of Commerce & Industry

Mr Iyer's continuing contribution to the retail industry earned him recognition in the form of a nomination for Retail Face of the Year 2004. His experience in the retail industry is 6 years.

For details on the remuneration of Mr. K.N. Iyer, refer to page 70 of this Prospectus.

Mr. Bipin Gurnani, 36 years, is the Chief Operating Officer at PRL.

Mr. Gurnani completed his B.Com from Lucknow University and his Graduate Training Program from Indian Hotels – Taj Mahal Hotel, New Delhi. He also holds a Diploma in Sales and Marketing, a University Diploma in Travel and Tours and an Associate Diploma in Computer Application from Australia.

Mr. Gurnani has 12 years of experience in hospitality and 5 years in retail. Prior to joining Piramyd, he was working with well known hospitality chains around the world namely, Ramada Grand Hotel, Australia, President Park Hotel, The Plaza, Nashik. Moving on, Mr. Gurnani joined Dev's Nirman as General Manager – Operations making his presence felt in the Retail Sector.

Mr. Gurnani joined Piramyd Megastores (PRMPL) in April 2001 as General Manager – Operations. He has been responsible for integrated store operations and is accountable for the overall management, direction and coordination of all stores. He has been the key force behind benchmarking quality and customer service standards.

For the year ending March 2006, his salary and perquisites will be Rs. 3,305,318/-.

Mr. Ravi Money, 39 years, is the Senior Vice President- Finance at PRL.

Mr. Money qualified as a Chartered Accountant in 1988 and possesses over 16 years of varied experience including a 9 year history of financial management, control and audit experience within the Oil & Gas, Telecom, Food, Automobiles and Retail sectors and a 5 year track record in International Audit Firms.

Prior to joining the Piramal group, Mr. Money was employed for 6 years with Emirates Holdings, UAE where he spearheaded and completed the mission critical project of transition from legacy systems to a highly functional & cost effective business solution (ERP) within an ambitious 3-month time frame. He has also spent about 5 years in international firms of repute like Ernst & Young and PriceWaterhouse Coopers, in India and abroad.

Mr. Money joined Piramyd Megastores (PRMPL) in 2000, as General Manager - Finance and has piloted various cost control initiatives. Currently he looks after the company's accounting and financial processes, business intelligence, MIS and fund management. He was also responsible for putting together the Business Plan for the lifestyle retail and FHPC retail business. His experience in the retail industry is 5 years.

For the year ending March 2006, his salary and perquisites will be Rs. 2,593,680/-.

Mr. Jerold Pereira, 35 years, is the Vice President - Buying & Merchandising at PRL.

Mr. Pereira completed his B.Com from HR College with a specialization in Financial Accountancy. Thereafter, he completed his masters with a MBA in Finance from the University of Notre Dame, USA, in 1995.

Mr. Pereira started his career with Indian Hotels as Executive Assistant to the President - Taj International and Wholesale Director. Subsequently he headed the Business Development function for South-east Asia and Middle-Eastern markets and financial restructuring of the Sri Lankan and Maldivian holding companies.

Mr. Pereira joined the Piramal Enterprises group in July 2000 as Deputy General Manager - Business Development & Coordination. He was affiliated to the office of the Vice Chairperson and was involved in drafting the business plans for the Group's forays into organized retail. In August 2002, he moved to Piramyd as head of the Supply Chain functions of Buying & Merchandising and Distribution & Logistics. Over the last three years, he has built up a Supply Chain team that will enable Piramyd to sustain its rapid expansion as well as ensure leadership in product offer and differentiation. His experience in the retail industry is 5 years.

For the year ending March 2006, his salary and perquisites will be Rs. 2,570,495/-.

Please refer page 77 of this Prospectus.

Mr. Sunil Chander Nair, 34 years, is the Vice President - Sales & Marketing at PRL.

Mr. Nair is a physics graduate from the University of Kerala and an alumnus of the Indian Institute of Management, Bangalore. He has over a decade's experience in sales and marketing.

Mr. Nair has worked with companies like TCI, The Times Group, and ICICI in various roles such as sales, logistics, product management, brand management, public relations and project management. Prior to joining the group, he worked with CNBC TV18, where he was head of marketing for the business channel and played a key role in the evolution of the brand in its Indian avatar.

Mr. Nair joined the group in 2003 as head of sales and marketing for the mall business, Crossroads. He has worked on positioning the mall format as a distinct 'experiential' advertising medium in order to establish a robust revenue model. He was also involved with creation of new brand identity for FHPC business as TruMart and launched Crème – the group's new lifestyle magazine. He moved to Piramyd in 2005. His experience in the retail industry is 2 years.

For the year ending March 2006, his salary and perquisites will be Rs. 2,056,303/-.

Mr. Abel Correa, 34 years, is the General Manager – Systems at PRL.

Mr. Correa completed his B.Com from Madras University, followed by a Diploma in Electronics from Bhagubhai College, Mumbai.

Mr. Correa began his career in 1991 with the Contract Administration Department in Esanda Finanz & Leasing Ltd – A Subsidiary of ANZ Grindlays Bank. Since then he has worked in various Non-Banking Finance Companies performing diverse roles in operations, and the legal department, in a career of almost 15 years.

Mr. Correa has been involved with Crossroads and Piramyd Megastores since its foray into retail business. He has designed the required software for managing Piramyd Megastores' business in an efficient manner. Under his able leadership he has built a strong IT team providing innovative and cost effective IT solutions. He is currently leading the ERP implementation project including JDA and Oracle Financials. His experience in the retail industry is 5 years.

Mr. Correa is a visiting faculty at Wellingkar's Institute of Management, Mumbai and S P Jain Institute of Management.

For the year ending March 2006, his salary and perquisites will be Rs. 1,357,204/-.

Mr. M V Balajee, 42 years, is the General Manager – Legal and Company Secretary at PRL.

Mr. Balajee has done Masters in Law (LL.M) from the University of Mumbai. He is also an Associate member of the Institute of Company Secretaries of India (ACS-ICSI).

Mr. Balajee has rich and varied experience in the Legal and Secretarial functions. Before joining us in May, 2005, he was working as "Head-Legal and Company Secretary" with Iqara Telecoms India Pvt. Ltd., a venture promoted by the BG



Group of UK. He also held responsible positions in the Legal and Secretarial fields with UTV Software Communications Ltd., FDC Ltd. and Hindustan Ciba Geigy Ltd., in a career spanning over 15 years.

At our company, Balajee heads the legal and secretarial function. He is also the “Compliance Officer” for this Issue. He has been with us since May, 2005. His experience in the retail industry is 5 months.

For the year ending March 2006, his salary and perquisites will be Rs. 1,282,062/-.

Mr. Mridumesh K. Rai, 31 years, is the Deputy General Manager – Strategy at PRL.

Mr. Rai is an Industrial Engineer from REC Jalandhar and an alumnus and merit ranker from the Indian Institute of Management Calcutta and Instituto de Empresa, Spain.

He started his career with Grindwell Norton Ltd, Navi Mumbai, handling Productivity Improvement projects and business development assignments. After his PGDM from IIM Calcutta, he joined SRF Ltd in the CEO’s office handling the Corporate Planning and Corporate Performance Management function. He was also a member of the core team that successfully bagged the Deming Award for TQM (Total Quality Management), a highly prestigious and coveted award. Subsequently during his stint with Arvind Mills, he was instrumental in adoption of a comprehensive budgeting and cost control system and was responsible for roll out of strategic investment projects.

At our company, Mr. Rai is associated with the CEO’s office and looks after the Strategic planning and corporate performance management function. He has been with us since May, 2005. His experience in the retail industry is 5 months.

For the year ending March 2006, his salary and perquisites will be Rs. 1,179,190/-.

Mr. S. Sivakumar, 39 years, is the Deputy General Manager – Projects at PRL.

Mr. Sivakumar is a Civil Engineering graduate and also holds an MBA from Annamalai University, Tamil Nadu. He has a rich experience of over 20 years

Sivakumar began his career in 1984 and executed Projects for a construction company in Kalpakkam near Chennai. He joined Titan Industries Ltd. in 1987 and executed various Projects like the world class Watch manufacturing facility, office buildings, and township and designed and executed over 45 Tanishq Showrooms across 36 cities during his tenure of over 15 years. Subsequently he led the Retail Development function at Nike Licensee, Sierra and was Head of Projects for lifestyle International Pvt. Ltd. in India and executed projects in India and Dubai.

Sivakumar is now responsible for the execution of the rollout plan of Piramyd Megastores and TruMart Supermarkets across India. His experience in the retail industry is 8 years. He has been with the company since inception.

For the year ending March 2006, his salary and perquisites will be Rs. 1,190,752/-.

Shareholding of the key managerial personnel

| Names of the Key Management Personnel | Number of Equity Shares |
|--|--------------------------------|
| Mr. Nandan A. Piramal | 1 |

Bonus or profit sharing plan of the key managerial personnel

There is no bonus or profit sharing plan for any key managerial personnel of the Company. Mr. K.N. Iyer, MD and CEO and several other key managerial personnel are entitled to receive performance linked incentives.

Changes in the key managerial personnel

There have been no changes in the key managerial personnel since the incorporation of our Company. However Mr. Jerold Pereira may be transferred to one of group companies as defined in this Prospectus and we will seek an adequate replacement at that point in time.

The key managerial personnel are on the rolls of the Company as permanent employees. None of the Directors and key managerial personnel have any family relationship between themselves other than as mentioned under the details of the ‘Board of Directors’ on page 68. Except to the extent of nomination of Directors on the Board of our Company by our major shareholders, there is no arrangement or understanding with any of our major shareholders, customers, suppliers, pursuant to which any Director or key managerial personnel was selected.

Employees

As on September 30, 2005, we had 782 employees.

The details of the ESOS are outlined on page 15 of this Prospectus.

There are no non salary payments or benefit to officers of the Company

Promoters/ Principal Shareholders

Ms. Urvi A. Piramal, Chairperson, Piramyd Retail Ltd.

Ms. Urvi A. Piramal, 52 (Voter ID: Not available; Driving License: Not available) has a Bachelor of Science degree from the Bombay University (1972) and attended the Advanced Management Program at the Harvard Business School (1993).



As Vice Chairperson of Piramal Enterprises Ltd., Ms. Piramal oversees a professionally managed business group in India, with a turnover exceeding Rs. 3,000 crores, and plays an important role in formulating and executing the Piramal group's strategies. The group has interests inter alia in Textiles (Morarjee Mills), Pharmaceuticals (Nicholas Piramal India Ltd), Glass Containers (Gujarat Glass Ltd), Real Estate (Piramal Holdings Ltd), Retail (Crossroads and Piramyd), Cutting Tools (Miranda Tools), Auto Electrical Components (PMP Components Ltd), and Hard Ferrite (G.P. Electronics Ltd).

The Retail Businesses within the Piramal group encompass operations across various retail formats – Malls (Crossroads), Department stores (Piramyd Megastore), Food Retailing (TruMart) and Entertainment centres (Jammin).

Crossroads created history in the national retail scene and was acclaimed as a truly world class shopping mall.

The Piramal group's retail foray has been led by her foresight, with her current focus on the expansion of the retail business as well as on strategic tie-ups with international brands.

Some of the eminent positions held by Ms. Urvi Piramal are:

- Member of Technology and Quality Improvement Committee of Indian Merchants' Chamber (2004-2005)
- Committee Member of Award's Sub-Committee of Indian Merchant's Chambers
- Past President of the Inner Wheel Club of Bombay North
- Trustee of Piramal Education Trust, Gopikrishna Piramal Memorial Hospital Trust and Ashok G Piramal Trust
- Chairperson of Supply Chain & Retail Business (Internal Trade) Committee of Indian Merchants' Chamber for 2004-2005

Some of the accolades and awards received by Ms. Urvi Piramal are:

- Awarded the Qimpro Gold Standard Award 1996 for excellence in Managing Quality improvement programmes which are dedicated to education and healthcare
- Won the Outstanding Industrialist Award for the year 1994 presented by the Marinelines Junior Chamber
- Cheminor Award 1995 from the India Institute of Materials Management

Ms. Piramal is committed to promoting quality within the Piramal group. As a member of the Technology and Quality Improvement Committee, she had helped in instituting the prestigious IMC-Ramkrishna Bajaj National Quality Award

Being a keen wild lifer herself, she has co-founded the Wildlife Conservation Trust during March 2002, which is dedicated to the protection of tigers and India's wildlife.

Ms. Piramal has also been the conscience keeper of the Piramal group, ensuring its commitment to society and the environment. She oversees projects on greening the environment, and children's' education and healthcare.

Our Corporate Promoters

Topwave Mercantile Company Pvt. Ltd.

Topwave Mercantile Company Pvt. Ltd. was incorporated under the Companies Act, 1956 on January 13, 2005. The registered office is located at 106, Peninsula Centre, Dr. S S Rao Road, Parel, Mumbai.



The company is involved in the business of Investment and Financing.

Shareholding Pattern

| No. | Name of the Shareholder | No. of Shares | % |
|-----|-----------------------------|---------------|---------------|
| 1. | Ms. Urvi A. Piramal | 5,000 | 50.00 |
| 2. | Mr. Harshvardhan A. Piramal | 5,000 | 50.00 |
| | Total | 10,000 | 100.00 |

Board of Directors/ Management Team

Ms. Urvi A. Piramal
 Mr. Harshvardhan A. Piramal
 Ms. Reshma H. Piramal

The following details of Topwave Mercantile Company Pvt. Ltd. have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

Registration Number 11-150616
 PAN AACCT 1722 B
 Bank Name HDFC Bank Ltd.
 Bank Account Number 3572000000737

Address of RoC where the company was registered: 100 Everest, New Marine Lines, Mumbai - 400 020

Financial Performance

Profit & Loss Account

(Rs. mn)

| | 2004-05 |
|-------------------|----------------|
| Net Income | Nil |
| Expenses | 0.006 |
| Profit before Tax | (0.006) |

Balance sheet for the year ended 31-March-2005

(Rs. mn)

| | 2004-05 |
|-----------------------------|----------------|
| Sources of Funds | |
| Equity Capital | 0.10 |
| Loans | 3.11 |
| Current Liabilities | 0.004 |
| Total | 3.22 |
| Application of Funds | |
| Current Assets | 0.11 |
| Investments | 3.09 |
| Misc. Expenses (asset) | 0.01 |
| Profit & Loss account | (0.006) |
| Total | 3.22 |

Share Quotation

The shares of Topwave Mercantile Company Pvt. Ltd. are not listed on any stock exchange.



Online Mercantile Company Pvt. Ltd.

Online Mercantile Company Pvt. Ltd. was incorporated under the Companies Act, 1956 on January 14, 2005. The registered office is located at 106, Peninsula Centre, Dr. S S Rao Road, Parel, Mumbai.

Online Mercantile Company Pvt. Ltd. is in the business of Investment and Financing.

Shareholding Pattern

| No. | Name of the Shareholder | No. of Shares | % shareholding |
|-----|-------------------------|---------------|----------------|
| 1. | Ms. Urvi A. Piramal | 5,000 | 50.00 |
| 2. | Mr. Nandan A. Piramal | 5,000 | 50.00 |
| | Total | 10,000 | 100.00 |

Board of Directors/ Management Team

Ms. Urvi A. Piramal

Mr. Nandan A. Piramal

Mr. Jaydev Mody

The following details of Online Mercantile Company Pvt. Ltd. have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

| | |
|---------------------|----------------|
| Registration Number | 11-150669 |
| PAN No. | AAACO 7210P |
| Bank Name | HDFC Bank Ltd. |
| Bank Account Number | 3572000000771 |

Address of RoC where the company was registered: 100 Everest, New Marine Lines, Mumbai - 400 020

Financial Performance

Profit & Loss Account

(Rs. mn)

| | 2004-05 |
|-------------------|---------|
| Net Income | Nil |
| Expenses | 0.006 |
| Profit before Tax | (0.006) |

Balance sheet for the year ended 31-March-2005

(Rs. mn)

| | 2004-05 |
|-----------------------------|-------------|
| Sources of Funds | |
| Equity Capital | 0.10 |
| Loans | 3.12 |
| Current Liabilities | 0.004 |
| Total | 3.22 |
| Application of Funds | |
| Current Assets | 0.11 |
| Investments | 3.09 |
| Misc. Expenses (asset) | 0.012 |
| Profit & Loss Account | (0.006) |
| Total | 3.22 |

Share Quotation

The shares of Online Mercantile Company Pvt. Ltd. are not listed on any stock exchange.



Cineline Trading Company Pvt. Ltd.

Cineline Trading Company Pvt. Ltd. was incorporated under the Companies Act, 1956 on January 17, 2005. The registered office is situated at 106, Peninsula Centre, Dr. S S Rao Road, Parel, Mumbai.

The company is in the business of Investment and Financing.

Shareholding Pattern

| No. | Name of the Shareholder | No. of Shares | % shareholding |
|-----|-------------------------|---------------|----------------|
| 1. | Ms. Urvi A. Piramal | 5,000 | 50.00 |
| 2. | Mr. Rajeev A. Piramal | 5,000 | 50.00 |
| | Total | 10,000 | 100.00 |

Board of Directors/ Management Team

Ms. Urvi A. Piramal

Mr. Rajeev A. Piramal

Ms. Roopali Piramal

The following details of Cineline Trading Company Pvt. Ltd. have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

Registration Number 11-150679

PAN No. AACCC 5231 A

Bank Name HDFC Bank Ltd.

Bank Account Number 3572000000795

Address of RoC where the company was registered: 100 Everest, New Marine Lines, Mumbai - 400 020

Financial Performance

Profit & Loss Account

(Rs. mn)

| | 2004-05 |
|-------------------|----------------|
| Net Income | Nil |
| Expenses | 0.006 |
| Profit before Tax | (0.006) |

Balance sheet for the year ended 31-March-2005

(Rs. mn)

| | 2004-05 |
|-----------------------------|----------------|
| Sources of Funds | |
| Equity Capital | 0.10 |
| Loans | 3.12 |
| Current Liabilities | 0.004 |
| Total | 3.22 |
| Application of Funds | |
| Current Assets | 0.11 |
| Investments | 3.09 |
| Misc. Expenses (asset) | 0.01 |
| Profit & Loss Account | (0.006) |
| Total | 3.22 |

Share Quotation

The shares of Cineline Trading Company Pvt. Ltd. are not listed on any stock exchange.



Goldspot Trading Company Pvt. Ltd.

Goldspot Trading Company Pvt. Ltd. was incorporated under the Companies Act, 1956 on July 11, 2005. The registered office is located at 106, Peninsula Centre, Dr. S S Rao Road, Parel, Mumbai.

The company is involved in the activity of trading.

Shareholding Pattern

| No. | Name of the Shareholder | No. of Shares | % |
|-----|--------------------------------------|---------------|---------------|
| 1. | Topwave Mercantile Company Pvt. Ltd. | 3,333 | 33.3 |
| 2. | Cineline Trading Company Pvt. Ltd | 3,333 | 33.3 |
| 3. | Online Mercantile Company Pvt. Ltd | 3,334 | 33.3 |
| | Total | 10,000 | 100.00 |

Board of Directors/ Management Team

Ms. Urvi A. Piramal

Mr. Harshvardhan A. Piramal

The following details of Goldspot Trading Company Pvt. Ltd. have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

Registration Number U51909 MH 2005 PTC 154669

PAN Applied for

Bank Name HDFC Bank Ltd.

Bank Account Number 3572000001391

Address of RoC where the company was registered: 100 Everest, New Marine Lines, Mumbai - 400 020

Financial Performance

The financial statements for Goldspot Trading Company Pvt. Ltd. are not available as it was incorporated in July 2005.

Share Quotation

The shares of Goldspot Trading Company Pvt. Ltd. are not listed on any stock exchange.

Truetime Trading Company Pvt. Ltd.

Truetime Trading Company Pvt. Ltd. was incorporated under the Companies Act, 1956 on June 13, 2005. The registered office is situated at 106, Peninsula Centre, Dr. S S Rao Road, Parel, Mumbai.

The company is involved in the activity of trading.

Shareholding Pattern

| No. | Name of the Shareholder | No. of Shares | % |
|-----|--------------------------------------|---------------|---------------|
| 1. | Topwave Mercantile Company Pvt. Ltd. | 3,333 | 33.3 |
| 2. | Cineline Trading Company Pvt. Ltd | 3,334 | 33.3 |
| 3. | Online Mercantile Company Pvt. Ltd | 3,333 | 33.3 |
| | Total | 10,000 | 100.00 |

Board of Directors/ Management Team

Ms. Urvi A. Piramal

Mr. Rajeev A. Piramal

The following details of Truetime Trading Company Pvt. Ltd. have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

Registration Number U51909 MH 2005 PTC 153939

PAN No. Applied for

Bank Name HDFC Bank Ltd.

Bank Account Number 3592000001384

Address of RoC where the company was registered: 100 Everest, New Marine Lines, Mumbai - 400 020



Financial Performance

The financial statements for Truetime Trading Company Pvt. Ltd. are not available as it was incorporated in June 2005.

Share Quotation

The shares of Truetime Trading Company Pvt. Ltd. are not listed on any stock exchange.

Onestar Mercantile Company Pvt. Ltd.

Onestar Mercantile Company Pvt. Ltd. was incorporated under the Companies Act, 1956 on January 31, 2005. The registered office is situated at 106, Peninsula Centre, Dr. S S Rao Road, Parel, Mumbai.

Onestar Mercantile Company Pvt. Ltd. is in the business of Investment and Financing.

Shareholding Pattern

| No. | Name of the Shareholder | No. of Shares | % |
|-----|-----------------------------|---------------|---------------|
| 1. | Ms. Urvi A. Piramal | 2,500 | 25.00 |
| 2. | Mr. Harshvardhan A. Piramal | 2,500 | 25.00 |
| 3. | Mr. Rajeev A. Piramal | 2,500 | 25.00 |
| 4. | Mr. Nandan A. Piramal | 2,500 | 25.00 |
| | Total | 10,000 | 100.00 |

Board of Directors/ Management Team

Ms. Urvi A. Piramal

Mr. Harshvardhan A. Piramal

Mr. Rajeev A. Piramal

Mr. Nandan A. Piramal

The following details of Onestar Mercantile Company Pvt. Ltd. have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

| | |
|---------------------|----------------|
| Registration Number | 11-150884 |
| PAN No. | AAACO 7248 R |
| Bank Name | HDFC Bank Ltd. |
| Bank Account Number | 3572000000874 |

Address of RoC where the company was registered: 100 Everest, New Marine Lines, Mumbai - 400 020

Financial Performance

Profit & Loss Account

(Rs. mn)

| | 2004-05 |
|-------------------|---------|
| Net Income | Nil |
| Expenses | 0.006 |
| Profit before Tax | (0.006) |

Balance sheet for the year ended 31-March-2005

(Rs. mn)

| | 2004-05 |
|-------------------------|-------------|
| Sources of Funds | |
| Equity Capital | 0.10 |
| Loans | 0.024 |
| Current Liabilities | 0.004 |
| Total | 0.13 |



Application of Funds

| | |
|------------------------|-------------|
| Current Assets | 0.11 |
| Investments | NIL |
| Misc. Expenses (asset) | 0.012 |
| Profit & Loss Account | (0.006) |
| Total | 0.13 |

Share Quotation

The shares of Onestar Mercantile Company Pvt. Ltd. are not listed on any stock exchange.

Maxplaza Trading Company Pvt. Ltd.

Maxplaza Trading Company Pvt. Ltd. was incorporated under the Companies Act, 1956 on January 28, 2005. The registered office of the company is located at 106, Peninsula Centre, Dr. S S Rao Road, Parel, Mumbai.

Maxplaza Trading Company Pvt. Ltd. is in the business of Investment and Financing.

Shareholding Pattern

| No. | Name of the Shareholder | No. of Shares | % |
|-----|-----------------------------|---------------|---------------|
| 1. | Ms. Urvi A. Piramal | 2,500 | 25.00 |
| 2. | Mr. Harshvardhan A. Piramal | 2,500 | 25.00 |
| 3. | Mr. Rajeev A. Piramal | 2,500 | 25.00 |
| 4. | Mr. Nandan A. Piramal | 2,500 | 25.00 |
| | Total | 10,000 | 100.00 |

Board of Directors/ Management Team

Ms. Urvi A. Piramal

Mr. Harshvardhan A. Piramal

Mr. Rajeev A. Piramal

Mr. Nandan A. Piramal

The following details of Maxplaza Trading Company Pvt. Ltd. have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

| | |
|---------------------|----------------|
| Registration Number | 11-150857 |
| PAN No. | AAECM 1682 M |
| Bank Name | HDFC Bank Ltd. |
| Bank Account Number | 3572000000881 |

Address of RoC where the company was registered: 100 Everest, New Marine Lines, Mumbai - 400 020

Financial Performance

Profit & Loss Account

(Rs. mn)

| | 2004-05 |
|-------------------|---------|
| Net Income | Nil |
| Expenses | 0.006 |
| Profit before Tax | (0.006) |

Balance sheet for the year ended 31-March-2005

(Rs. mn)

| | 2004-05 |
|-------------------------|-------------|
| Sources of Funds | |
| Equity Capital | 0.10 |
| Loans | 0.024 |
| Current Liabilities | 0.004 |
| Total | 0.13 |



Application of Funds

| | |
|------------------------|-------------|
| Current Assets | 0.11 |
| Investments | NIL |
| Misc. Expenses (asset) | 0.012 |
| Profit & Loss Account | (0.006) |
| Total | 0.13 |

Share Quotation

The shares of Maxplaza Trading Company Pvt. Ltd are not listed on any stock exchange.

Winstar Trading Company Pvt. Ltd.

Winstar Trading Company Pvt. Ltd. was incorporated under the Companies Act, 1956 on July 11, 2005. The registered office is located at 106, Peninsula Centre, Dr. S S Rao Road, Parel, Mumbai.

Winstar Trading Company Pvt. Ltd. is involved in the activity of trading.

Shareholding Pattern

| No. | Name of the Shareholder | No. of Shares | % |
|-----|--------------------------------------|---------------|---------------|
| 1. | Topwave Mercantile Company Pvt. Ltd. | 3,334 | 33.3 |
| 2. | Cineline Trading Company Pvt. Ltd | 3,333 | 33.3 |
| 3. | Online Mercantile Company Pvt. Ltd | 3,333 | 33.3 |
| | Total | 10,000 | 100.00 |

Board of Directors/ Management Team

Ms. Urvi A. Piramal

Mr. Nandan A. Piramal

The following details of Winstar Trading Company Pvt. Ltd. have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

| | |
|---------------------|---------------------------|
| Registration Number | U51909 MH 2005 PTC 154668 |
| PAN No. | Applied for |
| Bank Name | HDFC Bank Ltd. |
| Bank Account Number | 3592000001419 |

Address of RoC where the company was registered: 100 Everest, New Marine Lines, Mumbai - 400 020

Financial Performance

The financial statements for Winstar Trading Company Pvt. Ltd. are not available as it was incorporated in June 2005.

Share Quotation

The shares of Winstar Trading Company Pvt. Ltd. are not listed on any stock exchange.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoter, where applicable, have been submitted to the BSE and the NSE at the time of filing the Draft Red Herring Prospectus with them.

Ventures of Promoters

The following is the list of the ventures of our promoters:

| Name of ventures of promoter | Activities undertaken |
|--|-----------------------|
| Cineline Trading Company Pvt. Ltd. | Investment & Finance |
| Online Mercantile Company Pvt. Ltd. | Investment & Finance |
| Topwave Mercantile Company Pvt. Ltd. | Investment & Finance |
| Highzone Mercantile Company Pvt. Ltd. | Investment & Finance |
| Surewin Trading Company Pvt. Ltd. | Investment & Finance |
| Supersoft Mercantile Company Pvt. Ltd. | Investment & Finance |
| Super Plaza Mercantile Company Pvt. Ltd. | Investment & Finance |

| Name of ventures of promoter | Activities undertaken |
|---------------------------------------|-----------------------|
| Topflag Trading Company Pvt. Ltd. | Investment & Finance |
| Supersoft Trading Company Pvt. Ltd. | Investment & Finance |
| Newzone Mercantile Company Pvt. Ltd. | Investment & Finance |
| Goldflag Mercantile Company Pvt. Ltd. | Investment & Finance |
| Alltime Mercantile Company Pvt. Ltd. | Investment & Finance |
| Newone Trading Company Pvt. Ltd. | Investment & Finance |
| Toptech Mercantile Company Pvt. Ltd. | Investment & Finance |
| Maxplaza Trading Company Pvt. Ltd. | Investment & Finance |
| Oneup Mercantile Company Pvt. Ltd. | Investment & Finance |
| Onestar Mercantile Company Pvt. Ltd. | Investment & Finance |
| Onestar Trading Company Pvt. Ltd. | Investment & Finance |
| Topzone Mercantile Company Pvt. Ltd. | Investment & Finance |
| Goldlife Mercantile Company Pvt. Ltd. | Investment & Finance |
| Seastar Trading Company Pvt. Ltd. | Investment & Finance |

Common Pursuits

The following are the companies included under group companies having similar Objects of Business, as contained in the Memorandum of Association.

1. Piramal Holdings Ltd. (PHL)
2. Piramyd Retail and Merchandising Pvt. Ltd. (PRMPL)
3. Crossroads Shoppertainment Pvt. Ltd. (CSPL)

Interest of Promoters

The following are the agreements that we have entered into with companies promoted by our promoter and those that the promoters may be deemed to be interested in.

1. Business Transfer agreement between PRMPL and PRL:
The salient features of this agreement have been discussed on page 86 of this Prospectus.
Our promoter, Ms. Urvi Piramal, is a Director of PRMPL, our group company.
2. Business Transfer agreement between Crossroads Shoppertainment Pvt. Ltd. (CSPL) and PRL.
The salient features of this agreement have been discussed on page 63 of this Prospectus.
Our promoter, Ms. Urvi A. Piramal, is a Director of CSPL, our group company.
3. Agreement for Piramyd Megastore located at Crossroads, as described below:

PHL-PRL Conducting Agreement:

The Company has entered into a conducting agreement with Piramal Holdings Ltd. (“**PHL**”) on March 28, 2005, inter alia, for the use of approximately 33,124 square feet of built up area at a business centre situated at 28, Pandit M.M. Malviya Road, Haji Ali, Mumbai (“**Premises**”) for a period of five years effective from March 28, 2005. The Company is permitted to carry out its business of selling apparel wear, garments and food products in the Premises in accordance with applicable law and pursuant to obtaining the necessary statutory licenses and consents required to carry out such business. The Company may change the nature of the business and/or the products stored at or sold from the Premises only after obtaining the prior consent of PHL in this respect.

Further, under this agreement the Company has undertaken not to purchase or hire any unit/shop or be directly or indirectly interested in any shop/unit situated within a radius of 500 yards of the said Premises during the term of the agreement. The agreement also provides PHL with the right to enter into exclusive contracts with certain companies wherein it may need to undertake that only certain brands shall be sold in the business centre. In such an event, PHL has the right to insist that the Company honour such undertakings of PHL and exclusively sells only those brands. The parties have, however, agreed that such a commitment shall not, in any way, adversely affect the Company or its business.

Under the terms of this agreement, PHL is required to provide the Company with certain specified services which are set out below:

- (a) installation, maintenance and electricity charges of the central air conditioning system in the business centre,
- (b) installation, maintenance of lifts, escalators and elevators in the said business centre,
- (c) manual as well as electronic security systems in all common areas of the business centre,
- (d) provision of cleaning and maintenance staff in all common areas of the business centre,
- (e) adequate lighting in all common areas, and
- (f) provision of adequate security in the business centre.

As consideration for providing the above services (“**Service Fees**”) the Company is required to pay PHL: (a) with respect to 31,000 square feet of the Premises, an amount calculated at the rate of 5% of the net sales (excluding sales tax amounts payable by the Company) generated from its food and apparel retail business, per month; and (b) with respect to the balance space in the Premises, which constitutes approximately 1,960 square feet, a fixed consideration of Rs. 3,92,000 per month. Under the terms of the agreement, the Company has undertaken to pay PHL a minimum guaranteed amount of Rs. 1,621,000 per month.

Under the terms of this agreement, PHL is liable to pay all taxes, rates, any cess and other outgoings with respect to the Premises and the business centre. However, if such taxes, charges, dues or liabilities payable to any governmental body or authority increases by more than 50%, the Service Fees shall be increased proportionately at the discretion of PHL.

Our promoter, Ms. Urvi A. Piramal, is a Director of Piramal Holdings Ltd., our group company.

4. Agreement for the lease of fixtures from PRMPL to PRL

The Company has executed an agreement dated March 27, 2005 for the lease of certain vehicles, computer systems and hardware components, furniture and fixtures and other movable assets from PRMPL till September 28, 2010. Under the terms of this lease agreement, the Company is required to pay PRMPL a lease rentals of Rs. 1.17 million per month in the first year of the term of the lease, Rs. 1.62 million per month in the second year of the term of the lease, Rs. 2.35 million per month in the third year of the term of the lease, Rs. 3.38 million per month in the fourth year of the term of the lease and Rs. 4.27 million per month in the fifth year of the term of the lease.

Our promoter, Ms. Urvi A. Piramal, is a Director of PRMPL, our group company.

Payment or benefit to promoters of the Company

There are no payments or benefits payable to our promoters.

Related Party Transactions

We have entered into certain related party transactions inter – alia involving our promoters / Directors and Group Companies details of which have been provided on page 93.

Exchange Rates

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency assets and liabilities (except those covered by forward contracts) are translated into Indian Rupees at the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in the Profit and Loss Account, except those relating to the acquisition of fixed assets, which are adjusted to the carrying cost of the related fixed asset.

Currency of Presentation

In this Prospectus, all references to “Rupees” and “Rs” are to the legal currency of India. USD or \$ is the legal currency of the USA.

Dividend Policy

This, being the first year of operations of the Issuer Company, there is no set dividend payment policy. Dividend is intended to be declared based on the quantum and availability of future profits and will be disbursed based on shareholder approval of the recommendation of the Board of Directors.

V FINANCIAL STATEMENTS

Financial Information of the Issuer Company

STATEMENT OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED, UNDER INDIAN GAAP (FOR THE PERIOD ENDED JUNE 30, 2005)

Auditors' report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors
Piramyd Retail Limited
106, Peninsula Centre
Dr. S.S. Rao Road, Parel
Mumbai- 400 012.

Dear Sirs,

At your request, we HARIBHAKTI & CO., Auditors of Piramyd Retail Limited ('PRL' or 'the Company'), have examined the Summary Statement of Assets and Liabilities-As Restated of the Company as at June 30, 2005 and the Summary Statement of Profits and Losses-As Restated for the period ended June 30, 2005 ('Summary Statements') (See Schedule I and II) prepared by the Company and approved by the Board of Directors. These Statements reflect the 'Profits or Losses' and 'Assets and Liabilities' for the relevant period as extracted from the Profit and Loss Account and the Balance Sheet for relevant period audited by us. These profits/losses have been arrived at after making such adjustments and regroupings, more fully described in the notes appearing in Schedule IV (Note 10) to the report and are in accordance with :-

- a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- b. the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance of Section 11 of the Securities & Exchange Board of India Act, 1992, SEBI comments dated October 11, 2005; and
- c. the terms of reference received from the Company, requesting us to carry out work, proposed to be included in the offer document of the Company in connection with its proposed Initial Public Offer ('IPO')
- d. The Guidance Note on Reports in Company Prospectuses and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India.

The Company proposes to make an IPO for the fresh issue of 90,00,000 equity shares having a face value of Rs. 10/- each, at an issue price to be arrived at by the book building process (referred to as the 'Offer').

The Company commenced its business operations on March 28, 2005 and we have reviewed, examined and audited the financials of the Company for the period from March 28, 2005 to June 30, 2005.

We have examined the financial information contained in the above-mentioned schedules and state as follows:

Based on our examination of these summary statements, we confirm that:

- There are no changes in accounting policies adopted by the Company as at and for the period ended June 30, 2005 items which need to be disclosed separately in the summary statements; and
 - There are no prior period items that have been adjusted in the summary statements in the period/years to which they relate;
 - There are no extraordinary items which need to be disclosed separately in the summary statements; and
 - There are no qualifications in the auditors' reports, which require any adjustment to the summary statement.
1. The summary of significant accounting policies adopted by the Company is enclosed as Schedule - III to this report.
 2. The notes to the 'Statement of Audited Unconsolidated Profits and Losses-As Restated' and 'Statement of Audited Unconsolidated Assets and Liabilities-As Restated' are enclosed as Schedule - IV to this report.
 3. We have examined the accompanying 'Statement of Accounting Ratios' (Schedule - VI) of the Company for the financial period ended 30th June 2005 and report that, in our opinion, the accounting ratios have been computed from the figures as stated in the 'Statement of Restated Profits and Losses' and 'Statement of Restated Assets and Liabilities' of the Company, referred to in paragraph 1 above.

4. The Company has not declared any dividends since its inception (Schedule X).
5. The Company does not have any secured loans.
6. We have also examined the accompanying 'Other Income', 'Capitalisation Statement', 'Unsecured Loans', 'Statement of Tax Shelter', 'Age wise analysis of Sundry Debtors', 'Analysis of Loans & Advances', and 'Statement of Cash Flows' (enclosed as Schedule – V, VII, VIII, IX, XI, XII and XIII respectively) of the Company, for the financial period ended 30th June 2005 and report that, in our opinion, these have been correctly computed from the figures as stated in 'Statement of Restated Profit & Loss' and 'Statements of Restated Assets & Liabilities' of the Company, as referred in paragraph 1 above.
7. The sufficiency of the procedures performed or adopted by the Company in preparation of the statements as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures.
8. This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of chartered accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
9. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **HARIBHAKTI & CO.**
Chartered Accountants

CHETAN DESAI
Partner

Membership. No. : 17000

Place : Mumbai
Date : October 13, 2005

Schedule I

Summary Statement of Assets and Liabilities as restated

(Rs. Lakhs)

| | As at June 30, 2005 |
|--|----------------------------|
| A Fixed Assets : | |
| Gross Block | 3,955.42 |
| Less: Depreciation | 17.71 |
| Net Block | 3,937.71 |
| Less: Revaluation Reserve | - |
| Net Block after adjustment for Revaluation Reserve | 3,937.71 |
| B Investments | 1.00 |
| C Current Assets, Loans and Advances: | |
| Inventories | 1,753.79 |
| Sundry Debtors | 117.69 |
| Cash and Bank Balances | 224.47 |
| Loans and Advances | 1,783.35 |
| Other Current Assets | - |
| | 3,879.30 |
| D Liabilities and Provisions : | |
| Secured Loans | - |
| Unsecured Loans | 5,976.30 |
| Current Liabilities and Provisions | 1,739.75 |
| Deferred Tax Liability | 1.55 |
| | (7,717.60) |
| E Networth | 100.41 |
| F Represented by | |
| Share Capital | 100.00 |
| Reserves | 0.41 |
| Less Revaluation Reserve | - |
| Reserves (Net of Revaluation Reserves) | 0.41 |
| Networth | 100.41 |



Schedule II

Summary Statement of Profit and Losses as restated

(Rs. Lakhs)

| | Period from March 28, 2005 to June 30, 2005 |
|--|--|
| Sales: | |
| Of products manufactured by the Company | - |
| Of products traded in by the Company | 1,412.64 |
| Total | 1,412.64 |
| Other Income | 127.17 |
| Increase (Decrease) in Inventories | 1,753.79 |
| | 3,293.60 |
| Expenditure | |
| Raw Materials consumed / Purchases | 2,784.43 |
| Staff Costs | 180.26 |
| Other Manufacturing expenses / Direct Costs | 36.33 |
| Administration Expenses | 263.00 |
| Selling and Distribution Expenses | 27.27 |
| Interest | 0.11 |
| | 3,291.40 |
| Net Profit before Tax and Extra ordinary items | 2.20 |
| Taxation - Current / Deferred | 1.79 |
| Net Profit before Extraordinary items | 0.41 |
| Extra-ordinary items (net of tax) | - |
| Net Profit after Extraordinary items | 0.41 |

Schedule III

Significant Accounting Policies

(i) Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the accounting standards issued by The Institute of Chartered Accountants of India referred to in Section 211 (3C) of the Companies Act, 1956.

(ii) Fixed Assets

All fixed assets are stated at cost of acquisition less accumulated depreciation. In case of fixed assets acquired for new projects / expansion, interest cost on borrowings and other related expenses upto the date of completion of projects incurred towards acquiring fixed assets are capitalised.

(iii) Depreciation

Depreciation on fixed assets is provided on straight-line method at the rates specified in Schedules XIV of the Companies Act, 1956. Depreciation on additions/deductions of assets during the period is provided on pro-rata basis.

(iv) Revenue Recognition

Revenue is recognized only when there is no significant uncertainty as to the measurability/collectibility of the amounts.

(v) Inventories

Inventories are valued at cost under FIFO method or estimated net realisable value, whichever is lower.

(vi) Provision for Shrinkages

Based on past experience of management, the Profit & Loss account is charged with provision for shrinkages. Actual shrinkages are adjusted against such provisions.

(vii) Foreign Currency Transactions

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Any exchange gains or losses arising out of the subsequent fluctuations are accounted for in the Profit & Loss account.

(viii) Deferred Tax

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

(ix) Customer Loyalty Club

As per the Company's customer loyalty programme (Piramyd Power Club, Trusmart), points awarded to customers can be redeemed for a gift voucher of an equivalent amount or against special gift articles. It is the Company's policy to account for the value of the points in the year in which they are redeemed.

Schedule IV

Notes to the financial statement

1. First Financial Year

The Company was incorporated on 18th March 2005 to engage in the business of retailing of apparel, food, home and personal care products. The first financial year of the company starts from 28th March 2005. On 28th March 2005, the Company took over the net current assets of Piramyd Retail & Merchandising Pvt. Ltd. as at 27th March 2005 for a total consideration of Rs. 1803 lakhs (difference between current assets and current liabilities) excluding bank balances and deferred licence premia and including capital work in progress. Also, on 1st April 2005, the Company took over the fixed assets and net current assets of Crossroads Shoppertainment Private Ltd. as at 31st March 2005 for a total consideration of Rs 234 lacs.

2. Sales

Sales are inclusive of sales tax & net of discounts & returns.

3. Segmental Reporting

The Company is engaged only in the retail business and follows only one reportable segment and therefore segment wise reporting as per AS – 17 issued by The Institute of Chartered Accountants of India is not applicable.

4. Contingent Liabilities/Capital Commitments

(Rs in Thousands)

| | As at 30th June 2005 |
|---------------------|-----------------------------|
| Bank Guarantees | 5000 |
| Capital Commitments | 141544 |

5. Value of imports calculated on FOB basis

(Rs in Thousands)

| | 28th March to 30th June 2005 |
|----------------|---|
| Finished Goods | 9191 |

6. Provisions

(Rs in thousands)

| Particulars | Transferred during the year | Utilised during the year | Additions during the year | Closing Balance |
|--------------------------|-----------------------------|--------------------------|---------------------------|-----------------|
| Provision for Shrinkages | 5434 | 214 | 800 | 6020 |

7. Earnings Per Share (EPS)

| | |
|--|--------------------|
| Total profit for the period ended 30 June 2005 | Rs 0.41 lacs |
| Number of equity shares issued - | 10 lacs |
| EPS | Rs 0.041 per share |

8. Small Scale Industries

The Company is in the process of identifying Small Scale Industries for the purpose of complying with separate disclosure of amounts due to them, as stipulated by Schedule VI of the Companies Act, 1956.

9. Deferred Taxation

In accordance with the Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the working for Deferred Tax Liability is given below:

(Rs. in thousands)

| Particulars | As at June 30, 2005 |
|---|---------------------|
| Deferred Tax Liability | |
| Accelerated depreciation | 424 |
| Total – A | 424 |
| Deferred Tax Asset | |
| Provision for shrinkages | 269 |
| Total – B | 269 |
| Net Deferred Tax Liability (A) – (B) | 155 |

10. Other Notes

The following adjustments have been made to the audited financial statements of Piramyd Retail Ltd to arrive at the restated figure of profit and loss, accumulated profit and loss and current liabilities.

(Rs. Lacs)

| Period ended | 30.06.2005 |
|---|------------|
| Net Profit / (Loss) after tax | |
| As per reviewed / audited Accounts | 12.54 |
| Adjustments on account of Change in accounting policies | |
| Provision for Gratuity | (4.15) |
| Provision for Leave encashment | (11.48) |
| Excess Provision for Tax | 3.50 |
| Adjusted Profit / (Loss) | 0.41 |

(Rs. Lacs)

| Period ended | 30.06.2005 |
|--|------------|
| Current Liabilities & Provisions as per audited accounts | 1,727.62 |
| Adjustments on account of change in accounting policy | |
| Provision for gratuity | 4.15 |
| Provision for leave encashment | 11.48 |
| Excess provision for tax | (3.50) |
| Adjusted Current Liabilities and Provisions | 1,739.75 |

Related Party Transactions

Related Party disclosures as required by AS-18 "Related Parties Disclosures" issued by the Institute of The Chartered Accountants of India are given below for the period ended on June 30, 2005.

Controlling Companies

Topwave Mercantile Co. Pvt. Ltd.
Cineline Trading Co. Pvt. Ltd.
Online Trading Co. Pvt. Ltd.

Subsidiary Companies

There are no subsidiaries of Piramyd Retail Ltd.

Associate Companies

Piramyd Retail and Merchandising Pvt. Ltd.
Crossroads Shoppertainment Pvt. Ltd.
Piramal Holdings Ltd.
Nicholas Piramal India Ltd. (Tool Division)
Morarjee Textiles Ltd.
Piramal Healthcare Pvt. Ltd.

Key Management Personnel

Mr. K.N. Iyer
Mr. Nandan A. Piramal

Details of Transactions with Associates & Promoter Group Companies are as below:

| | March 28, 2005 to June 30, 2005 Rs. in lacs |
|--|--|
| Rendering of Services (Nicholas Piramal India Ltd. – Tool Division) | 11.55 |
| Finance (including loans and equity contribution in cash or in kind) | 149.99 |
| Topwave Mercantile Co. Pvt. Ltd. – Rs. 30.91 lacs | |
| Cineline Trading Co. Pvt. Ltd. – Rs. 30.91 lacs | |
| Online Trading Co. Pvt. Ltd. – Rs. 30.91 lacs | |
| Mr. Jaydev Mody – Rs. 52.27 lacs | |
| Management Contracts including for Deputation of Employees – Services rendered – (Nicholas Piramal India – Tool Division) | 7.68 |
| Outstanding Balances: | |
| Receivables | 66.45 |
| Payables | 118.35 |

Schedule V

Statement of Other Income (recurring) as on June 30, 2005

(Rs. Lacs)

| No. | Particulars | |
|-----|-----------------------------|---------------|
| 1 | Business centre fees | 64.13 |
| 2 | Sundry balances written off | 29.81 |
| 3 | Interest income | 18.19 |
| 4 | Display income | 11.15 |
| 5 | Others | 3.89 |
| | Total | 127.17 |

Schedule VI

Statement of Accounting Ratios as on June 30, 2005

| Particulars | Unit | |
|---|------|-------|
| Earning Per Share (Before Extra Ordinary items) | Rs. | 0.04 |
| Earning Per Share (After Extra Ordinary items) | Rs. | 0.04 |
| Return on Networth (Before Extra Ordinary items) | % | 0.41% |
| Return on Networth (After Extra Ordinary items) | % | 0.41% |
| Net Asset Value Per Share | Rs. | 10.04 |

Schedule VII

Capitalisation Statement

(Rs. Lacs)

| No. | Particulars | Pre issue 30.6.05 | As adjusted for Issue |
|-----|--------------------------|----------------------|--------------------------|
| 1 | Total debt | | |
| | Short term debt | 5976 | 5976 |
| | Long term debt | Nil | Nil |
| | Total | 5976 | 5976 |
| 2 | Net Worth | | |
| | Equity share capital | 100 | 2000 |
| | Reserves | 0 | 0 * |
| | Total | 100 | 2000 |
| | Long term debt/Net worth | - | - |
| | Long term debt/Equity | - | - |

*: As the price has not been discovered, share premium on account of issue of additional shares is not included.

Schedule VIII

Statement of Unsecured Loans as on June 30, 2005

(Rs. Lacs)

| Particulars | |
|----------------------------|-----------------|
| Intercompany deposits:- | |
| From bodies corporate | 2,919.03 |
| From financial institution | 3,000.00 |
| Loan from Directors | 57.27 |
| Total | 5,976.30 |

Notes:-

1. Inter corporate deposit from bodies corporate is payable on demand carrying interest @ 8.15% p.a.
2. Inter corporate deposit from financial institution is payable after 90 days from date of borrowing carrying interest @ 8.5% p.a.
3. Interest free loan from Director is payable on demand.

Schedule IX
Statement of Tax Shelter

(Rs. Lacs)

| No. | Particulars | Period ended June 30, 2005 |
|-----|--|-------------------------------|
| 1 | Profit before tax as per Profit and Loss account | 2.20 |
| 2 | Tax rate | 33.66% |
| 3 | Tax at actual rate on profit | 0.74 |
| 4 | Adjustments | |
| | Timing difference | |
| | Depreciation | (12.58) |
| | Provision for shrinkages | 5.86 |
| 5 | Net adjustments | (6.72) |
| 6 | Tax savings on adjustments | (2.26) |
| 7 | Net provision for tax | (1.52) |

Schedule X
Dividends

The Company has not declared any dividend since its inception.

Schedule XI
Age-wise analysis of Sundry Debtors as on June 30, 2005

(Rs. Lacs)

| No. | Particulars | |
|-----|-----------------------------------|---------------|
| A | Outstanding for more than 6 month | Nil |
| B | Outstanding for less than 6 month | |
| 1 | Due from Promoters/Promoter group | 0 |
| 2 | Due from Directors | 0 |
| 3 | Due from Others | 117.69 |
| | Total | 117.69 |

Schedule XII
Analysis of Loans and Advances

(Rs. Lacs)

| No. | Particulars | |
|-----|---|----------------|
| A | Advance recoverable in cash or kind or for value to be received | |
| | Due from Promoters/Promoter group | Nil |
| | Due from Directors | Nil |
| | Due from Others | 704.25 |
| B | Prepaid expenses | 55.15 |
| C | Advances to staff | 51.47 |
| D | Real estate deposits - long term | 865.86 |
| E | Other Deposits | 26.72 |
| F | VAT receivable | 37.01 |
| G | Advance tax/TDS | 42.89 |
| | Total | 1783.35 |

Schedule XIII
Statement of Cash Flows for the period from March 28, 2005 to June 30, 2005

(Rs. Lacs)

| No. | Particulars | | |
|-----|---|------------|-------------------|
| 1 | Profit before tax as per profit and loss account | | 2.20 |
| | Add : Depreciation | | 17.71 |
| | Profit before changes in working capital | | 19.91 |
| | Changes in working capital | | |
| | (Increase)/decrease in inventory | (1,753.79) | |
| | (Increase)/decrease in debtors | (117.69) | |
| | (Increase)/decrease in loans and advances | (917.49) | |
| | Increase/(decrease) in other liabilities | 1,739.51 | |
| | Net increase/(decrease) in working capital | | (1,049.46) |
| | Net cash flow from operating activities | | (1,029.55) |
| 2 | Cash flows from investing activities | | |
| | Purchase of fixed assets | (3,955.42) | |
| | Investment | (1.00) | |
| | Deposits for assets acquired | (865.86) | |
| | Net cash used in investing activities | | (4,822.28) |
| 3 | Cash flows from financing activities | | |
| | Equity share capital | 100.00 | |
| | Short term borrowings | 5,976.30 | |
| | Net cash provided by financing activities | | 6,076.30 |
| 4 | Net increase / (decrease) in cash | | 224.47 |
| 5 | Cash and cash equivalents at the beginning of period | | 0.00 |
| 6 | Cash and cash equivalents at the close of the period | | 224.47 |



UNAUDITED RESULTS FOR THE PERIOD BETWEEN JULY 1, 2005 TO SEPTEMBER 30, 2005

| Particulars | Rs. in lacs |
|----------------------------------|--------------------|
| Net Sales | 2365.0 |
| EBITDA | 141.0 |
| Depreciation | 29.8 |
| Earnings before interest and tax | 108.5 |
| PBT | 68.2 |
| PAT | 49.5 |



Financial and other Information of Our Group Companies

G.P. Electronics Ltd.

G.P. Electronics Ltd. ("GP Electronics") was incorporated under the Companies Act, 1956 on September 23, 1982 and has its registered office at 3rd Floor, Nicholas Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013.

The main business of G.P. Electronics is manufacturing of and dealing in hard ferrites.

Shareholding Pattern

| No. | Name of the Shareholder | No. of shares | % shareholding |
|-----|--|------------------|----------------|
| 1. | Promoters | 3,065,007 | 63.05 |
| | Piramal Polymers Ltd. | 43,200 | 0.89 |
| | Artemis Investments Pvt. Ltd. | 791,278 | 16.28 |
| | Bacchus Investments Pvt. Ltd. | 615,793 | 12.67 |
| | Elphin Investments Ltd. | 375,600 | 7.73 |
| | Melody Investments Pvt. Ltd. | 614,068 | 12.63 |
| | Swift Investments Pvt. Ltd. | 614,068 | 12.63 |
| | Weltall Investments Pvt. Ltd. | 11,000 | 0.23 |
| 2. | Directors (other than Promoters) & their Relatives | 4,039 | 0.08 |
| | Mr. M.J. Tibrewala | 104 | 0.00 |
| | Mr. S.N. Somani | 3,035 | 0.06 |
| | Mr. Prem Somani | 900 | 0.02 |
| 3. | Banks, FIs, FII's and Mutual Funds | 15,135 | 0.31 |
| 4. | Foreign Bodies Corporate/ NRIs | 1,555 | 0.03 |
| 5. | Public | 1,775,127 | 36.52 |
| | Total | 4,860,863 | 100.00 |

Board of Directors

Mr. Ajay G. Piramal
 Ms. Urvi A. Piramal
 Mr. Gautam B Doshi
 Mr. Shreyas Doshi
 Mr. Shyam Ghia
 Vice Admiral S. Jain (Retired)
 Mr. S N Somani
 Mr. Ranjan Sanghi
 Mr. M J Tibrewala

Financial Performance

The operating results of GP Electronics for the Fiscal 2003, 2004 and 2005 are as hereunder:

(Rs. mn except per share data)

| | FY2005 | FY2004 | FY2003 |
|---|--------|--------|---------|
| Net Sales and other Income | 144.0 | 137.3 | 147.3 |
| Profit/ (loss) after tax (before adjustments) | (5.70) | (4.15) | (0.02) |
| Equity capital (par value Rs. 10 per share) | 48.6 | 48.6 | 48.6 |
| Reserves & Surplus (Excl. Revaluation) | 113.8 | 119.5 | 123.6 |
| Earnings per share | (1.2) | (0.9) | (0.004) |
| Book value per Share | 33.4 | 34.6 | 35.4 |



Share Quotation

The shares are listed on BSE and NSE. The details of the highest and lowest price during the preceding six months are as follows:

| Month | High (Rs) | Low (Rs) |
|----------------|-----------|----------|
| May 2005 | 21.90 | 17.45 |
| June 2005 | 23.80 | 16.85 |
| July 2005 | 23.45 | 17.15 |
| August 2005 | 32.30 | 20.00 |
| September 2005 | 41.15 | 27.05 |
| October 2005 | 29.65 | 23.20 |

Source: NSE website

| Month | High (Rs) | Low (Rs) |
|----------------|-----------|----------|
| May 2005 | 21.80 | 18.85 |
| June 2005 | 23.60 | 17.40 |
| July 2005 | 23.20 | 17.25 |
| August 2005 | 31.60 | 18.80 |
| September 2005 | 40.20 | 27.50 |
| October 2005 | 28.00 | 23.10 |

Source: BSE website

There has been no change in capital structure during the last six months and there has been no public/rights issue by GP Electronics Ltd. in last three years.

Morarjee Realities Ltd.

Morarjee Realities Ltd (“Morarjee Realities”) was incorporated on August 10, 1871, as Morarjee Goculdas Spinning and Weaving Company Ltd. and has changed its name to Morarjee Realities Ltd. vide a resolution passed at the extraordinary general meeting on January 15, 2004, and has its registered office at 106, Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai, 400 012.

The main businesses of Morarjee Realities are development, marketing and acquisition of real estate.



Shareholding Pattern

| No. | Name of the Shareholder | No. of shares | % shareholding |
|-----|--|-------------------|----------------|
| 1. | Promoters | 10,204,785 | 52.39 |
| | Mr. Ajay G. Piramal and Ms. Swati A. Piramal (Joint holders) | 214 | 0.00 |
| | Mr. Ajay G. Piramal | 720 | 0.00 |
| | Mr. Rajeev A. Piramal | 27 | 0.00 |
| | Ms. Urvi A. Piramal | 560 | 0.00 |
| | Mr. Anand Piramal | 26,667 | 0.14 |
| | Ms. Lalita G. Piramal | 27 | 0.00 |
| | Ms. Nandini A. Piramal | 26,667 | 0.14 |
| | Blazon Investments Pvt. Ltd. | 1,848,655 | 9.49 |
| | Carry-on Investments Pvt. Ltd. | 158,494 | 0.81 |
| | Gopikrishna Piramal Memorial Hospital through Trustee: | | |
| | Mr. Ajay G. Piramal | 469,000 | 2.41 |
| | Lucre Investments Pvt. Ltd. | 157,883 | 0.81 |
| | Nebula Investments Pvt. Ltd. | 157,937 | 0.81 |
| | Nirvana Investments Pvt. Ltd. | 155,423 | 0.80 |
| | Papillon Investments Pvt. Ltd. | 853,700 | 4.38 |
| | Piramal Finance & Investment Pvt. Ltd. | 948,807 | 4.87 |
| | Piramal Polymers Ltd. | 69,300 | 0.36 |
| | Rajiv Piramal Investment Pvt. Ltd. | 812,930 | 4.17 |
| | Urvi Chemicals & Allied Industries Ltd. | 4,317,424 | 22.17 |
| | Weltall Investments Pvt. Ltd. | 350 | 0.00 |
| | ESOP Scheme | 200,000 | 1.03 |
| 2. | Directors (other than Promoters) & their Relatives | | |
| | Mr. Chandrakant Hattangadi | 100 | 0.00 |
| | Mr. D.M. Popat | 2,327 | 0.01 |
| | Mr. Jaydev Mody | 356 | 0.00 |
| | Mr. H.M. Kothari | 3,577 | 0.02 |
| | Mr. Rahul Hattangadi | 50 | 0.00 |
| | Mr. Shammi Hattangadi | 35 | 0.00 |
| | Ms. Urvashi Popat | 223 | 0.00 |
| | Ms. Ziabai Mody | 178 | 0.00 |
| 3. | Banks, FIs, FII's and Mutual Funds | 2,313,770 | 11.88 |
| 4. | Foreign Bodies Corporate/ NRIs | 196,615 | 1.01 |
| 5. | Public | 6,754,884 | 34.70 |
| | Total | 19,476,900 | 100.00 |

Board of Directors

Mr. Ajay G. Piramal
 Ms. Urvi A. Piramal
 Mr. Rajeev A. Piramal
 Mr. Jaydev Mody
 Mr. D M Popat
 Mr. H M Kothari
 Mr. Akbarali
 Mr. C M Hattangadi
 Mr. Amitabha Ghosh



Financial Performance

The operating results of Morarjee Realties for the year ending September 2002, 18-month period ending March 2004 and year ending 2005 are as hereunder:

(Rs. mn except per share data)

| | March 2005 | March 2004 | September 2002 |
|--|------------|------------|----------------|
| Net Sales and other Income | 641.4 | 6,427.1 | 2,426.7 |
| Profit / (loss) after tax (before adjustments) | (95.2) | (721.8) | (445.4) |
| Equity capital (par value Rs. 10 per share) | 195.3 | 195.3 | 195.3 |
| Reserves & Surplus (Excl. Revaluation) | (607.2) | (368.2) | 603.5 |
| Earnings per share | (4.89) | (37.1) | (22.9) |
| Book value per Share | (21.2) | (8.9) | 41.0 |

Share Quotation

The shares of Morarjee Realties are listed on BSE and NSE. The details of the highest and lowest price during the preceding six months are as follows:

| Month | High (Rs) | Low (Rs) |
|----------------|-----------|----------|
| May 2005 | 161.35 | 122.00 |
| June 2005 | 233.05 | 162.20 |
| July 2005 | 288.95 | 215.70 |
| August 2005 | 413.75 | 287.95 |
| September 2005 | 376.85 | 294.00 |
| October 2005 | 308.75 | 171.60 |

Source: NSE website

| Month | High (Rs) | Low (Rs) |
|----------------|-----------|----------|
| May 2005 | 160.45 | 120.65 |
| June 2005 | 233.70 | 161.60 |
| July 2005 | 289.35 | 215.50 |
| August 2005 | 412.10 | 301.80 |
| September 2005 | 374.35 | 292.70 |
| October 2005 | 307.80 | 172.80 |

Source: BSE website

There has been no change in capital structure during the last six months and there has been no public/rights issue by Morarjee Realties in the last three years.

Urvi Chemicals and Allied Industries Ltd.

Urvi Chemicals and Allied Industries Ltd. ("Urvi Chemicals") was incorporated under the Companies Act 1956, on September 29, 1973, and has its registered office at Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013.



Urvi Chemicals undertakes trust and agency business.

Shareholding Pattern

| No. | Name of the Shareholder | No. of shares | % shareholding |
|-----|--------------------------------|----------------|----------------|
| | Mr. Ajay G. Piramal | 100 | 0.04 |
| | Mr. Harshvardhan A. Piramal | 125 | 0.05 |
| | Mr. Nandan A. Piramal | 75 | 0.03 |
| | Ms. Nandini A. Piramal | 10 | 0.02 |
| | Mr. Rajeev A. Piramal | 100 | 0.04 |
| | Ms. Reshma Piramal | 100 | 0.04 |
| | Ms. Swati A. Piramal | 100 | 0.04 |
| | Ms. Urvi A. Piramal | 160 | 0.07 |
| | Carry-on Investments Pvt. Ltd. | 59,000 | 24.58 |
| | Lucre Investments Pvt. Ltd. | 59,000 | 24.58 |
| | Nebula Investments Pvt. Ltd. | 59,255 | 24.68 |
| | Nirvana Investments Pvt. Ltd. | 59,000 | 24.58 |
| | Public | 2,975 | 1.24 |
| | Total | 240,000 | 100.00 |

Board of Directors

Ms. Urvi A Piramal

Mr. Ranjan Sanghi

Mr. Suresh Tapuriah

Mr. Vijay K. Garg

Financial Performance

The operating results of Urvi Chemicals for the Fiscal 2003, 2004 and 2005 are as hereunder:

(Rs. mn except per share data)

| | FY2005 | FY2004 | FY2003 |
|--|--------|--------|---------|
| Net Sales and other Income | 55.3 | 15.3 | 43.0 |
| Profit / (loss) after tax (before adjustments) | (6.7) | (14.1) | (38.4) |
| Equity capital (par value Rs. 10 per share) | 2.4 | 2.4 | 2.4 |
| Reserves & Surplus (Excl. Revaluation) | 75.31 | 82.1 | 97.0 |
| Earnings per share | (28.0) | (58.8) | (160.1) |
| Book value per Share (of Rs. 10 each) | 314.8 | 352.3 | 414.2 |

Stock quotation

The shares are listed on BSE. In the preceding six months, the shares of Urvi Chemicals were traded once - on June 3, 2005. The price at which the shares were traded was Rs. 7.50.

There has been no change in the capital structure during the last six months and there has been no public or rights issue by Urvi Chemicals in the last three years.

Morarjee Textiles Ltd.

Morarjee Textiles Ltd. ("MTL") which was formerly known as Morarjee Brembana Ltd. was incorporated under the Companies Act, 1956 on July 14, 1995 and has its registered office at 106, Peninsula Centre, Dr. S. S. Rao Road, Parel, Mumbai – 400 012.

The main business of Morarjee Textiles Ltd. is the manufacture and sale of fabric.

Shareholding Pattern

| No. | Name of the Shareholder | No. of Shares | % shareholding |
|-----|---|-------------------|----------------|
| 1. | Promoters | 5,596,364 | 53.90 |
| | Mr. Ajay G. Piramal & Ms. Swati A. Piramal (Joint holders) | 110 | 0.00 |
| | Mr. Ajay G. Piramal | 371 | 0.00 |
| | Ms. Urvi A. Piramal | 289 | 0.00 |
| | Mr. Anand Piramal | 13,765 | 0.13 |
| | Ms. Lalita G. Piramal | 13 | 0.00 |
| | Ms. Nandini A. Piramal | 13,765 | 0.13 |
| | Mr. Rajeev A. Piramal | 13 | 0.00 |
| | Weltall Investments Pvt. Ltd. | 180 | 0.00 |
| | Blazon Investments Pvt. Ltd. | 954,768 | 9.20 |
| | Gopikrishna Piramal Memorial Hospital through Trustee: Mr. Ajay G. Piramal | 242,093 | 2.33 |
| | Piramal Polymers Ltd. | 35,772 | 0.34 |
| | Rajiv Piramal Investments Pvt. Ltd. | 379,116 | 3.65 |
| | Papillon Investments Pvt. Ltd. | 480,671 | 4.63 |
| | Carry-on Investments Pvt. Ltd. | 81,813 | 0.79 |
| | Piramal Finance & Investments Pvt. Ltd. | 489,765 | 4.72 |
| | Urvi Chemicals & Allied Industries Ltd. | 2,228,613 | 21.46 |
| | Nebula Investments Pvt. Ltd. | 81,525 | 0.79 |
| | Lucre Investments Pvt. Ltd. | 81,497 | 0.78 |
| | Nirvana Investments Pvt. Ltd. | 80,227 | 0.77 |
| | ESOP Scheme | 431,998 | 4.16 |
| 2. | Directors (other than Promoters) & their Relatives | 4,576 | 0.04 |
| | Mr. Ranjan Sanghi & Ms. Jayashree Sanghi (Joint holders) | 725 | 0.01 |
| | Mr. P.K. Gothi and Ms. Bhakti Gothi (Joint holders) | 1,264 | 0.01 |
| | Mr. Vishnubhai Haribhakti & Mr. Shailesh Haribhakti (Joint holders) | 2 | 0.00 |
| | Ms. Bhakti Gothi & Mr. P.K. Gothi (Joint holders) | 2,470 | 0.02 |
| | Ms. Jayshree Sanghi & Mr. Ranjan Sanghi (Joint holders) | 115 | 0.00 |
| 3. | Banks, FIs, FII and Mutual Funds | 1,269,501 | 12.24 |
| 4. | Foreign Bodies Corporate/ NRIs | 97,631 | 0.94 |
| 5. | Public | 3,414,478 | 32.89 |
| | Total | 10,382,550 | 100.00 |

Board of Directors

Mr. Ajay G. Piramal
 Ms. Urvi A. Piramal
 Mr. P. K. Gothi
 Mr. Harsh A. Piramal
 Mr. Giuseppe Callegari
 Mr. Takao Yajima
 Mr. Ranjan Sanghi
 Mr. Aditya Mangaldas
 Mr. Shailesh V Haribhakti



Financial Performance

The operating results of Morarjee Textiles Ltd. for the Fiscal 2003, 2004 and 2005 are as hereunder:

(Rs. mn except per share data)

| | FY2005 | FY2004 | FY2003 |
|---|---------------|---------------|---------------|
| Net Sales and other Income | 1485.0 | 1023.3 | 633.5 |
| Profit after tax (before adjustments) | 66.4 | (22.5) | (23.5) |
| Equity capital (par value Rs. 10 per share) | 103.8 | 328.8 | 328.8 |
| Reserves & Surplus (Excl. Revaluation) | 194.5 | (376.8) | (358.8) |
| Earnings per share | 2.3 | (0.7) | (0.7) |
| Book value per Share | 28.7 | (1.5) | (0.9) |

Share Quotation

The shares of Morarjee Textiles Ltd. are listed on BSE. The details of highest and lowest market prices during the preceding six months are as follows.

| Month | High (Rs) | Low (Rs) |
|----------------|------------------|-----------------|
| May 2005 | 149.80 | 126.70 |
| June 2005 | 173.60 | 122.45 |
| July 2005 | 133.15 | 121.25 |
| August 2005 | 167.35 | 117.05 |
| September 2005 | 151.75 | 108.75 |
| October 2005 | 116.70 | 82.70 |

Source: BSE website

There has been no change in the capital structure during the last six months and there has been no public/rights issue by Morarjee Textiles in the last three years.

Nicholas Piramal India Ltd.

Nicholas Piramal India Ltd. ("NPIL") was incorporated under the Companies Act, 1956 on April 26, 1947 and has its registered office at Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013

The main business of NPIL is the manufacturing and marketing of pharmaceutical products such as bulk drugs and formulations.

Shareholding Pattern as on 31/3/2005

| No. | Name of the Shareholder | No. of Shares | % shareholding |
|------------|--------------------------------|----------------------|-----------------------|
| 1 | Promoters | 96,545,330 | 50.81 |
| 2 | FI, Banks and Mutual Funds | 35,986,412 | 18.93 |
| 3 | Private bodies corporate | 4,386,867 | 2.31 |
| 4 | NRI/Overseas corporate bodies | 3,128,530 | 1.65 |
| 5 | Public | 27,421,386 | 14.43 |
| 6 | NDC | 22,547,480 | 11.87 |
| | Total | 190,016,005 | 100.00 |

Board of Directors

Mr. Ajay G. Piramal
 Mr. G.P. Goenka
 Mr. Rajesh Khanna
 Mr. Y.H. Malegam
 Ms. Swati A.Piramal
 Ms. Urvi A.Piramal
 Mr. Harshvardhan A. Piramal
 Mr. S. Ramadorai
 Mr. R.A. Shah
 Mr. Deepak Satwelkar
 Mr. N. Vaghul

Financial Performance

The operating results of NPIL for the Fiscal 2003, 2004 and 2005 are as hereunder:

(Rs. mn except per share data)

| | FY2005* | FY2004** | FY2003** |
|--|----------|----------|----------|
| Net Sales and other Income | 12,760.7 | 12,993.8 | 10,172.2 |
| Profit after tax (before adjustments) | 1,695.7 | 1,880.1 | 1,181.1 |
| Equity capital | 380.0 | 380.0 | 380.0 |
| Reserves & Surplus (Excl. Revaluation) | 4543.0 | 3529.6 | 3257.8 |
| Earnings per share | 8.8 | 47.1 | 31.0 |
| Book value per Share | 25.9 | 102.9 | 95.7 |

* - Equity Shares of Rs. 2 each

** - Equity Shares of Rs. 10 each

Share Quotation

The shares of NPIL are listed on BSE and NSE. The details of highest and lowest market prices during the preceding six months are as follows.

| Month | High (Rs) | Low (Rs) |
|----------------|-----------|----------|
| May 2005 | 248.95 | 217.10 |
| June 2005 | 269.05 | 241.05 |
| July 2005 | 274.15 | 252.15 |
| August 2005 | 279.45 | 249.70 |
| September 2005 | 293.30 | 262.10 |
| October 2005 | 293.45 | 229.60 |

Source: NSE website

| Month | High (Rs) | Low (Rs) |
|----------------|-----------|----------|
| May 2005 | 247.70 | 217.30 |
| June 2005 | 269.35 | 241.15 |
| July 2005 | 274.60 | 251.95 |
| August 2005 | 279.30 | 249.10 |
| September 2005 | 293.50 | 262.25 |
| October 2005 | 293.20 | 231.60 |

Source: BSE website

Nicholas Piramal has completed a Rights Issue of 19,001,601 equity shares of Rs. 2 each at a premium of Rs. 173 per equity share aggregating Rs. 3325.3 million to the equity shareholders in the ratio of one equity share for every ten equity shares held on the record date i.e. July 1, 2005.

The following are the details relating to this rights issue:

Issue price of the security: Rs. 175.0

Market price as on September 9, 2005: Rs. 265.1

There have been no changes in the capital structure, other than the shares to be allotted in the rights issue. The said issue closed on August 30, 2005.

The above companies are the five listed group companies. In addition to the above, the following companies form part of our promoter group.

| No. | Companies forming part of the promoter group |
|-----|---|
| 1 | Crossroad Shoppertainment Pvt. Ltd. |
| 2 | Piramal Polymers Ltd. |
| 3 | Piramyd Retail and Merchandising Pvt. Ltd. Ltd. |
| 4 | PMP Components Pvt. Ltd. |
| 5 | Thundercloud Technologies (I) Pvt. Ltd. |
| 6 | Morarjee Castiglioni (I) Ltd. |
| 7 | Aryanish Finance & Investment Pvt. Ltd. |
| 8 | Pavurotti Finance & Investment Pvt. Ltd. |
| 9 | Southville Consultancy Services Pvt. Ltd. |
| 10 | Antractica Trading Company Pvt. Ltd. |
| 11 | Weststar Elastometer Pvt. Ltd. |
| 12 | Bombay Motors Pvt. Ltd. |
| 13 | Alibaug Farming & Agriculture Company Pvt. Ltd. |
| 14 | Piramal Enterprises Ltd. |
| 15 | Renato Finance & Investments Pvt. Ltd. |
| 16 | Cineline Trading Company Pvt. Ltd. |
| 17 | Oneline Mercantile Company Pvt. Ltd. |
| 18 | Topwave Mercantile Company Pvt. Ltd. |
| 19 | Highzone Mercantile Company Pvt. Ltd. |
| 20 | Surewin Trading Company Pvt. Ltd. |
| 21 | Supersoft Mercantile Company Pvt. Ltd. |
| 22 | Super Plaza Mercantile Company Pvt. Ltd. |
| 23 | Topflag Trading Company Pvt. Ltd. |
| 24 | Supersoft Trading Company Pvt. Ltd. |
| 25 | Newzone Mercantile Company Pvt. Ltd. |
| 26 | Goldflag Mercantile Company Pvt. Ltd. |
| 27 | Alltime Mercantile Company Pvt. Ltd. |
| 28 | Newone Trading Company Pvt. Ltd. |
| 29 | Toptech Mercantile Company Pvt. Ltd. |
| 30 | Maxplaza Trading Company Pvt. Ltd. |
| 31 | Oneup Mercantile Company Pvt. Ltd. |
| 32 | Onestar Mercantile Company Pvt. Ltd. |
| 33 | Onestar Trading Company Pvt. Ltd. |
| 34 | Topzone Mercantile Company Pvt. Ltd. |
| 35 | Goldlife Mercantile Company Pvt. Ltd. |
| 36 | Seastar Trading Company Pvt. Ltd. |
| 37 | Creole Holding Company Pvt. Ltd. |
| 38 | L&T Crossroads Pvt. Ltd. |
| 39 | Goldspot Trading Company Pvt. Ltd. |
| 40 | Truetime Trading Company Pvt. Ltd. |
| 41 | Winstar Trading Company Pvt. Ltd. |

None of our Group Companies has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.



Management's Discussion and Analysis of the Financial Condition and Results of Operations as reflected in the Financial Statements

We commenced business on March 28, 2005 and these are the first audited results for the period from March 28, 2005 to June 30, 2005. You should read the following discussion of our financial condition and results of operations together with the notes thereto and the reports thereon in the section titled "Financial Information of the Issuer Company" on page 88 of this Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act, 1956 and the SEBI Guidelines. Unless otherwise stated, the financial information used in this section is derived from our audited financial statements -As Restated.

The Company was incorporated on March 18, 2005 to engage in the business of retailing of apparel, food, home and personal care products. The first financial year of the Company starts from March 28 2005. On March 28, 2005, we took over the net current assets of Piramyd Retail and Merchandising Pvt. Ltd as at March 27, 2005 (the difference between current assets and current liabilities excluding cash and bank balances and deferred license premia) and including capital work in progress. Also on April 1, 2005, we took over the fixed assets and net current assets of Crossroads Shoppertainment Pvt. Ltd as at March 31, 2005.

We are also accompanying audited results of PRMPL and CSPL in the section titled Discussion and Analysis of Past Financial Condition and Results of Operations (Unconsolidated, as per Indian GAAP) on page 117 of this Prospectus.

Overview of the business of PRL

We are one of India's major retailers with presence in the following two segments:

- o Lifestyle retail
- o Food, Home and Personal Care (FHPC)

Lifestyle retail

We are part of the Piramal group. We currently operate 12 stores spread across 4 cities occupying over 210,000 sq. ft of retail space. Our lifestyle retail business operates under the 'Piramyd Megastore' brand and houses a range of offerings including apparels, accessories like jewellery, watches, footwear and home products. The target segment for our lifestyle retail business are the informed and fashion conscious customers.

As a company offering lifestyle retail products, our business is explained in detail, as under:

1. Customer Segmentation and Targeting:

In order to segment the market for lifestyle retailing, we use parameters such as socio-economic classification, purchasing power and site locations.

2. Positioning:

We primarily cater to the customers who are 'Informed' and 'Fashion Followers' However, some of the product offerings are targeted towards customers in the 'Premium' segment as well as customers who are 'Fashion Leaders'. We endeavour to occupy customer mind space as the lifestyle retail megastore of choice for the fashion conscious.

3. Product Strategy

a. Branded Merchandise:

From a price point perspective, about 80% of our offerings would remain the same across the chain of stores that we operate. However, 20% could be premium or value priced, based on the city in which the store is located.

b. Private Label and Proprietary Label:

A private label range serves to reduce the current time to market and launch new products. Besides, we have a better grip over the markdowns and improved control over the merchandise

4. Supply Chain Management

a. Sourcing

Sourcing comprises design that gives direction to the value proposition for each coming season, in terms of color palettes, styles, fabrics, designs etc.



-
- b. Buying and Merchandising
Buying helps in developing and offering branded and own label ranges in line with the product strategy. Merchandising involves planning and pro-active management of inventory
 - c. Distribution & Logistics:
This involves the evolution of the logistics strategy for the company and setting up of a distribution system, inventory management, warehouse management and supply chain management.
5. Marketing
- a. Advertising:
Among all the forms of communication with the customer, the most significant one is visual merchandising. Visual merchandising serves the purpose of not only promoting certain styles /fashion statements enhancing their desirability, but also acts as an important messaging tool to clearly position Piramyd Megastore in the competitive landscape.
 - b. Events and Promotional Activities:
Events and promotions play an important role as a platform for the brand to communicate with customers
 - c. Piramyd Power Club:
Our Customer Loyalty and Privilege Program
6. Customer Relationship Management (CRM)
- a. Feedback:
Feedback helps us in understanding customer needs and facilitates constant improvisation of our value proposition.
 - b. Data Mining:
Apart from ensuring continued customer loyalty, thereby providing a sustainable revenue generating customer base, the Piramyd Power Club acts as a source of market intelligence and provides valuable insights into customer buying behaviour.

FHPC

The FHPC business runs under the 'TruMart' brand. We offer convenience by being located in residential areas and cater to both the bulk buying and top up requirements of our customers.

Hub and Spoke Model – Cluster Approach

The business model going forward is to develop each store on a hub and spoke model. Thus, each store would either be a hub or a spoke. The hub would be the TruMart Supermarket spread over an area of 6,000 - 8,000 sq ft and cater to the bulk requirements of its consumers. The supermarket would provide depth and width of products with discounts, as arranged with vendors. The spoke, TruMart Daily, would be smaller variations of 1,500 - 2,000 sq ft area, catering to the top up purchasing needs of the customers. This would provide convenience as a value proposition, as it would be located in the heart of residential areas close to the target consumers.

As a company offering FHPC products, our business is explained in detail, as under:

1. Segmentation and Target Audience:
We have defined our target customer as the individual who does the regular shopping for FHPC products
2. Positioning:
We are positioned as a dependable neighborhood store that offers genuine value
3. Product Strategy
 - a. Product Category:
We also, classify products beyond Category based on customer purchase behaviour into Preferred, Destination, Occasional/ Seasonal and Convenience/ Impulse

b. Private Label Strategy:

We are developing our own label initially in products from the unorganized sector with low entry barriers as we are convinced that having a private label can ensure better margins

4. Supply Chain Management

a. Sourcing Strategy:

We will focus on sourcing with minimum intermediaries. The idea is to source from as “upstream” as possible in the supply chain, thereby increasing margins and reducing costs

b. Distribution Strategy:

This consists of mainly two supply channels including perishables that are sourced fresh with direct delivery to store and non-perishables that are sourced and packed with our own label.

5. Advertising and Promotion:

We focus on “Relationship Marketing”, This builds and strengthens loyalty amongst our target customers.

The Gross Retail Sales (GRS) as recorded in our books comprise Bought out Merchandise (Outright Sales) and Consignment Sales. In the Outright arrangement, we purchase the merchandise from the vendor and own the merchandise. We incur the holding and carrying cost of inventory but the risk of markdown varies in accordance with the type of commercial arrangements with the vendors. We also enter into arrangements with our vendors for purchase of merchandise on Consignment Basis wherein the consignor or vendor continue to remain the owners of the inventory and bear all inventory related risks, as all unsold stock is returned to the vendor/consignor.

The other source of income is from concessionaires who are provided with a demarcated space within our store to sell their products. Other income also includes income from signages, interest income etc.

The Cost of Goods Sold (COGS) is inclusive of cost payable to the vendor as well as incidental costs such as freight, merchandise handling, octroi, shrinkage etc. Shrinkage, in the retail business, is defined as the loss in inventory through a combination of shoplifting by customers, pilferage by employees, and errors in documents and transactions that go unnoticed.

The following are some of the important parameters that management tracks for understanding the operating efficiency of its business.

1. **GMROI:** The Gross Margin Return on Investment in Inventory (GMROI) is a very important parameter for the industry. It is an indication of the gross margin that the company generates on each unit of investment in inventory. The higher the ratio the better is the inventory management of the company.
2. **GMROF:** The Gross Margin Return on Foot (GMROF) is the gross margin the business generates per square foot of retail space (space for outright and consignment merchandise and excludes the concessionaire area). It is an indication of how well the business is managing its retail space.
3. **GMROL:** The Gross Margin Return on Labour (GMROL) is the gross margin the business generates per employee. It is an indication of the productivity of the company’s employees.
4. **Per Square Foot Per Annum of Sales (PSFPA):** This is a measure of sales generated per square foot using total retail sales and carpet areas of the stores (space for outright and consignment merchandise and excludes the concessionaire area).



Summary Operating Data

(Rs. mn)

| | 2005-06 Total Period ended June 30, 2005 | 2005-06 Corporate Period ended June 30, 2005 | 2005-06 Stores Period ended June 30, 2005 |
|--|---|---|--|
| Income | | | |
| Total Retail Area [§] (sq. ft) | 94,071 | - | 94,071 |
| Sales of Outright Merchandise | 136.3 | - | 136.3 |
| Sales of Consignment Merchandise | 14.1 | - | 14.1 |
| Other Income | 12.7 | 3.2 | 9.6 |
| Expenditure | | | |
| Cost of Outright Merchandise | 106.7 | 0.02 | 106.7 |
| Cost of Consignment Merchandise | 9.2 | - | 9.2 |
| Staff Costs | 18.0 | 13.2 | 4.8 |
| Administration Expenses | 26.3 | 7.5 | 18.8 |
| Selling and Distribution Expenses | 2.7 | 0.03 | 2.7 |
| Interest | 0.01 | 0.01 | - |
| Net Profit before Tax and Extra ordinary items | 0.2 | (17.6) | 17.8 |
| Taxation – Current / Deferred | 0.2 | 0.2 | - |
| Net Profit before Extraordinary items | 0.04 | (17.7) | 17.8 |
| Extra-ordinary items (net of tax) | - | - | - |
| Net Profit after Extraordinary items | 0.04 | (17.7) | 17.8 |

§ The above area is the carpet area based on actuals computed for the operational stores after deducting area occupied by concessionaires

Factors that affect Results of Operations

Footfalls, Cash Memo Size and Conversions

The sales through our stores are directly a function of people entering into the store. We measure footfalls, through a physical count at the respective stores; these represent only the adult persons entering the stores. Our advertising & promotional strategies are geared towards attracting higher footfalls into our stores.

Footfalls do not directly translate into sales till these customers make a purchase. The purchases are tracked by a count of the cash memos generated at the billing counters of each store.

Conversion is measure of efficiency of the overall retail operations and is measured as a ratio of the total cash memos vis a vis the total footfalls in the stores. Our customer service and merchandise planning strategies are designed continuously to improve the level of conversion which indicates higher productivity and effectiveness of our customer service executives and the attractiveness of our merchandise offering.

A detailed analysis of these parameters is essential in understanding the operations of the company. The management team undertakes such an analysis on a monthly basis for each store. The store managers track these parameters on a daily basis.

| All figures are on actuals | Period ended June 30, 2005 | |
|----------------------------|----------------------------|---------|
| | Lifestyle retail | FHPC |
| Footfalls (Nos.) | 259,270 | 205,557 |
| Cash Memos (Nos.) | 73,310 | 168,261 |
| Conversion (%) | 28.3% | 81.9% |

Note: The data is obtained from our internal MIS reports

Gross Retail Sales

The Gross Retail Sales (GRS) for the period ended 30 June, 2005 was Rs. 150.5 mn and included Outright Sales of Rs. 136.3 mn and Consignment Sales of Rs. 14.1 mn. The Sales as defined in the audited restated financials for the period ended 30 June, 2005 is calculated after reducing the Cost on Consignment Sales of Rs. 9.2 mn. GRS only includes Outright Sales and Consignment Sales and excludes the sales of our Concessionaires. The GRS for the lifestyle retail business was Rs. 112.8 mn and for the FHPC business was Rs. 37.6 mn.

(Rs. mn)

| | Period ended June 30, 2005 | | |
|-------------------------------|----------------------------|------------------|------|
| | Total | Lifestyle retail | FHPC |
| Outright Sales | 136.3 | 98.7 | 37.6 |
| Consignment Sales | 14.1 | 14.1 | 0.0 |
| Gross Retail Sales | 150.5 | 112.8 | 37.6 |
| (-) Cost on Consignment Sales | 9.2 | 9.2 | 0.0 |
| Sales | 141.3 | 103.6 | 37.6 |

Note: Cost on Consignment Sales = Consignment Sales less Consignment Income, obtained from the audited financials

Cash Memo Size and PSFPA

Average Cash Memo Size is the average value of the cash memos billed, also referred to as 'Ticket Size', which is determined by dividing the Gross Retail Sales by the number of cash memos. Tracking this helps us to understand the value of purchase by the customer on each purchase. It also enables us to understand the profile of our customers and improve our merchandising planning based on the average purchasing power of our customers.

| All figures are on actuals | Period ended June 30, 2005 | |
|------------------------------|----------------------------|---------|
| | Lifestyle retail | FHPC |
| Average Cash Memo Size (Rs.) | 1,539 | 224 |
| PSFPA (Rs.) | 1,537.5 | 1,816.1 |

Cost of Goods Sold

The Total COGS as a percentage of GRS was 77.0%.

(Rs. mn)

| | Period ended June 30, 2005 |
|---------------------------------|----------------------------|
| Purchases | 278.4 |
| Direct Costs | 3.6 |
| (Increase) / Decrease in stocks | (175.4) |
| Cost on Consignment Sales | 9.2 |
| Total COGS | 115.8 |
| % of GRS | 77.0% |

Gross Margins

Gross Margins = (GRS – Cost of Goods Sold)

(Rs. mn)

| | Period ended June 30, 2005 |
|---------------|----------------------------|
| Gross Margins | 34.6 |
| % of GRS | 23.0% |



GMROI, GMROF, GMROL

| All figures are on actuals | Period ended June 30, 2005 |
|----------------------------|-------------------------------|
| GMROI | 0.4 |
| GMROF | 367.5 |
| GMROL | 74,874.4 |

Other Income

Other income includes income from concessionaires, interest received and signage fees. This is a stable revenue stream with potential to become significant, once the growth plans are implemented and serve as an effective hedge against fixed outgoings.

Concessionaires manage their own inventory and billing and employ their staff at counters provided and are also responsible for the billing of the products sold by them. The different types of arrangements with concessionaires vary as follows:

- Fixed Rentals: Concessionaires pay us a fixed rental periodically regardless of their sales/profits
- Percentage of Sales: Consideration is determined as a percentage of concessionaire sales
- Combination: This is a hybrid of the above two arrangements
- Minimum Guarantee: Under this method, our income is the higher of fixed rentals or percentage of sales. Thus, we have the ability to get an upside on higher sales without compromising on secured minimum rentals

Our concessionaires include Bhandare Opticians (eye-care), More Mischief and Be (designer wear), Music World (music), Crosswords (books), L'Oreal (cosmetics), Qwiky's (cafe) and Pioneer Sports Equipments (sports goods).

Operating Margins

Operating Margins = (Gross Margins + Other Income)

(Rs. mn)

| | Period ended June 30, 2005 |
|-------------------|----------------------------|
| Operating Margins | 47.3 |

Other Expenditure

Other Expenditure includes Staff Costs, Administration Expenses and Selling and Distribution Expenses. Other Expenditure was Rs. 47.0 mn for the period ended 30 June, 2005. As a percentage of GRS, it was 31.2%. Other Expenditure can be broken up into corporate overheads and expenditure incurred at the stores. Administration expenses include expenses related to occupation costs, insurance, security, professional expenses, printing and stationery, electricity, travel and conveyance, and other miscellaneous expenses. Selling & Distribution Expenses includes expenses on account of advertising, sales promotion etc.

Corporate Overheads

The corporate overhead was Rs. 20.7 mn for the period ended June 30, 2005. The corporate overheads as percentage of GRS was 13.7%. The increase has mainly been on account of ramp up in the Buying and Merchandising and Project Execution teams hired to meet future growth requirements.

Store Costs

The Store Costs were Rs. 26.3 mn for the period ended June 30, 2005 which amounted to 17.4% of GRS.

(Rs. mn)

| | Period ended June 30, 2005 | | |
|--|----------------------------|-------------|-------------|
| | Total | Corporate | Store Level |
| Staff Costs | 18.0 | 13.2 | 4.8 |
| - FTE | 462 | 138 | 324 |
| - Staff Cost per FTE (in Rs.) - Annualised | 156,068 | 382,260 | 59,788 |
| Staff Costs as a % of GRS | 12.0% | 8.8% | 3.2% |
| Administration Costs | 26.3 | 7.5 | 18.8 |
| Administration Costs as a % of GRS | 17.5% | 5.0% | 12.5% |
| Selling and Distribution Costs | 2.7 | 0.0 | 2.7 |
| Selling and Distribution Costs as a % of GRS | 1.8% | 1.8% | |
| Total | 47.0 | 20.7 | 26.3 |
| % of GRS | 31.2% | 13.7% | 17.4% |

Rentals

Rentals have been included in Administration Expenses and were Rs. 7.3 mn for the period ended June 30, 2005. As a percentage of GRS, rentals were at 4.8%. Our strategy for the new stores is to negotiate for rent free arrangements for the first six months of operations.

(Rs. mn)

| | Period ended June 30, 2005 |
|----------|----------------------------|
| Rentals | 7.3 |
| % of GRS | 4.8% |

Depreciation

Depreciation has been included in Administration Expenses and was at Rs. 0.4 mn for the period ended June 30, 2005.

EBITDA

EBITDA was Rs. 0.7 mn for the period ended June 30, 2005. The corporate EBITDA was Rs. (17.5) mn whereas the store level EBITDA was Rs. 18.2 mn. With the growth in the lifestyle retail and FHPC business, the corporate overheads which are largely fixed would become a smaller percentage of GRS and the overall EBITDA margins on the company is expected to improve.

(Rs. mn)

| | Period ended June 30, 2005 | | |
|---------------|----------------------------|-----------|-------|
| | Total | Corporate | Store |
| EBITDA | 0.7 | (17.5) | 18.2 |
| EBITDA Margin | 0.5% | (11.7%) | 12.1% |

Profit after Tax

PAT was Rs. 0.04 mn for the period ended June 30, 2005. The corporate level PAT was Rs. (17.7) mn whereas the store level PAT was Rs. 17.8 mn.

(Rs. mn)

| | Period ended June 30, 2005 | | |
|-----|----------------------------|-----------|-------|
| | Total | Corporate | Store |
| PAT | 0.04 | (17.7) | 17.8 |



Significant developments subsequent to last financial results

Subsequent to the audited results for period ended June 30, 2005, there were the following developments

- We opened our fourth Megastore at Ahmedabad. The Megastore commenced operations on 1st July, 2005 with a built up area of about 68,400 sq. ft. We have also opened three TruMart stores; first in Pune on 23rd July with a built up area of about 7,800 sq. ft and the second at Kandivli in Mumbai on 19th Aug, 2005 with a built up area of about 9,000 sq. ft. and third in Ahmedabad on October 29, 2005.
- The Company has now entered the implementation phase for JDA, Merchandising Management Systems and this is expected to last for a period of 15-18 months. The implementation of Oracle Financials has also entered the first phase of the project.
- Due to inclement weather in Mumbai in the end of July 2005, we have suffered loss of merchandise at our Distribution Center at Bhiwandi. An insurance claim of Rs 35 mn for damages, on this account, has been lodged with the authorities.
- We have increased our paid up share capital from Rs. 10 mn to Rs 110 mn. For details, refer to page 10 on Capital Structure.
- We have taken a bridge loan (an inter-corporate deposit) of Rs. 291.9 mn, repayable on demand and carrying interest at the rate of 8.15% pa.
- We opened our fifth Megastore at Ludhiana and operations at this store commenced on October 4, 2005. The built up area of the Megastore is 50,000 sq. ft.
- We have availed a Bank guarantee of Rs. 0.85 Mn. from Yes Bank Limited in favour of vendor for supply of material.

Save as stated in this section of this Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statements, which have materially and adversely affected or are likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities in the next nine months.

Liquidity and Capital Resources

Our primary liquidity needs have historically been to finance our working capital needs and for the capital expenditure at our stores. We have working capital arrangement with Yes Bank for Rs. 200 mn at an interest rate of 9.33%. For covenants on this arrangement, please refer to the section entitled "Risk Factors" on page xviii of this Prospectus.

Related Party Transactions

For details of related party transactions, please refer to the section entitled "Related Party Transactions" on page 93 of this Prospectus.

Information required as per Clause 6.10.5.5 of SEBI Guidelines

1. Unusual or infrequent events or transactions

We commenced business through the purchase of fixed assets and net current assets of CSPL and the net current assets (excluding cash and bank balances and deferred license premia) and capital work in progress of PRMPL. The block of fixed assets have been taken on lease from PRMPL wef March 28, 2005.

2. Significant economic changes that can impact operations

We are exposed to financial market risks from changes in interest rates and inflation

Interest rate risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. Currently, we are not carrying a high level of debt but the debt may increase with expansion of our operations. Any rise in interest rates in the future could adversely impact interest payment and the results of our operations.

Effect of Inflation

We are subject to inflationary forces on our fixed costs.

3. Known trends or Uncertainties

Other than as described in this section in this Prospectus, to the best of our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenue or income of the Company from continuing operations.

The Maharashtra Government on August 24, 2005 has banned manufacture, sale and use of all plastic bags within the State. The ban will come into effect on September 24, 2005. The ban once implemented may affect our business as the input costs of the products purchased may be higher due to a shift to other packing materials, and which may be passed on to us. Besides, we will also have to provide our customers with bags made from other alternative materials to carry the merchandise bought at our stores. The unit costs of these bags may be higher than the plastic bags, currently in use.

4. Future relationship between costs and revenue

With growth in operations, we would realize economies of scale in supply chain, buying and merchandising etc. Costs other than cost of merchandise are largely fixed and increased operations would not result in proportionate increase in other costs.

Other than as described in this section in this Prospectus, to the best of our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

5. New Products or formats

We currently operate in two business segments, namely lifestyle retail products and FHPC products. For our lifestyle retail business, we believe that our format of department store offers significant opportunities, as detailed in the industry overview in this Prospectus. The FHPC format is based on a unique hub and spoke model, which we believe would target both the bulk buying and the top up purchases of consumers. At the same time, we continuously evaluate the market conditions and the competitive scenario and may decide to move to alternative delivery formats or product categories, should we find the opportunity compelling or should we feel that such change will strengthen our existing format.

6. Turnover for the industry segments in which we operate

Please refer to the discussions in the section entitled "Industry Overview" on page 24 in this Prospectus].

7. Seasonality of business

Our business is seasonal in nature and our annual results are highly dependent on the success of our third quarter sales. Our highest sales and operating income are earned during season months, in view of festive buying. We try and maximize sales in this quarter through promotions, advertising and festival specific activities.

We also have to actively manage seasonality due to climatic changes. We have two product ranges every year for spring-summer and autumn-winter. These ranges are distinct, in terms of materials and products and we actively manage the procurement and sales to ensure optimal inventory and minimal markdowns.

8. Dependence on single or few suppliers / customers

We stock about 80,000 SKUs in our Piramyd Megastores and about 14,500 SKUs in our TruMart supermarkets. The source for these products is a very diverse group of suppliers though the FHPC business is dependent to an extent on some large and leading FMCG players like Hindustan Lever Ltd. and Procter and Gamble (India) Ltd. Similarly, we sell our products to a wide variety of customer segments and do not foresee business risk arising from our customers.

9. Competitive Conditions

We believe that we have a sound derisking model and are well positioned to participate in the growth of organized retail. Our strengths would help us serve our customers well and includes:

- Experienced professional management team
- Ability to identify markets and sign up good store locations at low rentals
- Speed in adapting to changing needs ranging from product basket on offer to diversification into newer formats and different industry segments
- Ability to ramp up and enjoy economies of scale in sourcing and supply chain resulting in better margins
- Clear positioning and a unique merchandising proposition
- Superior value-added customer services
- High emphasis on technology for operational excellence



Discussion on Results of Operations

Since this is the first financial period of the Company, the results have not been compared with any past periods.

Discussion and Analysis of Past Financial Condition and Results of Operations (As per Indian GAAP)

The apparel business, launched in 1999, was a part of Piramyd Retail and Merchandising Private Limited (PRMPL) and the FHPC retail business was housed under Crossroads Shoppertainment Private Limited (CSPL). Piramyd Retail Limited (PRL) commenced operations on March 28, 2005. PRL acquired the lifestyle retail business of PRMPL and the food retail business of CSPL. For this purpose, business transfer agreements with PRMPL and CSPL were entered into.

For all the periods discussed below, the results of operations represent the results of the two companies from whom the retail businesses were acquired. Since the businesses were not domiciled in a standalone company during these periods, these historical results may not be necessarily indicative of the results had it been a standalone company for the periods presented or of future results.

The following Combined Proforma Statement of Profit and Loss - As Restated and Combined Proforma Statement of Assets and Liabilities – As Restated of Piramyd Retail and Merchandising Private Limited & Crossroads Shoppertainment Private Limited have been derived from the audited financial statements of the said companies for the fiscal years ended March 31, 2003, March 31, 2004 and March 31, 2005. They are prepared in accordance with Indian GAAP, after setting off all inter-party transactions between the said companies. The proforma financial information should be read in conjunction with financial statements of the two companies, which are included herein and with the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations “on page 108 of this Prospectus.

These Proforma Statements were prepared as if the transfer of business from PRMPL and CSPL had occurred on April 1, 2002. These statements are for illustrative purposes only and do not purport to be indicative of what the financial position would have been had this transfer of business actually occurred on the date indicated or of what the financial position would be, in any future period.

Combined Proforma Statement of Profit and Loss – As Restated of Piramyd Retail and Merchandising Private Limited & Crossroads Shoppertainment Private Limited

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|---|----------------|---------------|----------------|
| Sales: | | | |
| Of products manufactured by the Company | - | - | - |
| Of products traded in by the Company | 536.0 | 378.3 | 326.5 |
| Total | 536.0 | 378.3 | 326.5 |
| Other Income | 53.2 | 48.7 | 56.4 |
| Increase (Decrease) in Inventories | (51.7) | 31.3 | (8.7) |
| | 537.5 | 458.3 | 374.2 |
| Expenditure | | | |
| Raw Materials consumed / Purchases | 361.5 | 321.2 | 250.7 |
| Staff Costs | 69.7 | 48.8 | 35.9 |
| Other Manufacturing expenses / Direct Costs | 9.0 | 7.4 | 7.2 |
| Administration Expenses | 151.1 | 129.6 | 130.4 |
| Selling and Distribution Expenses | 24.7 | 17.3 | 15.7 |
| Interest | 26.8 | 31.6 | 40.8 |
| | 642.9 | 555.8 | 480.7 |
| Net Profit before tax and extraordinary items | (105.3) | (97.6) | (106.5) |
| Taxation - Current / Deferred | 0.02 | - | - |
| Net Profit before Extraordinary items | (105.4) | (97.6) | (106.5) |
| Extra-ordinary items (net of tax) | - | - | - |
| Net Profit after Extraordinary items | (105.4) | (97.6) | (106.5) |

Combined Proforma Statement of Assets and Liabilities – As Restated of Piramyd Retail and Merchandising Private Limited & Crossroads Shoppertainment Private Limited

(Rs. mn)

| | As at March 31, 2005 | As at March 31, 2004 | As at March 31, 2003 |
|---|---------------------------------|---------------------------------|---------------------------------|
| A. Fixed Assets : | | | |
| Gross Block | 211.4 | 171.0 | 152.5 |
| Less: Depreciation | 47.9 | 33.8 | 22.4 |
| Net Block | 163.5 | 137.3 | 130.1 |
| Less: Revaluation Reserve | - | - | - |
| Net Block after adjustment for Revaluation Reserve | 163.5 | 137.3 | 130.1 |
| B. Current Assets, Loans and Advances: | | | |
| Inventories | 17.0 | 68.7 | 37.4 |
| Sundry Debtors | 109.0 | 4.5 | 7.9 |
| Cash and Bank Balances | 20.2 | 3.3 | 0.9 |
| Loans and Advances | 24.0 | 63.7 | 50.9 |
| Deferred Tax Asset | - | - | 145.5 |
| | 170.2 | 140.1 | 242.7 |
| C. Liabilities and Provisions : | | | |
| Secured Loans | 162.4 | 12.3 | 4.6 |
| Unsecured Loans | 135.9 | 466.6 | 351.7 |
| Current Liabilities and Provisions | 24.6 | 204.9 | 175.3 |
| | 322.9 | 683.9 | 531.7 |
| D. Networth | 10.8 | (406.5) | (158.8) |
| Represented by | | | |
| Share Capital | 145.1 | 132.5 | 132.5 |
| Reserves (Net of P&L Debit balance & Miscellaneous Expenditure) | (134.3) | (539.0) | (291.3) |
| Less Revaluation Reserve | - | - | - |
| Reserves (Net of Revaluation Reserves) | (134.3) | (539.0) | (291.3) |
| Networth | 10.8 | (406.5) | (158.8) |



PRMPL

Statement of Audited Unconsolidated Profit and Loss - As Restated of the Lifestyle Retail Business of Piramyd Retail and Merchandising Private Limited.

In FY2005, the lifestyle retail business of PRMPL was carried on until March 27, 2005 after which it was transferred to PRL.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--|----------------|---------------|----------------|
| Sales: | | | |
| Of products manufactured by the Company | - | - | - |
| Of products traded in by the Company | 430.0 | 321.9 | 293.7 |
| Total | 430.0 | 321.9 | 293.7 |
| Other Income | 50.0 | 46.4 | 52.9 |
| Increase (Decrease) in Inventories | (54.8) | 22.6 | (13.1) |
| | 425.1 | 390.9 | 333.4 |
| Expenditure | | | |
| Raw Materials consumed / Purchases | 268.2 | 265.8 | 216.9 |
| Staff Costs | 64.7 | 46.1 | 34.9 |
| Other Manufacturing expenses / Direct Costs | 8.6 | 6.8 | 6.7 |
| Administration Expenses | 139.3 | 121.9 | 122.7 |
| Selling and Distribution Expenses | 21.8 | 16.0 | 15.0 |
| Interest | 26.0 | 30.9 | 40.3 |
| | 528.5 | 487.5 | 436.6 |
| Net Profit before tax and extraordinary items | (103.4) | (96.5) | (103.2) |
| Taxation – Current / Deferred | 0.02 | - | - |
| Net Profit before Extraordinary items | (103.4) | (96.5) | (103.2) |
| Extra-ordinary items (net of tax) | - | - | - |
| Net Profit after Extraordinary items | (103.4) | (96.5) | (103.2) |

Statement of Audited Unconsolidated Assets and Liabilities – As Restated of Piramyd Retail and Merchandising Private Limited.

In FY2005, the lifestyle retail business of PRMPL was carried on until March 27, 2005 after which it was transferred to PRL.

(Rs. mn)

| | As at March 31, 2005 | As at March 31, 2004 | As at March 31, 2003 |
|---|-------------------------|-------------------------|-------------------------|
| A. Fixed Assets : | | | |
| Gross Block | 188.1 | 162.3 | 149.8 |
| Less: Depreciation | 46.6 | 33.2 | 22.3 |
| Net Block | 141.5 | 129.1 | 127.5 |
| Less: Revaluation Reserve | | | |
| Net Block after adjustment for Revaluation Reserve | 141.5 | 129.1 | 127.5 |
| B. Current Assets, Loans and Advances: | | | |
| Inventories | - | 54.8 | 32.2 |
| Sundry Debtors | 107.3 | 2.8 | 7.6 |
| Cash and Bank Balances | 19.8 | 2.9 | 0.8 |
| Loans and Advances | 19.5 | 63.4 | 50.6 |
| Deferred Tax Asset | - | - | 144.0 |
| | 146.6 | 123.9 | 235.2 |
| C. Liabilities and Provisions : | | | |
| Secured Loans | 162.4 | 12.3 | 4.6 |
| Unsecured Loans | 102.2 | 446.0 | 346.2 |
| Current Liabilities and Provisions | 4.6 | 197.2 | 171.2 |
| | 269.2 | 655.5 | 522.1 |
| D. Networth | 18.9 | (402.5) | (159.3) |
| Represented by | | | |
| Share Capital | 142.6 | 130.0 | 130.0 |
| Reserves (Net of P&L Debit balance & Miscellaneous Expenditure) | (123.7) | (532.5) | (289.3) |
| Less Revaluation Reserve | - | - | - |
| Reserves (Net of Revaluation Reserves) | (123.7) | (532.5) | (289.3) |
| Networth | 18.9 | (402.5) | (159.3) |

Overview of the business of PRMPL

The lifestyle retail business of the Piramal group, was carried on in PRMPL, through Piramyd Megastores. Piramyd Megastore is a department store offering a wide a range of merchandise and includes apparels for men (formals and casuals), women (ethnic and western), kids and infants. The non apparel offering includes fashion accessories, footwear, watches, eyewear, cosmetics, jewellery and home products.

The first Piramyd Megastore was set up as an anchor tenant at Crossroads in 1999, offering international quality shopping experience. The store with a Built Up Area (BUA) of 27,695 sq. ft. today was initially conceived as a standalone model with the main objective of driving traffic to Crossroads. The store attracted high footfalls and retail sales per square foot per annum and this encouraged the conversion of the Piramyd Megastore into a retail chain. The following table shows the operations of the chain in PRMPL

| No. | Store Location | BUA (sq. ft.) | Commencement Year |
|-----|----------------|---------------|-------------------|
| 1 | Mumbai | 27,695 | 1999 |
| 2 | Pune | 42,000 | 2001 |
| 3 | Nagpur | 38,243 | 2003 |



The second store in Pune commenced operations in 2001 as a large format store spread over 42,000 sq ft. The assets of an existing store were taken over and turned around, ready for operations within 40 days. The Nagpur store started operations in 2003 with a BUA of 38,243 sq ft. The store was taken on a wet lease, wherein a significant portion of the investment in interiors was made by the developer.

Gross Retail Sales (GRS)

The Gross Retail Sales (GRS) for FY2005 saw a growth of 21.8% at Rs. 501.7 mn as compared to Rs. 411.9 mn for FY2004. The GRS includes Outright Sales and Consignment Sales and excludes the sales made by concessionaires. FY2005 was the first full year of operations for the Nagpur Megastore, which had operated for 6 months in FY2004.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|-------------------------------|--------------|--------------|--------------|
| Outright Sales | 430.0 | 321.9 | 293.7 |
| Consignment Sales | 71.7 | 90.1 | 85.2 |
| Gross Retail Sales | 501.7 | 411.9 | 378.8 |
| (-) Cost on Consignment Sales | 50.0 | 64.3 | 58.8 |
| Sales | 451.7 | 347.7 | 320.0 |
| YOY growth of GRS | 21.8% | 8.7% | |

Note: Cost on Consignment Sales = Consignment Sales less Consignment Income, obtained from the audited financials

Cost of Goods Sold

Total COGS as a percentage of GRS in FY2005 was 76.1%.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|------------------------------|--------|--------|--------|
| Cost of Outright Merchandise | 331.6 | 249.9 | 236.7 |
| Cost on Consignment Sales | 50.0 | 64.3 | 58.8 |
| Total COGS | 381.6 | 314.2 | 295.5 |
| % of GRS | 76.1% | 76.3% | 78.0% |

Gross Margins

Gross Margins = (GRS – Cost of Goods Sold)

The slight increase in Gross Margins in FY2005 has been because on account of greater participation of certain new categories in non - apparel sections in the Megastores like Home, supplemented by better negotiations with vendors across categories.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|---------------|--------|--------|--------|
| Gross Margins | 120.0 | 97.7 | 83.3 |
| % of GRS | 23.9% | 23.7% | 22.0% |

GMROI, GMROF, GMROL

The following are some of the important parameters that management tracks for understanding the operating efficiency of its business.

| | FY2005 | FY2004 | FY2003 |
|-------|---------|---------|---------|
| GMROI | 1.5 | 2.2 | 2.1 |
| GMROF | 1,636.9 | 1,824.2 | 2,029.9 |
| GMROL | 350,132 | 312,192 | 294,293 |

Note: Average inventory numbers have been used for calculating GMROI and average retail space for GMROF. For GMROL, FTE (Full Time Equivalents) employees have been used.

- GMROI:** GMROI was 2.1 in FY2003 and 2.2 in FY2004. GMROI has declined in FY2005 to 1.5 because of the stocking up of inventory at the Distribution Centers (DC) for the launch of the store at Ahmedabad and import of merchandise for the Spring-Summer collection for FY2006. Imports representing pre-season overseas bookings are usually stacked up, to avoid higher lead times and for better cost efficiencies.
- GMROF:** GMROF declined in FY2004 as compared to FY2003 as a result of the new store at Nagpur. Any new store requires time to ramp up and generate GMROF to its potential. Besides, Nagpur, being a Tier 2 city will give lower GRS and gross margin returns per foot of retail space.
- GMROL:** GMROL is calculated on a FTE basis (Full Time Equivalent) has seen a significant growth of 12.1% in FY2005. GMROL was 350,132 in FY2005 which in effect indicates that each FTE earns the above Gross Margin for the company. This is despite the build up of employees at the back office in preparation for future expansion.

Other Income (excluding income from consignment sales)

Other income mainly comprises of income from concessionaires, interest received and signage fees. Other Income as a percentage of GRS has increased to 5.6% in FY2005 as compared to 5.0% in FY2004.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--------------|--------|--------|--------|
| Other Income | 28.2 | 20.7 | 26.5 |
| % of GRS | 5.6% | 5.0% | 7.0% |

Operating Margins

Operating Margins = (Gross Margins + Other Income)

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|-------------------|--------|--------|--------|
| Operating Margins | 148.3 | 118.4 | 109.8 |

Other Expenditure

The staff costs include employment costs and other benefits. The staff costs have increased to 12.9% of GRS in FY2005. The increase has mainly been on account of ramp up in the Buying and Merchandising and Project Execution teams. Usually, such augmentation is embarked upon 12 to 18 months prior to the actual setup of new stores. Administration expenses include expenses related to occupation costs, insurance, security, professional expenses, printing and stationery, electricity, travel and conveyance, and other expenses. Administration expenses as a percentage of GRS has reduced from 32.4% in FY2003 to 27.8% in FY2005. Overall, costs as a % of GRS are comparable.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|---|--------------|--------------|--------------|
| Staff Costs | 64.7 | 46.1 | 34.9 |
| - FTE | 343 | 313 | 283 |
| - Cost per FTE | 0.19 | 0.15 | 0.12 |
| Staff Costs as % of GRS | 12.9% | 11.2% | 9.2% |
| Administration Expenses | 139.3 | 121.9 | 122.7 |
| Administration Expenses as % of GRS | 27.8% | 29.6% | 32.4% |
| Selling & Distribution Expenses | 21.8 | 16.0 | 15.0 |
| Selling & Distribution Expenses as % of GRS | 4.3% | 3.9% | 4.0% |
| Total | 225.8 | 184.0 | 172.7 |
| % of GRS | 45.0% | 44.7% | 45.6% |

Depreciation

Depreciation has been included in Administration expenses and was Rs. 13.4 mn for FY2005.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--------------|--------|--------|--------|
| Depreciation | 13.4 | 11.9 | 10.6 |



Shrinkage

Shrinkage in the retail business is defined as the loss in inventory through a combination of shoplifting by customers, pilferage by employees, and errors in documents and transactions that go un-noticed. The Gross Retail Sales reported by the company is net of Shrinkages.

Shrinkages as a percentage of GRS in the last three years are as follows:

| | FY2005 (PRMPL) | FY2004 (PRMPL) | FY2003 (PRMPL) |
|----------|---------------------------|---------------------------|---------------------------|
| % of GRS | 0.5%* | 1.1% | 1.0% |

*Note: The above value represents shrinkages on consignment sales only. Shrinkage on outright sales could not be estimated as PRL purchased the inventory from PRMPL at book value on March 27, 2005.

The shrinkage levels were 1.1% and 1.0% levels in FY2004 and FY2003. This was mainly because of multiple entry and exit points at stores and inadequate training of our store staff.

EBITDA

EBITDA for FY2005 was at Rs. (64.1) mn as compared to an EBITDA of Rs. (52.3) mn in FY2003.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|----------|---------------|---------------|---------------|
| EBITDA | (64.1) | (53.7) | (52.3) |
| % of GRS | (12.8%) | (13.0%) | (13.8%) |

CSPL

Statement of Audited Unconsolidated Profit and Loss – As Restated of Crossroads Shoppertainment Private Limited.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|---|---------------|---------------|---------------|
| Sales: | | | |
| Of products manufactured by the Company | - | - | - |
| Of products traded in by the Company | 106.0 | 56.4 | 32.9 |
| Total | 106.0 | 56.4 | 32.9 |
| Other Income | 3.2 | 2.3 | 3.5 |
| Increase (Decrease) in Inventories | 3.2 | 8.6 | 4.4 |
| | 112.4 | 67.4 | 40.8 |
| Expenditure | | | |
| Raw Materials consumed / Purchases | 93.3 | 55.5 | 33.7 |
| Staff Costs | 5.0 | 2.7 | 1.0 |
| Other Manufacturing expenses / Direct Costs | 0.4 | 0.7 | 0.5 |
| Administration Expenses | 11.7 | 7.6 | 7.7 |
| Selling and Distribution Expenses | 3.0 | 1.2 | 0.6 |
| Interest | 0.9 | 0.7 | 0.6 |
| | 114.3 | 68.4 | 44.1 |
| Net Profit before tax and extraordinary items | (1.9) | (1.1) | (3.3) |
| Taxation - Current / Deferred | - | - | - |
| Net Profit before Extraordinary items | (1.9) | (1.1) | (3.3) |
| Extra-ordinary items (net of tax) | - | - | - |
| Net Profit after Extraordinary items | (1.9) | (1.1) | (3.3) |



Statement of Audited Unconsolidated Assets and Liabilities – As Restated of Crossroads Shoppertainment Private Limited.

(Rs. mn)

| | As at March 31, 2005 | As at March 31, 2004 | As at March 31, 2003 |
|---|-------------------------|-------------------------|-------------------------|
| A. Fixed Assets : | | | |
| Gross Block | 23.4 | 8.7 | 2.7 |
| Less: Depreciation | 1.3 | 0.5 | 0.2 |
| Net Block | 22.0 | 8.2 | 2.5 |
| Less: Revaluation Reserve | - | - | - |
| Net Block after adjustment for Revaluation Reserve | 22.0 | 8.2 | 2.5 |
| B. Current Assets, Loans and Advances: | | | |
| Inventories | 17.0 | 13.9 | 5.2 |
| Sundry Debtors | 1.7 | 1.7 | 0.4 |
| Cash and Bank Balances | 0.4 | 0.3 | 0.1 |
| Loans and Advances | 4.5 | 0.3 | 0.3 |
| Deferred Tax Asset | - | - | 1.5 |
| | 23.6 | 16.2 | 7.5 |
| C. Liabilities and Provisions : | | | |
| Secured Loans | - | - | - |
| Unsecured Loans | 33.7 | 20.6 | 5.5 |
| Current Liabilities and Provisions | 20.0 | 7.7 | 4.1 |
| | 53.7 | 28.3 | 9.6 |
| D. Networth | (8.0) | (4.0) | 0.5 |
| Represented by | | | |
| Share Capital | 2.5 | 2.5 | 2.5 |
| Reserves (Net of P&L Debit balance & Miscellaneous Expenditure) | (10.5) | (6.5) | (2.0) |
| Less Revaluation Reserve | - | - | - |
| Reserves (Net of Revaluation Reserves) | (10.5) | (6.5) | (2.0) |
| Networth | (8.0) | (4.0) | 0.5 |

Overview of the business of CSPL

CSPL operated five supermarkets, one at Mumbai, three at Pune and one at Nagpur. The offerings include food, grocery, home and personal care products.

The first supermarket was launched at Piramyd Megastore, Pune in 2001. Subsequently, enthused by the success of the Pune supermarket, two more supermarkets were launched alongside Megastores at Mumbai and Nagpur. The encouraging performance of the supermarkets and the increased loyalty that they commanded indicated that the supermarket could operate as a business model, independent of the Megastores. Thus, the first stand-alone supermarket was launched as a pilot project in Pune at Kalyani Nagar. The following table shows the stores operated by the FHPC chain till FY2005.

| No. | Store Location | BUA (Sq. Ft.) | Commencement Year (Financial Year) |
|-----|----------------------|---------------|---------------------------------------|
| 1 | Pune Megastore | 3,290 | 2001 |
| 2 | Mumbai Megastore | 3,500 | 2002 |
| 3 | Nagpur Megastore | 3,079 | 2003 |
| 4 | Pune Kalyani Nagar | 8,000 | 2004 |
| 5 | Pune Bhandarkar Road | 5,500 | 2005 |

Gross Retail Sales

The Gross Retail Sales (GRS) for FY2005 saw a growth of 87.9% at Rs. 106.0 mn as compared to Rs. 56.4 mn for FY2004. This can be attributed in part to the full year operation of the Pune – Kalyani Nagar and Nagpur stores and the addition of the Pune – Bhandarkar Road store in FY2005.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--------------------|--------|--------|--------|
| Gross Retail Sales | 106.0 | 56.4 | 32.9 |
| YOY % growth | 87.9% | 71.6% | |

Cost of Goods Sold (COGS)

The COGS as a percentage of GRS in FY2005 was 85.4%. The percentage has increased from 84.2% in FY2004 but has substantially decreased from 90.7% in FY2003. The increase in FY2005 is on account of the fact that product offerings were substantially increased, especially at the larger format stores and the increased merchandise gives higher sales volumes, albeit at a lower margin due to a change in the sales mix.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--------------------|--------|--------|--------|
| Cost of Goods Sold | 90.5 | 47.5 | 29.8 |
| % of GRS | 85.4% | 84.2% | 90.7% |

Gross Margins

Gross Margins = (Gross Retail Sales – Cost of Goods Sold)

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|---------------|--------|--------|--------|
| Gross Margins | 15.5 | 8.9 | 3.0 |
| % of GRS | 14.6% | 15.8% | 9.3% |

GMROI, GMROF, GMROL

The following are some of the important parameters that management tracks for understanding the operating efficiency of its business.

| All figures are in actuals | FY2005 | FY2004 | FY2003 |
|----------------------------|---------|---------|---------|
| GMROI | 1.0 | 0.9 | 1.0 |
| GMROF | 1,302.9 | 1,284.9 | 772.7 |
| GMROL | 265,490 | 261,022 | 143,437 |

Note: Average inventory numbers are used for calculating GMROI and average retail space for GMROF. For GMROL, FTE (Full Time Equivalents) employees have been used.

- GMROI:** GMROI was 0.9 in FY2004 and has remained almost constant in FY2005. GMROI's were impacted by new stores that were opened only for part of the year, while inventory was added to fill up the stores.
- GMROF:** GMROF has shown a steady increase over the years. It has remained low as all stores need some lead time before they ramp up and start generating sales at full potential.
- GMROL:** GMROL saw a slight improvement in FY2005 in spite of the new employees added to the corporate team to support the future expansion plans.



Other Income

CSPL had concessionaires for in-store cafe and bakery products. Other income also includes signage fees.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--------------|--------|--------|--------|
| Other Income | 3.2 | 2.3 | 3.5 |
| % of GRS | 3.0% | 4.1% | 10.8% |

Operating Margins

Operating Margins = (Gross Margins + Other Income)

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|-------------------|--------|--------|--------|
| Operating Margins | 18.7 | 11.2 | 6.6 |
| % of GRS | 17.6% | 19.9% | 20.1% |

Other Expenditure

The staff costs include employment costs and other benefits. The staff costs have increased to 4.7% of GRS in FY2005. Administration expenses include expenses related to occupation costs, insurance, security, professional expenses, printing and stationery, electricity, travel and conveyance, and other expenses. The Other Expenditure as a percentage of GRS has reduced from 28.3% in FY2003 to 18.6% in FY2005.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|---|--------|--------|--------|
| Staff Costs | 5.0 | 2.7 | 1.0 |
| - FTE | 58 | 34 | 21 |
| - Cost per FTE | 0.09 | 0.08 | 0.05 |
| Staff Costs as a % of GRS | 4.7% | 4.8% | 3.0% |
| Administration Expenses | 11.7 | 7.6 | 7.7 |
| Administration Expenses as a % of GRS | 11.1% | 13.5% | 23.3% |
| Selling & Distribution Expenses | 3.0 | 1.2 | 0.6 |
| Selling & Distribution Expenses as a % of GRS | 2.8% | 2.2% | 1.9% |
| Total | 19.8 | 11.6 | 9.3 |
| % of GRS | 18.6% | 20.5% | 28.3% |

Depreciation

Depreciation has been included in Administration expenses and was Rs. 0.8 mn for FY2005.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|--------------|--------|--------|--------|
| Depreciation | 0.8 | 0.4 | 0.2 |

EBITDA

EBITDA for FY2005 was at Rs. (0.3) mn as compared to an EBITDA of Rs. (2.5) mn in FY2003.

(Rs. mn)

| | FY2005 | FY2004 | FY2003 |
|----------|--------|--------|--------|
| EBITDA | (0.3) | 0.02 | (2.5) |
| % of GRS | (0.2%) | 0.03% | (7.7%) |

VI LEGAL AND OTHER INFORMATION

Outstanding Litigations and Defaults

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters or group companies and there are no defaults, non payment of statutory dues, over dues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, and arrears on preference shares issued by our Company (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956).

Litigations against the Company

Consumer Protection

1. A complaint was filed against the Company's retail store at Nagpur before the Consumer District Redressal Forum at Nagpur by an aggrieved consumer. The goods in possession of the consumer were verified by the persons in-charge of the store to determine if the consumer had validly purchase the said goods. The consumer filed a complaint before the Consumer District Redressal Forum claiming compensation for the humiliation allegedly caused to him due to the verification conducted by persons-in-charge of the store. The Consumer District Redressal Forum, Nagpur directed the company to pay the complainant damages amounting to Rs. 10,000 and costs of Rs. 1,000. The Company has filed an appeal against this order before the State Consumer Redressal Forum, Mumbai.

Statutory Notices

1. The Company has received a show cause notice dated May 23, 2005 issued by the Deputy Collector, Government of Gujarat relating to the construction of a building by the Company in Ahmedabad in contravention of the land use permissions governing the property on which the building is being constructed. The Company was also directed to provide reasons as to why the building should not be demolished by the appropriate authority. The Company has replied to this notice on May 27, 2005 and provided the Deputy Collector, Government of Gujarat with evidence to show that the construction of the building does not violate land use permissions governing the property on which the building is being constructed. The Ahmedabad Municipal Corporation has issued a building use certificate permitting the Company to occupy and use the building for its commercial purposes. The Company is taking necessary steps to provide a copy of the building use certificate to the Collector.
2. The Company has received a notice on August 10, 2005 from the Ahmedabad Municipal Corporation in respect of construction carried out by the Company at Ellisbridge, Plot No. 708 and Plot No. 4 in the cellar of the building known as Abhijit VI. Abhijit VI is a building owned by the Company. The Ahmedabad Municipal Corporation has informed the Company that a portion of the premises was constructed at Abhijit VI without requisite statutory permissions. The Ahmedabad Municipal Corporation has directed the Company to provide reasons as to why the referenced portion of the premises should not be demolished. The Company was required to file its written reply along with all documentation that the Company seeks to rely on by August 16, 2005. Upon a request from the Company the date for filing the reply has been extended by a period of 14 days from August 16, 2005. Thereafter, the Company has filed a reply dated 7th September 2005 with the Ahmedabad Municipal Corporation and has not received any further communication.
3. The Company has received a show cause notice dated July 15, 2005 from the Foods and Drugs Administration, Pune in relation to the storage and sale of food products by the Company in its store at Convent Road, Shivaji Market, Pune. The show cause notice has been addressed to Mr. K.N. Iyer, the director of the Company. The show cause notice informed the Company that appropriate action may be initiated against the Company and persons responsible for carrying out the business of the Company for the failure to obtain appropriate licence for the storage and sale of food products. The Department also directed the Company not to store or sell food products in this store until an appropriate licence is obtained. The Company has filed an application for obtaining the necessary licence to store and sell food products from this store, pursuant to which the Company has obtained the necessary licence bearing No. PCB/110/2005-2009 from the Foods and Drugs Administration, Pune.

Litigations against the Directors

Criminal

1. Mr. K.N. Iyer

The Assistant Director, Industrial Safety and Health has filed a complaint under the Factories Act, 1948 against Mr. K.N. Iyer, a director of the company before the Court of the Metropolitan Magistrate at Dadar in his capacity as the “occupier” of PRMPL. The complainant has alleged that the activities carried on by PRMPL at its premises in Simplex Mills, Mumbai qualifies as a “manufacturing activity” and accordingly PRMPL is bound to comply with the provisions of the Factories Act, 1948 in relation to the activities carried out by the company at Simplex Mills. The Company has filed a petition for quashing the criminal complaint filed against PRMPL with the High Court of Bombay at Mumbai. The High Court of Bombay has stayed further proceedings in the criminal complaint filed against the company and Mr. K.N. Iyer by the Assistant Director, Industrial Safety and Health, pending disposal of the petition filed by the company for quashing the criminal complaint.

The Company has received a show cause notice dated July 15, 2005 from the Foods and Drugs Administration, Pune addressed to Mr. K.N. Iyer, the Managing Director, in relation to the storage and sale of food products by the Company in its store at Convent Road, Shivaji Market, Pune. The show cause notice informed the Company that appropriate action may be initiated against the Company and persons responsible for carrying out the business of the Company for the failure to obtain appropriate licence for the storage and sale of food products. The Department also directed the Company not to store or sell food products in this store until an appropriate licence is obtained. The Company has filed an application for obtaining the necessary licence to store and sell food products from this store, pursuant to which the Company has obtained the necessary licence bearing No. PCB/110/2005-2009 from the Foods and Drugs Administration, Pune.

2. Mr. Harshvardhan A. Piramal

Medilink Agencies has filed a criminal complaint against Mr. Harshvardhan A. Piramal before the Judicial Magistrate, 1st Class, Patna under sections 420, 120, 387 and 506 of the Indian Penal Code, 1860. Mr. Harshvardhan A. Piramal has been exempted from appearance in the matter. The next date in the matter is yet to be announced.

Litigations against Promoter Group Companies

Nicholas Piramal India Ltd.

1. Mr. Loknath Ratnakar, a former consignment agent of the Nicholas Piramal has filed complaint No 1497(1) of 2002 for offences under sections 420, 406 and 120B of the Indian Penal Code, 1860 in the Court of the Chief Judicial magistrate, Patna. The complaint has been filed against Nicholas Piramal, its Chairman, Mr. Ajay Piramal, its Chief Executive, Mr Vijay Shah and other officers of Nicholas Piramal for termination of agency and incidental misappropriation of amounts aggregating Rs. 5.3 million.
2. The Drugs Inspector, Drugs Control Department, New Delhi has filed criminal complaint against Nicholas Piramal under Section 18(a) (i) and section 27 (d) of the Drugs and Cosmetics Act, 1940 before the Metropolitan Magistrate against Nicholas Piramal and its executive director, Vijay Shah. The complaint has been filed on the ground that Tixylix children’s cough linctus was found to be not of standard quality and gave a negative test for Pholcodine.
3. The Drugs Inspector, Drugs Control Department, New Delhi has filed a criminal complaint Cr. Case No. 8/2004 against Nicholas Piramal under Section 18(a) (i) and section 27 (c) of the Drugs and Cosmetics Act, 1940 before the Metropolitan Magistrate. The complaint has been filed on the ground that a sample Tixylix children’s cough linctus was found to be not of standard quality and gave a negative test for Pholcodine and Phenylpropanolamine Hcl.
4. The Drugs Inspector, Drugs Control Department, New Delhi has filed a criminal complaint Cr. Case No. 25/4 of 2004 against Nicholas Piramal under Section 18(a) (i) and section 27 (d) of the Drugs and Cosmetics Act, 1940 before the Metropolitan Magistrate. The complaint has been filed on the ground that a sample Erythromycin Estolate Oral Suspension USP manufactured by erstwhile RPIL was found to be not of standard quality. Nicholas Piramal has brought to the attention of the Metropolitan Magistrate certain technical irregularities in the complaint filed.
5. The Food Inspector, Nadiad has filed a complaint Cr. Case No. 5 of 2002 against Nicholas Piramal before the Judicial Magistrate, (First Class) at Nadiad alleging that Nicholas Piramal has committed an offence under the Prevention of Food Adulteration Act, 1954 in respect of Rejoint Dietary Supplement on the grounds that a sample was adulterated and misbranded by not making a declaration in respect of animal origin in relation to the gelatine capsule. The complaint has also named directors of Nicholas Piramal as persons accused, including the Chairman

of Nicholas Piramal, Ajay Piramal. Nicholas Piramal had filed Misc. Criminal Application 3986 of 2002 under Section 482 of the Code of Criminal Procedure before the High Court of Gujarat which was admitted vide its order dated December 5, 2002, and thereby the complaint in respect of the directors and Chairman of Nicholas Piramal has been quashed. The date of hearing for final disposal of the application is to be intimated by the High Court.

6. Loknath Ratnakar has filed Complaint Case No. 2522(C) of 2002 in the court of the Chief Judicial Magistrate, Patna against Nicholas Piramal, its Chairman, Ajay G. Piramal and its Executive Director, Vijay Shah for offences under Sections 420, 406 and 120-B, of the Indian Penal Code, 1860. The criminal complaint has been filed on the grounds that Nicholas Piramal has taken a road permit through the complainant, but has supplied products directly to its distributor and not through the complainants. The next date of hearing is yet to be announced.
7. The Drugs Inspector, Birbhum has filed Cr. Case No. 35/2003 before the Chief Judicial Magistrate, Birbhum against Nicholas Piramal. The complaint has been filed on the allegation that Nicholas Piramal is charging higher prices for certain drugs by adding sales tax charges. The complainant contends that the drugs in question being Promethazine formulations are exempt from sales tax in West Bengal. The matter is posted for framing of charges. The next date of hearing is yet to be announced.
8. The Inspector, Security Guards Board for Greater Bombay and Thane District has filed a criminal complaint against Nicholas Piramal and Ajay G. Piramal (in his capacity as Managing Director) before the Chief Metropolitan Magistrate, 38th Court, Bombay. The complaint has been filed for alleged offences under Clause 42 of the Private Security Guards (Regulation of Employment & Welfare) Scheme, 2002, which include employing security guards other than security guards allotted by the Security Guards Board.
9. J. Veeraiah has filed a Criminal Case 93 of 2005 against the plant in charge before the Judicial Magistrate First Class, Zaheerabad, in relation to the accidental death of his son on the Digwal plant premises. The matter is presently pending before the Judicial Magistrate First Class, Zaheerabad.
10. Inspector of Drugs, Government of West Bengal had confiscated certain goods from Kamakhya Roadways and approached the court of sub-divisional judicial magistrate, Jalpaiguri for permission for enquiry by the police on the grounds of seizure of suspicious property, sent by Nicholas Piramal through its carrying and forwarding agent. The sub-divisional judicial magistrate has by its order dated March 22, 2005 rejected the application of the Inspector in connection with this enquiry. The Inspector has filed a criminal revision petition No. 1157 in the High Court of Calcutta. The matter is pending before the High Court.

Labour Suits

There are 98 labour related cases pending against Nicholas Piramal before the Labour Court, Industrial Court, Industrial Tribunal, High Court and Supreme Court. The material cases in this regard are as follows:

1. Nicholas Employees Union had filed a complaint ULP 748 of 2002 before the Industrial Court, Bombay, for wrongful termination of the employment of 56 workmen on the ground that the sale of the Deonar Plant and consequently that termination of workmen were illegal under Section 25FF of the Industrial Disputes Act, 1947. Nicholas Employees Union has prayed for reinstatement of employment of these workers along with payment of back-wages. The Industrial Court has vide its order dated May 5, 2005, partly allowed the complaint and has ordered compensation to be paid to the workmen, but has not ordered reinstatement of the workmen. Both the parties have challenged the order of the Industrial Court before the High Court. The High Court vide an interlocutory order has directed Nicholas Piramal to deposit Rs.28.1 million with the court. The High Court has further ordered that 51 workmen be paid full wages till the matter is disposed off or the respective dates of reaching superannuation, whichever is earlier.
2. Nicholas Employees Union has filed a writ petition WP 8194 of 2003 before the Bombay High Court challenging the decision of the Industrial Court not to grant subsistence allowance to 56 workmen of Deonar plant, whose services were terminated under Section 25FF of the Industrial Disputes Act, 1947. The single-judge bench of the Bombay High Court has ordered that half the wages be paid as subsistence allowance, after payment of retrenchment compensation and gratuity is made. Nicholas Piramal has filed an appeal to the division bench against the order of the single-judge bench. The Division Bench in its order dated January 19, 2004 has partly allowed the appeal and held that the Industrial Court is not bound by the observations of the single-judge.
3. Krantikari Suraksha Rakshank Sanghatana has filed complaints IDA 51 of 1999 in the Labour Court, Bombay and ULP 661 of 1999 in the Industrial Court, Bombay against the Security Guards Board for Greater Bombay and Thane District, for wrongful termination of labour and has claimed back wages. Nicholas Piramal has been named as a party as the complainants were last employed at one of its facilities. The matter is pending before the Labour Court.

4. Nicholas Employees Union, Boehringer Mannheim India Employees Union and Roche Anglo French Employees Union, have filed complaint IT-62 of 2000 before the Industrial Tribunal, Bombay. The unions have challenged non-payment of bonus to workmen and some medical representatives. The matter is pending before the Industrial Tribunal.
5. Rhone Poulenc Employees Union has filed writ petition WP 7568 of 2003 before the Bombay High Court, challenging the order of the Industrial Court that transferred employees should report to their place of transfer. The single-judge bench of the High Court has ordered employees to report to places of transfer and that they should be given an advance of Rs. 25,000 each and that wages for March 2004 should be paid. Nicholas Piramal has appealed against the order of the single-judge bench before a division bench of the High Court. The appeal has been admitted and the matter is pending before the High Court.
6. 15 individual workmen have filed six separate complaints ULP 12, 25, 30, 32, 35 and 42 of 2002, before the Industrial Court at Aurangabad. These workmen have contended that the Voluntary Retrenchment Scheme (VRS) paid in Mumbai is higher than the VRS paid in Paithan and have prayed for the differential arising from the same.
7. The Government of Maharashtra vide its order No. IR/IDA/RO/2-K/CR/162/2002 dated February 21, 2002 and order No. IR/IDA/RO/2-K/P-149/01/Desk-7 dated April 16, 2002 have referred two disputes IT 16 Of 2002 and IDA 291 of 2002 to the Labour Court and Industrial Court at Mumbai. The disputes are with respect to termination of 19 individuals who were employees of M/s Cleansco & Company, contractors to RPIL at the Bhandup factory. The workmen have prayed for employment in other factories of Nicholas Piramal with payment of back wages.
8. 24 cases have been filed against Nicholas Piramal by medical representatives or trade unions representing medical representatives. The cases have been filed on grounds including termination, transfer, wage settlement, promotion etc.
9. Nicholas Employees Union has filed three cases challenging the fairness of enquiries conducted by Nicholas Piramal in relation to misconduct by employees.
10. Twelve cases have been filed against Nicholas Piramal for wrongful dismissal or suspension of workmen by Nicholas Piramal in the Pithampur plant.
11. Nicholas Employees Union has filed a case against Nicholas Piramal for deduction of eight days wages of striking workmen at the Pithampur plant Nicholas Piramal.
12. Nicholas Employees Union have filed one case against Nicholas Piramal claiming benefits of settlement entered into with workers of another union on the principle of equal pay for equal work.
13. Three workmen have filed cases in the Labour Court, Baruch against Miranda Tools (that has since merged with Nicholas Piramal), on the grounds of wrongful termination of employment at the Ankleshwar plant of Nicholas Piramal.
14. Eighteen labour related cases have been filed by employees and the union against Nicholas Piramal in respect of its plant at Balkum. The cases have been filed on grounds including wrongful dismissal or suspension of workmen and against regular work given to trainees or employment of new workmen.
15. Three workmen have filed cases ID No. 60 of 2002, ID No. 19 of 2003, ID No. 20 of 2003 before the Labour Court, Hyderabad challenging their dismissal by Nicholas Piramal from the Digwal plant, on the ground of chronic absenteeism. In two of the cases, the Labour Court has ordered reinstatement of workmen, without continuity of service or any consequential benefits. The third case is pending before the Labour Court.
16. Nicholas Employees Union had filed two cases ULP 154 of 1996 and IT-16 of 2000 before the Industrial Court, Bombay the first in relation to the transfer to another and the second case in relation to full utilisation of installed capacity at its former plant at Deonar. The matters are pending before the respective authorities.
17. Nicholas Employees Union had file a case ULP 826 of 2001 before the Industrial Court, Bombay challenging the action of Nicholas Piramal in asking workmen transferred to the Haemaccel plant to given an undertaking that they would report to work and follow regulations. The Union has also prayed for loss of wages, for days when no work was carried out. The Court had directed that the workmen should give the undertaking, but held that the workmen had the right to challenge the work assigned to them on the ground that it was not normal work. The Union has given the required undertaking. However the issue in respect of normal work is pending before the Court.

18. Nicholas Employees Union had filed a complaint ULP 699 of 1999 against Nicholas Piramal before the Industrial Court, Bombay challenging VRS given by Nicholas Piramal on the ground that statutory notice was not given. The Industrial Court has issued an order in favour of Nicholas Piramal, and the Union has filed WP 3058 of 2002, in the Bombay High Court challenging the same.
19. Mr. V. R. Pathak, a former employee of Rhone Poulenc India Ltd., has filed a complaint ULP 446 of 2001 against Nicholas Piramal before the Industrial Court, Bombay, against rejection by Nicholas Piramal for an application for change in date of birth and consequent loss in VRS payouts due to him. The matter is pending before the Industrial Court.
20. Mr. K. S. Ghosalkar and other former employees of BMIL (since merged with Nicholas Piramal) had filed a complaint before the Industrial Court, Thane, claiming permanency in employment. The complaint was dismissed by the Industrial Court. The parties filed writ petition No. 1075 of 2001 in the Bombay High Court challenging the order of the Industrial Court. The writ was subsequently dismissed and the parties have filed a letters patent appeal in WP No. 1075 of 2001 before a division bench of the Bombay High Court. The matter is pending before the Bombay High Court.
21. The Regional Office, ESIC, Tamil Nadu has issued a SCN dated June 13, 2005 against Nicholas Piramal and Mr. Vaghul in his capacity as Director of Nicholas Piramal asking Nicholas Piramal to pay damages amounting to Rs. 2,485 relating to alleged delay in the payment of the ESIC contribution

Tax proceedings

Income Tax

Appeals filed before Commissioner of Income Tax (Appeals)

Nicholas Piramal has filed seven appeals before the Commissioner of Income Tax (Appeals) ("CIT(A)") for amounts aggregating Rs. 940.7 million, which are as follows.

1. Nicholas Piramal has filed an appeal before the CIT(A), against the regular assessment order of the Assessing Officer for the assessment year 1997-1998 aggregating Rs. 4.2 million, on the issue of adding back provision for bad and doubtful debts which Nicholas Piramal has deposited under protest. The matter is pending before the CIT(A).
2. Nicholas Piramal filed an appeal before the CIT(A), against the regular assessment order of the Assessing Officer for the assessment year 2002-03 aggregating Rs. 285.4 million, on various grounds including interest and prepayment charges in respect of a loan taken by the Nicholas Piramal, and consultancy charges, both treated as capital in nature. The matter is pending before the CIT(A).
3. Nicholas Piramal has filed an appeal before the CIT(A) against the order of the Assessing Officer issued to Sarabhai Piramal Pharmaceutical Pvt. Ltd. ("SPPL", that has since merged with Nicholas Piramal) for Rs. 140.6 million, for the assessment year 2000-2001, passed on the directions of the Commissioner of Income Tax. The appeal has been filed on grounds including deductions, depreciation and interest on loan for acquisition of know how and trademarks. The matter is pending before the CIT(A).
4. Nicholas Piramal has filed an appeal before the CIT(A) against the order of the Assessing Officer issued to SPPL, aggregating Rs. 236.6 million for the assessment year 2001-2002, passed on the directions of the CIT. The appeal has been filed on grounds including deductions, depreciation and interest on loan for acquisition of know how and trademarks. The matter is pending before the CIT(A).
5. Nicholas Piramal has filed an appeal before the CIT(A) against the order of the Assessing Officer issued to SPPL, aggregating Rs. 169.5 million. for the assessment year 2002-2003, passed on the directions of the CIT. The appeal has been filed on grounds including that deductions, depreciation and interest on loan for acquisition of know how and trademarks. The matter is pending before the CIT(A).
6. Nicholas Piramal has filed an appeal before the CIT(A) against the penalty order of the Assessing Officer issued to SPPL, aggregating Rs. 62.3 million for the assessment year 1999-2000 on the issue of filing of inaccurate particulars. The matter is pending before the CIT(A).
7. Nicholas Piramal has filed an appeal before the CIT(A) against the reassessment order of the Assessing Officer issued to Super Pharma Ltd. aggregating Rs. 42.1 million for the assessment year 2001-2002. The appeal has been filed on grounds including that advances written off have been taxed twice. The matter is pending before the CIT(A).

Appeals by Income Tax Department before the Income Tax Appellate Tribunal

The Income Tax Department has filed fifteen appeals before the Income Tax Appellate Tribunal ("ITAT"), with claims aggregating Rs. 995.9 million.

1. The Department has filed an appeal against the order of CIT(A) issued in favour of Nicholas Piramal for an amount aggregating Rs. 24.8 million for the assessment year 1991-1992, on grounds including allowability of a liability which was paid to ONGC by Nicholas Piramal and interest thereon. The matter is pending before the ITAT.
2. The Department has filed an appeal against the order of CIT(A) issued in favour of Nicholas Piramal for an amount aggregating Rs. 6.2 million, for the assessment year 1992-1993, on grounds including deduction under sections 80HH and 80I of the I.T. Act. The matter is pending before the ITAT.
3. The Department has filed an appeal against the order of CIT(A) issued in favour of Nicholas Piramal for an amount aggregating Rs. 4.6 million for the assessment year 1993-1994, on grounds including deduction under section 80I of the I.T. Act. The matter is pending before the ITAT.
4. The Department has filed an appeal against the order of CIT(A) issued in favour of Nicholas Piramal for an amount aggregating Rs. 23.6 million, for the assessment year 1994-1995, on grounds including allowability of interest on a liability which was paid to ONGC by Nicholas Piramal. The matter is pending before the ITAT.
5. The Department has filed an appeal against the order of CIT(A) issued in favour of Nicholas Piramal for an amount aggregating Rs. 90.1 million, for the assessment year 1996-1997, on grounds including diminution in the value of advance license benefit. The matter is pending before the ITAT.
6. The Department has filed an appeal against the order of CIT (A) issued in favour of Nicholas Piramal for an amount aggregating Rs. 169.1 million, for the assessment year 1997-1998, on grounds including taxability of grant received from Boehringer Mannheim India Ltd. ("BMIL", that has since merged into NPIL) and depreciation on assets. The matter is pending before the ITAT.
7. The Department has filed an appeal against the order of CIT(A) issued in favour of Nicholas Piramal for an amount aggregating Rs. 166.3 million for the assessment year 1998-1999, on grounds including allowability of expenditure on VRS and interest. The matter is pending before the ITAT.
8. The Department has filed an appeal against the order of CIT(A) issued in favour of Nicholas Piramal for an amount aggregating Rs. 348.8 million for the assessment year 1999-2000, on grounds including computation of capital gains on slump sale of an undertaking and depreciation on assets. The matter is pending before the ITAT.
9. The Department has filed an appeal against the order of CIT(A) issued in favour of Nicholas Piramal for an amount aggregating Rs. 83.3 million for the assessment year 2000-2001, on grounds including depreciation of assets and allowability of expenditure on VRS. The matter is pending before the ITAT.
10. The Department has filed an appeal in respect of tax deducted at source by Nicholas Piramal for the assessment years 1997-1998 to 1999-2000, for an amount aggregating Rs. 2.5 million. The ITAT, Bombay bench in its order dated March 31, 2005 has dismissed the Department's appeals in this matter.
11. The Department has filed an appeal against the order of CIT(A) issued in favour of SPPL for an amount aggregating Rs. 22.0 million, for the assessment year 1998-1999, on grounds including deductions and interest on loan for acquisition of know how and trademarks. The matter is pending before the ITAT.
12. The Department has filed an appeal against the order of CIT(A) issued in favour of SPPL for an amount aggregating Rs. 17.6 million, for the assessment year 1999-2000, on grounds including interest on loan for acquisition of know how and trademarks. The matter is pending before the ITAT.
13. The Department has filed an appeal against the order of CIT (A) issued in favour of RPIL for an amount aggregating Rs. 2.4 million, for the assessment year 1983-1984, on the ground of allowability of disputed excise duty liability. The matter is pending before the ITAT.
14. The Department has filed an appeal against the order of CIT (A) issued in favour of RPIL for an amount aggregating Rs. 34.9 million, for the assessment year 1999-2000, on grounds including allowability of expenditure on voluntary retirement scheme. The matter is pending before the ITAT.
15. The Department has filed an appeal against the order of CIT(A) issued in favour of RPIL for an amount aggregating Rs. 0.2 million, for the assessment year 2000-01, on the ground of calculation of deduction u/s. 80HHC. The matter is pending before the ITAT.

Appeal by the Income Tax Department before the High Court

1. The Income Tax Department has filed appeals before the Bombay High Court, for amounts aggregating Rs. 5.9 million challenging the orders of the ITAT issued in favour of Nicholas Piramal for the assessment years 1990-1991, 1991-1992, 1992-1993, 1993-1994, 1994-1995, 1995-1996, 1996-1997, 1997-1998 and 1998-1999. The appeal is made in respect of tax deducted at source in relation to leave travel allowance, rent free accommodation, medical reimbursement tax etc., paid by Nicholas Piramal.

Appeals by Nicholas Piramal before the Income Tax Appellate Tribunal

1. Nicholas Piramal has filed appeals/cross-objections before the ITAT with regard to the regular assessment orders of the Assessing Officer issued to Nicholas Piramal for the assessment years 1993-1994, 1997-1998, 1998-1999, 2000-2001 and 2001-2002.
2. Nicholas Piramal has filed an appeal before the ITAT with regard to the regular assessment orders of the assessing officer issued to SPPL for the assessment years 1999-2000.
3. Nicholas Piramal has filed appeals before the ITAT with regard to the review order passed by the Commissioner of Income Tax against SPPL for the assessment years 2000-2001 and 2001-2002.
4. Nicholas Piramal has filed an appeal before the ITAT with regard to the regular assessment orders of the Assessing Officer issued to Canere Active and Fine Chemicals Pvt. Ltd. ("Canere" since merged with NPIL) for the assessment years 2001-2002.
5. Nicholas Piramal has filed appeals before the ITAT with regard to the regular assessment orders of the Assessing Officer issued to RPIL, for the assessment years 1980-1981, 1981-1982, 1982-1983, 1983-1984, 1984-1985, 1985-1986, 1986-1987, 1987-1988, 1992-1993, 1994-1995, 1995-1996, 1999-2000, 2000-2001 and 2001-2002.

Appeal by Nicholas Piramal before High Court

1. Nicholas Piramal has filed appeals before the Bombay High Court, against the orders of ITAT issued to RPIL, for the assessment years 1976-1977 to 1979-1980. The grounds of appeal is with respect to allowability of depreciation on the original cost of assets or in the alternate depreciation on written down value as per books instead of written down value as per the I.T. Act.
2. Nicholas Piramal has filed an appeal before the Bombay High Court, against the orders of ITAT issued to RPIL for the assessment year 1983-1984. The ground of appeal is with respect to allowability of cost of advertisement films as revenue expenditure and surtax applicable.

Central Excise

The Department of Central Excise (the "Excise Department") has issued 62 show cause notices ("SCNs") to Nicholas Piramal which are under adjudication for claims aggregating Rs.130.0 million and 14 show cause notices which have not been adjudicated, for claims aggregating Rs. 85.0 million.

1. The Excise Department has issued a SCN dated July 28, 1998, challenging the admissibility of ad hoc discount for hospital pack, and has demanded Rs. 0.8 million from Nicholas Piramal. Nicholas Piramal has filed its reply and the matter is pending before the Commissioner of Central Excise (the "Commissioner").
2. The Excise Department has issued a SCN dated November 6, 2000, demanding an aggregate amount of Rs. 10.1 million, for availment of Modvat credit on common inputs used for exempted products. Nicholas Piramal has approached the CESTAT-West Zonal Bench ("CESTAT-WZB") in appeal and obtained a stay from the Tribunal..
3. The Excise Department has issued a SCN dated June 1, 2001, demanding excise duty on Low Density Poly Euthere (LDPE) bottles that emerge from the integrated process of manufacture of Haemacel, which is exempt from excise duty. Nicholas Piramal has obtained a stay from the erstwhile CEGAT on the entire demand amount of Rs. 5.1 million. The matter is pending before the Tribunal.
4. The Excise Department has issued a SCN dated October 4, 2002, demanding excise duty on inputs and penalty aggregating Rs. 0.5 million on inputs drawn for sampling on which Nicholas Piramal has availed Modvat credit. The demand of the Excise Department has been confirmed by the Commissioner Appeals. Nicholas Piramal has preferred an appeal before CESTAT and has deposited the entire demand amount and penalty as directed by CESTAT.
5. The Excise Department has issued a SCN dated May 9, 2002, demanding Rs. 85.8 million in relation to Nicholas Piramal affixing additional sticker on imported goods in order to comply with statutory and regulatory requirements.

The Excise Department has contended that affixing of such stickers amounts to labelling and relabelling of containers and is therefore deemed manufacture. Nicholas Piramal has taken the matter in appeal before the Bombay High Court and has deposited a sum of Rs. 60.0 million under protest.

6. The Excise Department has issued a SCN for the differential rate of duty payable for the period for which notification No.9/94 dated March 1, 1994, was not in force. The Excise Department has made the demand on the ground that the concessional rate of duty on certain bulk drugs applicable under the said notification was not available to Nicholas Piramal for the period in which it was not in force.
7. The Excise Department has issued SCNs dated August 8, 1997, January 21, 1998, September 7, 1998, March 15, 1999 and April 28, 1999, with demands aggregating Rs. 20.1 million. The demands have been made in relation to classification of certain vitamin products as bulk drugs, which Nicholas Piramal has classified as pharmaceutical products. The Commissioner of Central Excise confirmed the demand of the Excise Department. Nicholas Piramal has preferred an appeal before the CESTAT-WZB, and has obtained a stay by CESTAT vide its order dated October 8, 2004.
8. The Excise Department has issued SCN dated October 3, 2000, demanding Rs. 1.5 million by way of recovery of 8% on certain exempted products on the ground that duty was recovered from customers. Nicholas Piramal has preferred an appeal before the CESTAT-WZB and has paid the amount demanded, and has obtained a stay vide order No. M/221/WZB/2005/C I, dated February 23, 2005.
9. The Commissioner of Central Excise has passed order No. 07/SK-07/2005-Thane dated March 24, 2005 for demand aggregating Rs. 24.4 million in respect of eight show cause notices. Nicholas Piramal has already paid Rs. 15.0 million. The order requires Nicholas Piramal to pay a further Rs. 4.0 million and Rs. 5.5 million as penalty. The substantive matter on whether production of intermediate Crude Vitamin A is subject to excise duty is pending before the Supreme Court in Civil Appeal of 2002. The next date for hearing has not been fixed.
10. The Excise Department has issued ten show cause notices to Nicholas Piramal in respect of its VFCD facility for demand aggregating Rs. 76.5 million. CESTAT WZB heard the matter on April 4, 2005 and dismissed the appeal of the Excise Department. The period for the appeal by the Excise Department is yet to expire.
11. The Commissioner of Central Excise, Hyderabad has made a demand of Rs. 0.3 million against Nicholas Piramal for removal of samples without payment of duty. The Commissioner of Central Excise has filed an appeal before CESTAT, Bangalore against the order of the Appellate Commissioner, Hyderabad.
12. The Excise Department has filed an appeal before the CEGAT, Chennai against the order of the Commissioner (Appeals) withdrawing the excise duty demanded of Rs. 53,000 on sale of waste scrap materials. The CEGAT has remanded the case to the Commissioner (Appeals) for re adjudication.
13. The Excise Department has gone in appeal before the CEGAT, Chennai against the order of the Commissioner (Appeals) allowing the abatements of discounts amounting to Rs. 93,000 claimed on sales made by depots during the period March 2001 to June 2001. Two SCNs in respect of Nicholas Piramal's plant at Ennore, for demands aggregating Rs. 0.2 million.
14. The Excise Department has issued three SCNs in respect of the erstwhile Deonar plant of Nicholas Piramal for demands aggregating Rs. 0.6 million against Nicholas Piramal.
15. The Excise Department has issued thirteen other SCNs to Nicholas Piramal in respect of its manufacturing plants at Pithampur, Thane, Mahad, Paithan and Bhandup.

Show cause notices against Loan License Agents ("LLA")

Nicholas Piramal outsources certain manufacturing processes to other entities on a job work or loan license basis. In the event that a show cause notice is issued to LLA in respect of goods manufactured for Nicholas Piramal, the liability of the excise duty is borne by Nicholas Piramal.

1. The Excise Department has issued SCNs dated September 8, 1999, January 18, 2000 and February 27, 2001 to Neon Labs for amounts aggregating Rs. 1.3 million for availment of Modvat credit on invoices issued by 100% E.O.U. wherein the quantum of credit availed is under dispute.
2. The Excise Department has issued SCNs dated April 28, 2000, May 2, 2000 and May 31, 2004 to VVF Ltd. for demands aggregating Rs. 11.4 million. The notices have been issued in relation to classification of Tetmosol soap as a medicament and therefore valuing customs duty on cost plus conversion charges of the job worker. The Excise

Department has stated that Tetmosol soap is a toilet soap and therefore excise duty must be valued on maximum retail price. Nicholas Piramal has obtained a stay from CESTAT-WZB in respect of SCNs dated April 28, 2000 and May 2, 2000, where an aggregate amount of Rs. 11.4 million has been claimed by the Excise Department. In respect of SCN dated May 31, 2004, Nicholas Piramal has proceeded in appeal, before the Commissioner of Appeals, Central Excise, where an amount aggregating Rs. 4.0 million has been demanded by the Department. The regular hearing was attended on April 26, 2005 and the decision has been reserved for orders.

3. The Excise Department has issued a SCN dated July 22, 1998, against M/s Hindustan Biologicals for demand aggregating Rs. 6.4 million, including penalty, in relation to classification of Pentatone, Pentavite and Alphadene as pharmaceutical products. The Excise Department has stated that these products are food products and excise duty at the applicable rates are payable on manufacture of the same. We have obtained a stay from the CEGAT on the entire demand amount.
4. The Excise Department has issued five other SCNs against Nicholas Piramal's loan license agents for demands aggregating Rs. 0.5 million.

Notices issued against Nicholas Piramal

1. The Excise Department has issued SCNs dated May 8, 2003, June 9, 2003, July 9, 2003, July 29, 2003, September 5, 2003, September 24, 2003, May 7, 2004 with demands in aggregate amounting to approximately Rs. 73.9 million. The demands have been made in relation to affixation of additional sticker on imported goods in order to comply with statutory and regulatory requirements. The Excise Department has stated that affixing of such stickers amounts to labelling and relabelling of containers and is therefore deemed manufacture. Nicholas Piramal has replied to the above SCNs, and the matter is pending with the Commissioner.
2. The Excise Department has issued SCN dated January 14, 2003, demanding an amount aggregating Rs. 4.8 million by way of 8% excise duty on sale price of Aablaquin which also contains chloroquine phosphate tablets, which is exempt from payment of excise duty. Nicholas Piramal has filed its reply to the SCN, and the matter is pending with the Commissioner.
3. The Excise Department has issued SCN dated October 26, 2004, for demand aggregating Rs. 1.9 million on the ground that a certain product cannot be classified as an anesthetic preparation, and is therefore not exempt from excise duty under notification No. 6/2000 dated March 1, 2000. Nicholas Piramal has replied to the SCN. The demand has been confirmed by the Joint Commissioner and Nicholas Piramal is planning to file an appeal before the Commissioner Appeals.
4. The Excise Department has issued SCNs dated September 17, 2003 and August 19, 2004, to RGR Pharma, Chandigarh, demanding in the aggregate Rs. 9.0 million in respect of job work undertaken for Nicholas Piramal on the ground that valuation of excise duty on the job work should be on the selling price of the product and not on the cost of production and job work charges.
5. The Excise Department has issued SCN dated January 17, 2005, to VVF Ltd. for demands aggregating Rs. 4.2 million in relation to job work of Tetmosol soap for Nicholas Piramal. The notice has been issued in relation to classification of Tetmosol soap as a medicament and therefore valuing customs duty on cost plus conversion charges of the job worker. The Excise Department has stated that Tetmosol soap is a toilet soap and therefore excise duty must be valued on maximum retail price. Nicholas Piramal has filed its reply to the SCN and the matter is pending with the Commissioner for adjudication.
6. The Excise Department has issued two other SCNs dated May 6, 2003, July 13, 2004 to Nicholas Piramal in respect of its Mahad and Pithampur plants. The Excise Department has also issued an SCN dated January 3, 2005 to Deepti, Hyderabad, a loan license agent of Nicholas Piramal.

State Excise

1. The Maharashtra State Excise Department ("MSED") has issued a notice No. MTP/1199/6/Rhone dated April 7, 1999, to Nicholas Piramal demanding Rs. 1.0 million for duty due on estimated wastages or process losses in the manufacture of Phensedyl and Tixylix Cough Linctus. Nicholas Piramal has filed an appeal, and the Commissioner has granted a stay vide his order MTP/1198/38723/1114/x dated May 15, 1999.
2. MSED has issued a notice No. MTP/1199/33/Rhone dated July 29, 1999, to Nicholas Piramal demanding Rs. 2.0 million for duty due on estimated wastages or process losses in the manufacture of Phensedyl and Tixylix Cough Linctus. Nicholas Piramal has filed an appeal and the matter is pending before the Commissioner.

3. MSED has issued a notice No. MTP/11/2000/18/Rhone dated April 6, 2000, to Nicholas Piramal, demanding Rs. 1.4 million for duty due on estimated wastages or process losses in the manufacture of Phensedyl and Tixylix Cough Linctus. Nicholas Piramal has filed an appeal, and the Commissioner has granted a stay vide his order MTP/112000/24/x dated June 14, 2000.
4. MSED has issued a notice No. MTP/11/2000/78/Rhone dated October 24, 2000, to Nicholas Piramal, demanding Rs. 1.0million for duty due on estimated wastages or process losses in the manufacture of Phensedyl and Tixylix Cough Linctus. Nicholas Piramal has filed an appeal, and the Commissioner has granted a stay vide his order MTP/112000/34397/898/x dated December 8, 2000.
5. MSED has issued notices No. MTP/11/2002/22/02 dated January 16, 2002 and MTP/11/2002/135/02 dated July 8, 2002 to Nicholas Piramal, demanding in aggregate Rs. 1.3 million for duty due on estimated wastages or process losses in the manufacture of Phensedyl and Tixylix Cough Linctus. Nicholas Piramal has filed an appeal, and the matter is pending with the Commissioner.
6. MSED has issued notices No.MTP/11/2000/46/Rhone dated June 12, 2001 and MTP/11/2000/59/Rhone dated July 30, 2001 to Nicholas Piramal, demanding in aggregate Rs. 0.6 million for duty due on estimated wastages or process losses in the manufacture of Phensedyl and Tixylix Cough Linctus. Nicholas Piramal has filed an appeal, and the Commissioner has granted a stay.
7. The Superintendent, Prohibition and Excise, Surendranagar Division has issued a notice No.MTP/12-2-4-240 dated January 31, 2005, to Nicholas Piramal demanding differential valuation aggregating to Rs. 279.6 million. The ground for such notice is that valuation on excise duty payable on manufacture of Phensedyl and Tixylix Cough Linctus should be on selling price and not on cost of production and job work charges. Nicholas Piramal has filed an appeal and the commissioner has granted a stay vide order No. MTP/12/4/05/Ex-4/53 dated March 30, 2005. The hearing was attended on April 25, 2005 before the Commissioner, Prohibition and Excise, Ahmedabad, and the order of the Commissioner is awaited.
8. MSED has issued eight other show cause notices to Nicholas Piramal in respect of its former manufacturing facility at Bhandup and two SCNs in respect of its plant at Mahad.

Customs

1. The Commissioner of Customs (Import) has issued a SCN dated March 11, 2005, to Nicholas Piramal and an employee of Nicholas Piramal, under Sections 124 and 28 of the Customs Act, 1962 for wrongly printing the words "Intravenous Fat Emulsion" on Nicholas Piramal's imports of Critifol and thereby availing of an exemption from payment of additional customs duty amounting to a sum of Rs. 2.8 million in terms of Notification No. 006/2002-C.Ex. dated March 1, 2002. Nicholas Piramal has, vide letter dated March 24, 2005, requested the Commissioner of Customs (Import) to grant an extension of 30 days for filing its reply to the show cause notice and has paid the entire amount demanded under protest to the Customs authorities. Nicholas Piramal and the employee have decided to approach the Settlement Commission –Customs, to settle the matter and have paid the application fee on May 19, 2005 for settlement under section 127B under the Customs Act, 1962.

Sales Tax

1. Nicholas Piramal has filed an appeal before the Deputy Commissioner (Appeals), Kolkata for a sum of Rs. 15.2 million.
2. Nicholas Piramal has filed an appeal before the Joint Commissioner (Appeals), Patna, against the assessment order of the of the Deputy Commissioner of Commercial Taxes, Patna for the financial years 2000, 2001 and 2002 amounting to a sum of Rs. 11.3 million.
3. Nicholas Piramal has filed an appeal before the Deputy Commissioner (Appeals), Lucknow for a sum of Rs. 5.4 million.
4. Nicholas Piramal has filed appeals before sales tax authorities in respect of
 - a. In Muzaffarpur for amounts aggregating Rs. 2.9 million;
 - b. In Paithan, for amounts aggregating Rs. 2.4 million;
 - c. In Delhi, for amounts aggregating Rs. 2.1 million;
 - d. In Bangalore, for amounts aggregating Rs. 1.3 million;

5. Nicholas Piramal has also filed seven appeals before sales tax authorities for sums aggregating Rs. 3.7 million.

Service Tax

1. The Excise Department has issued SCN dated December 29, 2003, to Nicholas Piramal demanding in aggregate Rs. 4.2 million, for non-payment of service tax on detailing charges received, on the ground that it falls under the category of advertisements. Nicholas Piramal has replied to the SCN and the matter is pending before the Commissioner.
2. The Excise Department has issued SCN dated December 29, 2003, to Nicholas Piramal demanding in aggregate Rs. 88.6 million for non-payment of service tax on royalty paid to a non-resident management consultant. Nicholas Piramal has replied to the SCN and the matter is pending before the Commissioner.

Civil cases

1. The Enforcement Directorate has issued eight SCNs to Nicholas Piramal, for demands aggregating Rs. 51.0 million, for non-submission of bill of entries to authorized dealers for certain foreign exchange remittances by the erstwhile BMIL. Nicholas Piramal has filed Appeal Nos. 19/2005, 20/2005, 21/2005, 22/2005, 23/2005, 24/2005, 25/2005 and 37/2005 before the Appellate Tribunal for Foreign Exchange at New Delhi, challenging the adjudication orders of the Enforcement Directorate. Nicholas Piramal has also filed miscellaneous applications seeking early hearings in the above appeals. The next date of hearing is yet to be announced.
2. Kurji Holy Family Hospital filed a consumer case before the Bihar State Consumer Disputes Redressal Commission, Patna (complaint No. 13 of 1998) against the erstwhile BMIL, for an aggregate claim of Rs. 1.9 million, on the ground that distributors of BMIL sold a defective blood analyser machine, and failed to rectify the problem. The State Commission, dismissed the complaint vide its order dated February 28, 2000, on the ground that complainant was not a consumer as it had purchased the machine for commercial purposes. The complainant filed a review petition (revision petition No. 6 of 2000) before the State Commission which was rejected vide its order dated January 4, 2001. The complainant thereafter filed an appeal before the National Consumer Disputes Redressal Commission (First Appeal No. 23 of 2001), which was dismissed as barred by limitation vide its order dated March 15, 2002. The complainant has filed a special leave petition (SLP civil No. 17519 of 2002) before the Supreme Court of India. The Supreme Court has remanded the matter to the National Consumer Disputes Redressal Commission, observing that the delay on part of the complainant was a genuine delay. The matter is currently pending before the National Commission.
3. Dr. Sen's Diagnostic Pvt. Ltd., Patna has filed consumer complaint No. 26 of 1998 before the Bihar State Consumer Disputes Redressal Commission, Patna against the erstwhile BMIL, for an amount aggregating Rs. 0.9 million, together with interest at 18% p.a. The Chairman of Nicholas Piramal, Ajay G. Piramal, and other offices of Nicholas Piramal have also been made a party to the complaint. The complaint has been filed on the grounds that an Autolab Analyser machine purchased from distributors of Nicholas Piramal, was defective and that services rendered were deficient. The matter is currently pending with the State Commission. The next date in the matter is to be announced by the State Commission.
4. Janak Traders have filed money suit no. 649 of 2001 before the City Civil Court at Calcutta against Nicholas Piramal, its officers and Chairman, Ajay G. Piramal. Janak Traders is claiming commission charges aggregating Rs. 0.2 million together with interest at the rate of 18%p.a. Nicholas Piramal has filed its written statement. The plaintiff has filed for inspection of documents and Nicholas Piramal has filed its affidavit in reply.
5. Sri Sankaradeva Nethralaya has filed title Suit No. 308/2004 against Nicholas Piramal before the court of Civil Judge (Senior Division) Kamrup, Guwahati where they have alleged that Nicholas Piramal has installed defective machinery and has failed to repair or replace the same. The claim made is for replacement of the machinery and damages. An alternative claim for Rs. 1.4 million together with interest at 18% p.a. and damages has also been made. Nicholas Piramal has filed its written statement.
6. USV Ltd. filed C.S. No. 285 of 2001 before the High Court at Madras, against Nicholas Piramal and another major pharmaceutical company, seeking a perpetual injunction against the use of the trademark "PIOZONE", as it is claiming to have adopted the trademark "Pioz" by its trademark application dated December 18, 2000 (No.977709). USV Ltd. has also claimed damages aggregating Rs. 1.0 million in the above suit.
7. Nicholas Piramal filed a counter Suit No. 395 of 2001 before the Madras High Court against USV Ltd., for injunction on the ground that Nicholas Piramal's trademark application was made earlier in time on September 21, 2000 (No.

957738). USV Ltd. had also earlier filed applications for interim stay against Nicholas Piramal, which was initially granted. Nicholas Piramal's appeal against this order of injunction was admitted. Thereafter, interim applications were filed by both parties, pursuant to which the single judge of the High Court passed an order dated August 8, 2001 declining to grant an injunction against either of the parties and permitted both parties to use the marks. Both USV Ltd. and Nicholas Piramal have filed appeals OSA Nos. 407 and 408 of 2001, before the division bench of the Madras High Court. Nicholas Piramal has filed its written statement in respect of C.S. No. 285 on January 11, 2005, which was allowed by the High Court on February 21, 2005. Nicholas Piramal has also made an application to amend the plaint filed in C.S. No. 395 of 2001, which has been allowed. The next date of hearing is yet to be announced.

8. Zenith Drugs and Allied Agencies Pvt. Ltd. ("Zenith") filed money suit No. 73 of 2003 before the Civil Judge (Senior Division) Gauhati against Nicholas Piramal. Zenith claims to have been appointed by RPIL (since merged with NPIL) as its clearing and forwarding agent and has challenged the termination of its agency by Nicholas Piramal and has made a claim of Rs. 200.0 million together with interest at 18% p.a. Nicholas Piramal has filed its written statement, and the matter has been posted for April 28, 2005. Nicholas Piramal has also made an application to the court to refer the matter to arbitration. This application was rejected by the court vide its order dated February 19, 2005. Nicholas Piramal has filed a revision petition before the Gauhati High Court challenging the order of the civil judge. The High Court has admitted the revision petition filed by Nicholas Piramal, and has granted a stay.
9. Three writ petitions, W.P. 29271 of 1998, W.P. 31202 of 1998, W.P. 9 of 1999 have been filed against the erstwhile Global Bulk Drugs and Fine Chemicals Ltd. (since merged with NPIL) before the Andhra Pradesh High Court on the ground that Nicholas Piramal was dumping solid waste in the ground and thus affecting the quality of ground water. The writ petitions seek a writ from the High Court restraining Nicholas Piramal from letting out untreated effluents into the agricultural fields, water ways and open lands in and around the village of Digwal and to direct Nicholas Piramal to pay compensation to the villagers whose land was affected. The petitioners claim that the alleged dumping of waste has affected the crop cycle, made the ground water non-potable, and polluted the soil. The High Court had passed interim orders dated May 8, 2001 directing the District Collector to supply drinking water to the affected village, giving the District Collector the discretion to pass the burden on to Nicholas Piramal. Following the said order, the District Collector had asked Nicholas Piramal to provide water supply to the village. Nicholas Piramal has carried out its obligations and have financed a permanent water supply scheme, which was handed over to the village panchayat on June 18, 2004. The three writ petitions were clubbed together on July 21, 2001 and the matter is currently pending before a division bench of the High Court.
10. Mr. B.N. Chadha had filed suit No. 246 of 2004 against Nicholas Piramal against the Additional District Judge, Delhi, for possession and recovery of rent and for mesne profits and damages in respect of property let out to Nicholas Piramal. The Additional District Judge, Delhi vide his order dated January 25, 2005 has directed that Nicholas Piramal hand over possession of the premises and to pay a sum of Rs. 30,000 to the plaintiff. Nicholas Piramal has filed an appeal in the High Court of Delhi.
11. Sri Balaji Supplying Company has filed O.S. No. 1931 of 2001 before the City Civil Court Hyderabad, against Nicholas Piramal for a claim of Rs. 363, 492 and interest, on the ground that that Nicholas Piramal has taken supplies from them, but not paid their dues.
12. Six other civil cases have been filed against Nicholas Piramal, three of which are consumer complaints and one is a money suit for refund of advance for purchase of medical instrument. One case has been filed against Nicholas Piramal by an ex-distributor of Nicholas Piramal, seeking a stay against termination of agency by Nicholas Piramal. There is one debt recovery proceeding in New Delhi to which NPIL has been made a party.

Arbitration

1. Tilak Raj Choudhry has made a claim in arbitration against Nicholas Piramal, which is before the sole arbitrator Justice H. Suresh. The dispute relates to an agreement dated July 27, 2000 entered by Nicholas Piramal with Tilak Raj Choudhry, proprietor of Electro Optics and Controls for purchase of certain assets, land and building, machinery, current assets and transfer of technology and know how. Tilak Raj Choudhry has made a claim of Rs. 3.3 million together with interest. Nicholas Piramal has also made a counter claim of 29,726,000 with interest thereon at the rate of 18% p.a. The claimant has proceeded to lead evidence before the sole arbitrator in this matter.
2. Offshore Industrial Construction Pvt. Ltd. ("OIPCL") has made claims in arbitration against Canere Active and Fine Chemicals Pvt. Ltd. ("Canere" since merged with NPIL) aggregating approximately Rs. 80.0 million in relation to

seven erections, procurement and construction contracts in respect of the Digwal manufacturing facility. The arbitral tribunal consists of three arbitrators, and is seated at Hyderabad. Nicholas Piramal has made a counter claim of Rs. 350.0 million. The matter is pending before the arbitral tribunal.

Notices

1. The Inspector General of Registration, Tamil Nadu has made a demand aggregating approximately Rs. 53.2 million on account of shortfall in stamp duty and registration charges payable in respect of Nicholas Piramal property at Ennore. Nicholas Piramal has filed a writ petition before the Madras High Court on the ground that the demand has been made on the basis of an incorrect valuation.
2. A demand aggregating Rs. 5.3 million has been made against Nicholas Piramal in respect of gentamycin sulphate, out of which Nicholas Piramal has paid an amount of Rs. 1.0 million. A stay has been obtained from the High Court by OPPI/IDMA. Nicholas Piramal has made a provision for an amount of Rs. 4.3 million in fiscal 1987.

Statutory Notices

1. The Registrar of Companies had issued three SCNs to Nicholas Piramal, with copies to its executive directors and company secretary dated February 6, 2004, May 12, 2004 and May 10, 2004 for offences under Section 205C of the Companies Act, 1956, for not transferring unpaid/unclaimed dividend to the Investor Education Protection Fund in the prescribed period. Nicholas Piramal on behalf of its executive directors has made an application for compounding the offences by its letter dated October 8, 2004. Nicholas Piramal has subsequently transferred the required amounts to the Investor Education Protection Fund.

Miscellaneous

1. 40 cases have been filed where Nicholas Piramal is named as one of the respondents in relation to transfer, transmission or loss of shares.

Cases filed by Nicholas Piramal

A. Civil Cases

1. Nicholas Piramal has filed two suits before the Civil Judge, Ulhasnagar against encroachers of its land at Ambernath taken on lease from MIDC. Nicholas Piramal has filed regular civil suit NO. 9 of 2001 against Govindram Dharamdas Ahuja and Narayan Das Chowdhary for encroachment of its land at Ambernath. The Court has appointed a court commissioner to take measurements and identify encroachment. The suit is posted for further evidence on April 25, 2005. Nicholas Piramal has also filed regular Civil Suit No. 277 of 1998 against Mr. Bhingardive for construction on its land at Ambernath. The suit is pending for further evidence.
2. Nicholas Piramal has filed Writ Petition No. 585 of 2005 before the High Court of Bombay for ad interim injunction restraining the Central Government from revoking the anti-dumping duty on import of Vitamin A Palmitate and to challenge notification No. 28/2005 dated March 7, 2005. The High Court vide its order dated March 18, 2005, permitted Nicholas Piramal to file an appeal before the CESTAT, and ordered clearance of goods on provisional assessment basis with bond. As permitted, Nicholas Piramal has filed an appeal before the CESTAT, New Delhi, on March 21, 2005.
3. Nicholas Piramal has filed Money Suit No. 20 of 1999 against M/s Lucky Medicine Distributors in the Court of Sub Judge first division, Patna. Nicholas Piramal has made a claim for Rs. 0.9 million for non-payment of moneys due (by way of dishonour of cheques) towards goods purchased from Nicholas Piramal. The date of next hearing is to be announced.
4. Nicholas Piramal has filed Civil Suit No. 79 of 2003 before the Calcutta High Court against the sole proprietor of Bengal Medical Hall. Nicholas Piramal has made a claim of Rs. 1.4 million for non-payment of monies due (by way of dishonour of cheques), towards supply of pharmaceutical products.
5. Nicholas Piramal has filed Civil Suit No. 659 of 2004 before the Madras High Court against the sole proprietors of Gemini Industries and East West Pharma in respect of trademark AMAT (Registered Mark No. 1125803 – class 5). This trademark was assigned by East West Pharma to Gemini Industries, who assigned it to Nicholas Piramal in June 2004. However, East West Pharma was continuing to use the trademark AMAT. Nicholas Piramal has obtained an ad interim injunction vide order of the High Court dated August 18, 2004 restraining the respondents from interfering in Nicholas Piramal's right to manufacture, market, sell, stock for sale and distribute drugs in respect of the mark AMAT, or in interfering with Nicholas Piramal's rights in the registered trademark AMAT.

B. Criminal Cases

1. In May 2005, the Narcotics Control Bureau issued summons, to four officers of Nicholas Piramal under section 67 of the Narcotics Drugs and Psychotropic Substances Act, 1985 ("NDPS Act"), in connection with the supply of Phensedyl, a cough syrup. Nicholas Piramal has filed a special criminal application No. 737 of 2005 before the High Court of Gujarat, challenging the legality and validity of the summons issued under section 67 of the NDPS Act and has prayed for the issuance of a writ to quash the investigation being conducted by the Narcotics Control Bureau. The High Court vide its order dated June 21, 2005 has directed Nicholas Piramal to furnish information to the Narcotics Control Bureau and keep a senior officer of Nicholas Piramal available when required by the Narcotics Control Bureau. The High Court has further directed that such officers of Nicholas Piramal shall authenticate the statements or material furnished to the Narcotics Control Bureau by affixing their signatures to the relevant statement or material. Pursuant to the said order, on July 1, 2005 the National Sales Manager of Nicholas Piramal visited the office of the NCB, Ahmedabad to answer the summons. The Narcotics Control Bureau took the National Sales Manager of Nicholas Piramal in custody for his alleged involvement in the diversion of "Phensedyl". Nicholas Piramal has filed an interlocutory application [IA] before the Hon'ble High Court of Gujarat challenging the jurisdiction of the NCB to proceed under the NDPS Act in respect of the product which is manufactured and marketed in terms of a licence issued under the Drugs and Cosmetics Act, 1945.
2. Nicholas Piramal has filed nine criminal cases under section 138 of Negotiable Instruments Act, 1881 for dishonour of cheques issued by various persons, for sums aggregating Rs. 3.5 million.
3. Nicholas Piramal has filed a criminal case against Mr. Naresh Kochhar for recovery of money due to Nicholas Piramal for sums aggregating Rs. 1.8 million.
4. Nicholas Piramal has filed a criminal complaint against ABN Amro for cheque stolen in transit. The matter is under investigation.

Morarjee Textiles Ltd.

Excise

1. The Central Excise Department has initiated various proceedings against Morarjee Textiles Ltd. for claims aggregating to a sum of approximately Rs. 207.8 million. A majority of the proceedings relate to re-assessment of excise duties, reversal of value added taxes and de-bonding duties paid by Morarjee Textiles Ltd. or which the relevant authorities claim are payable by Morarjee Textiles Ltd. during the period between 1998 and 2004. The proceedings are presently pending before various adjudicatory authorities.

Corporate

1. Consequent to the inspection of the books of account of Morarjee Textiles Ltd. carried out by the Central Government under Section 209-A of the Companies Act, 1956, certain show cause notices were issued to Morarjee Textiles Ltd. /its directors during the period between January 2005 and June 2005 for minor irregularities which have been duly responded. All necessary information and clarifications were duly submitted as requested. No further proceedings have been taken against Morarjee Textiles Ltd.. Morarjee Textiles Ltd. Has since made applications to the RoC for compounding under Section 621A of the Companies Act.

Labour

1. There are 6 labour disputes against Morarjee Textiles Ltd..

G P Electronics Ltd.

Income Tax

1. An appeal has been filed by the income tax department before ITAT for the assessment year 1990-91. The appeal is against the claims admitted/ allowed by the CIT (A) against G.P. Electronics Ltd., amounting to Rs.2.659 million under the heads of travelling expenses, modvat valuation on closing stock, deductions under Section 35 AB and 80HHC of the Income Tax Act, 1961. The case was last heard on May 4th, 2005 and is presently pending before the ITAT.

Sales Tax

1. During the internal sales tax revenue audit, an amount of Rs.166,365/- accounted towards a turnover discount was disallowed by the sales tax authorities. G.P. Electronics Ltd. has filed an appeal before the Deputy Commissioner,

Sales Tax, Mumbai disputing the said disallowance. An amount of Rs.40,000/- has been deposited with the sales tax authority by G.P. Electronics Ltd. The date of final hearing is not yet fixed.

Excise

1. The excise department has made demands aggregating Rs. 1.6 million made in respect of value added tax deduction claimed by G.P. Electronics Ltd. with respect to consumable spares of certain capital goods. An appeal was preferred before the appellate tribunal on February 21, 2005. The order for recovery of the demand of Rs. 1.6 million was referred back to the Central Excise Commissioner (originating authority) by the Appellate Tribunal on February 21, 2005.

Service Tax

1. G.P. Electronics had entered into technology licensing agreement with TDK Corporation of Japan. Under the agreement, G.P. Electronics had paid royalty and technical know-how fees to TDK. The department has claimed that service tax is leviable on payments made pursuant to this technology licensing agreement. The department has accordingly made a claim of Rs. 0.8 million on account of unpaid service tax against G.P. Electronics Ltd. G.P. Electronics has filed an appeal against the assessment of the department.

Morarjee Realities Ltd.

Criminal

1. The Anti Corruption Bureau of the Central Bureau of Investigation has filed a criminal complaint before the Court of the Special Judge, Mumbai against Mr. Sunder Jethwani, Mr. Narain Dass, both employees of the Central Public Works Department, Maharashtra and Morarjee Realities Ltd. under Sections 120B and 420 of the Indian Penal Code, 1860 and Section 13(i)(d) of the Prevention of Corruption Act, 1988. The charges filed against Morarjee Realities Ltd. alleges that Morarjee Realities Ltd. had offered and paid a bribe to Mr. Sunder Jethwani and Mr. Narain Dass to influence their decision to extend the term of the lease of certain premises leased by Morarjee Realities Ltd. to the Income Tax Department.

Labour

1. There are 44 labour cases filed against Morarjee Realities Ltd. by its former employees, including one criminal case in relation to one such labour dispute. These cases are pending before various labour tribunals and courts. The labour cases broadly fall under the following categories:
 - Claims for permanency of employment;
 - Claims for reinstatement with back wages and with benefits of continuity of services;
 - Claims for recovery of dues arising out of manly gratuity and VRS payout; and
 - Claims against the closure of a unit of Morarjee Realities Ltd..

Income Tax

1. Income tax demands and appeals amounting to Rs. 31.64 million are pending before various adjudicatory authorities, tribunals and courts. Morarjee Realities Ltd. has filed a writ petition against the re-opening of assessment for the assessment years 1984-85, 1985-86 and 1989-90.

Writ Petition

1. Morarjee Realities Ltd. has impleaded itself as a party to a public interest litigation (“PIL”) filed by Bombay Environmental Action Group (“BEAG”) before the High Court of Bombay challenging the Development Control Regulation No. 58 issued by the State Government of Maharashtra on the grounds that the amendments drastically reduced the open spaces available for the public and that the procedure adopted by the State Government was contrary to the provisions of the Maharashtra Regional Town Planning Act, 1966. The PIL is presently being heard by the Bombay High Court.

Urvi Chemicals and Allied Industries Ltd. (UCAL)

Income Tax

1. Appeals have been filed by UCAL before the income tax appellate tribunal in respect of assessment years 1987-88, 1993-94, 1998-99, 1999-2000, 2000-01 and 2000-02 aggregating to Rs. 311.686 million on account of short term capital gains, lease rent and interest expenses.

2. Appeals have been filed by the income tax department before the income tax appellate tribunal in respect of assessment years 1994-95 through 1997-98 aggregating to Rs. 39.292 million on account of disallowance of lease rental income.
3. Appeals have been filed by the income tax department before the High Court of Mumbai in respect of assessment years 1981-82 and 1982-83 aggregating to Rs. 1.631 million on account of disallowance of short term capital loss and interest.

Piramal Holdings Ltd. (PHL)

Civil Suit

1. PHL is in possession of certain premises in Colaba. The premises are used for residential purposes of certain employees of PHL. A case has been filed against PHL by one Mrs. Delwadwala praying that PHL vacate the premises occupied by it at Colaba. The Company and Mrs. Delwadwala are in the process of negotiating a settlement agreement to resolve the dispute.

Income Tax

1. Appeal filed by PHL before CIT, Appeals for the assessment year 2000-2001 and 2002-03 on account of wrong treatment of income, depreciation and other disallowances. Amount involved Rs.11.489 million.
2. Appeal filed PHL before appellate tribunal in respect of the assessment year 1994-95, 2000-01 and 2001-02 on account of disallowance of depreciation, service fees, interest and classification of block of assets. Amount involved Rs. 82.61 million.
3. Appeal filed by the income tax department before the appellate tribunal for the Assessment Year 1994-95 on account of taxability of lease rentals. Amount involved Rs.166.0 million.

L&T Crossroads Pvt. Ltd.

Civil Disputes/Writ Petitions

1. Writ Petition No. 1225 of 2004 in the case of Nariman Point Association and another Vs. Union of India, L&T Crossroads Pvt. Ltd. and Larsen & Toubro Ltd.. The petitioners in this writ petition have prayed for quashing of the building permission issued in respect of L&T Crossroads' Pvt. Ltd.'s premises at Nariman Point, Mumbai. The petition further seeks to restrain persons from taking possession of the property being developed by L&T Crossroads Pvt. Ltd..
2. Writ Petition filed in the High Court of Bombay by certain security guards employed by a third party securities contractor and deputed at the offices of L&T Crossroads Pvt. Ltd., claiming that L&T Crossroads Pvt. Ltd. has not registered the said security guards with Securities Guards Board.

Statutory & Regulatory Approvals

In view of the approvals obtained by our Company and the approvals for which our Company has filed applications with the relevant authorities (as listed below) our Company can undertake this Issue and its [current business activities]. No further material approvals are required from any government authorities (including the FIPB and / or the RBI) for the issue.

Approvals material to the issue

We have received the following material approval relating to the issue.

1. Our Board of Directors have approved the Issue and have authorized a committee to deal with all matters connected to the Issue by way of resolution passed at the Board of Directors meetings held on May 16, 2005 and further ratified on August 3, 2005
2. Our members have approved the Issue by way of a special resolution passed at an extraordinary general meeting held on 8th July 2005.
3. Letter No. NSE/LIST/17533-Ldated October 11, 2005 issued by the NSE giving our Company permission for the in principle approval of our Equity Shares; and
4. Letter No. List/Smg/sm/2005 dated October 7, 2005 issued by the BSE giving our Company permission for the in principle approval of our Equity Shares.
5. Board Resolution passed at meeting held on November 9, 2005, agreeing to allot shares to Promoters towards Promoter's contribution

Approvals material to our current business activities

We have obtained the following material approvals relating to our current business activities:-

Our company currently has 5 department stores and 8 super markets in various cities in India. For these stores and super markets, pursuant to various laws in force in the States in which our stores are situated, the following registrations/licences/consents/permissions, have been obtained which are material for the operation of our stores and therefore for our company's current business activities.

The details of licenses procured by the Company are as set forth below:-

1. Shops and Establishments Act:

| No | Details of Stores | Registration Number | Date of validity / Renewal |
|----|---|--|------------------------------|
| 1 | Pune – Bhandarkar Road Super Market | PN 11570 | Valid till May 3, 2007 |
| 2 | Pune – Shastri Nagar Super market | PN 11688 | Valid till May 4, 2008 |
| 3 | Pune – Camp Departmental store | PN 11776 | Valid till May 6, 2006 |
| 4 | Mumbai – Tardeo Department Store | RN 99382 | Valid till April 2007 |
| 5. | Nagpur – Dharampet Department Store | Application filed and pending registration | |
| 6. | Ahmedabad – Ellisbridge Department. Store | 81818 | Valid till December 31, 2005 |
| 7. | Thane – Super Market | 077247 | Valid till 2007 |
| 8. | Ludhiana- Retail Store | 5/6410 | Valid till March 31, 2006 |

2. Miscellaneous License / Permission for fire / fire prevention measures / lifts / land and Building related / certain electricity related.

Permission / approval for fire / fire prevention measures and related plans and arrangements are usually obtained by the builder / developer or landlord from whose premises we operate under contractual arrangements entered into between us and the concerned builders / developers / landlord/Licenser/Owner as the case may be.

Other than the above there are several other licenses / registrations/ consents obtained by the builder / developer or landlord from whose premises we operate under stores including such as licenses / registrations/ consents required for lifts, escalators, excess electricity requirements, building and land related licences/registrations/permissions/consents amongst others.

3. Intellectual Property Registration

Out of the two trademarks that we own, one (Piramyd) is registered in the name of the Company (originally registered by Piramal Holdings Ltd., subsequently assigned to the Company). For the other (TruMart), application for registration of the trademark in the name of our Company has been submitted to the relevant trademark authorities as on the date of this Prospectus and are still pending with them. For details relating to our trademarks for which application has been made but registration is pending, please see the section titled "Approvals Material to our current business activities for which applications have been made but approvals are yet to be received – Government approvals" given below in this Prospectus.

4. Sales Tax

| No | Details | Registration No | Validity | Registration No. CST | Validity |
|----|---------------------|-----------------|------------------------------------|----------------------|------------------------------------|
| 1 | Maharashtra-Mumbai | 400012/S/2928 | w.e.f. 23/3/2005 till cancelled | 400012/C/2045 | w.e.f. 23/3/2005 till cancelled |
| 2 | Maharashtra-Pune | 400012/S/2928 | w.e.f. 23/3/2005 till cancelled | 400012/C/2045 | w.e.f. 23/3/2005 till cancelled |
| 3 | Maharashtra-Nagpur | 400012/S/2928 | w.e.f. 23/3/2005 till cancelled | 400012/C/2045 | w.e.f. 23/3/2005 till cancelled |
| 4 | Gujarat - Ahmedabad | GUJ 99916591 | w.e.f. 6/6/2005 till cancelled | 0734043317 | w.e.f. 6/6/2005 till cancelled |
| 5 | Punjab- Ludhiana* | VRN 03972005431 | w.e.f. 28/7/2005 till cancelled | VRN 03972005431 | w.e.f. 28/7/2005 till cancelled |

* - Under VAT, there is a common registration number for the Central and State Sales Tax called Tax Identification number.

Approvals Material to Our Current Business Activities for Which Applications Have Been Made But Approvals Are Yet To Be Received

1. Trade Mark Related- In respect of one of the Company's trade marks, "TruMart", the Company has submitted an application for registration of the trademark in its name to the relevant trademark authority. The applications are presently pending with the relevant authority.
2. Shops and Establishment- Applications for registration of the office premises of our Company situated at certain locations in Mumbai, Thane and Nagpur have been filed and are presently pending with the relevant authority.
3. Food Licences- Food licence applications for storing meat products, frozen non vegetarian products and insecticides at the Company's stores in Nagpur, Pune and Mumbai have been filed with the relevant authorities by the Company. The applications are presently pending with the relevant authorities.
4. Extended Working Hours- An application in respect of stores located in Maharashtra have been filed with the Government of Maharashtra for permission to operate our stores 365 days a year and also for working extended hours. The application is presently pending with the relevant authority.
5. Insecticides Permissions- An application has been filed with the Agricultural Department of the Municipal Corporation of Mumbai for storing and selling insecticides and pesticides at our stores in Mumbai and Thane. The application is presently pending with the relevant authority.
6. Signboard Licences- The Company has filed applications with the Bombay Municipal Corporation for transferring the licences/permissions procured by PRMPL in relation to Glow Signs / Signboards / Illuminated Sky Sign Boards / Show Cases / Illuminated Totem Pole Signboards (including local languages) to the name of our Company.
7. Service Tax- The Company has applied for a service tax registration number with the relevant tax authority. The application is presently with the relevant authority.

Approvals material to our current and proposed business activities for which approvals have not yet been applied for:

1. New Stores - The Company will additionally be required to obtain all necessary approvals for any new stores that will be opened by our Company as and when required.

The following table contains the list of creditors to whom we owe a sum exceeding Rs. 0.1 mn (Excluding unadjusted / unappropriated advances) and outstanding for more than 30 days.

| Party Name | Amount (in Rs.) |
|---|------------------------|
| Acme Clothing Pvt Ltd Cons | 177,38,419.18 |
| Aarkay Enterprises | 5,70,000.00 |
| Aaydee Exports Pvt.Ltd. | 4,20,170.00 |
| ABC Consolidated Pvt. Ltd. | 19,79,855.96 |
| Abhay Traders | 2,30,789.00 |
| Ace Clothing Co. | 2,06,208.00 |
| Agrim Apparels Pvt. Ltd | 1,08,160.00 |
| Alternate Clothing Co. | 4,51,774.00 |
| AM Kryon International Pvt. Ltd. | 2,71,669.00 |
| An Enterprise Pvt. Ltd. | 1,41,282.00 |
| Arora & Associates | 7,80,134.00 |
| Arvind Brands Ltd. | 10,50,095.00 |
| Atlas Brands Pvt. Ltd. | 2,12,257.00 |
| Automartindia Ltd | 6,62,783.00 |
| Bell Granito Ceramica Ltd. | 30,43,722.00 |
| Best Sellers Marketing Company | 1,02,819.00 |
| Genzer Industries Ltd. : Outright | 1,58,083.00 |
| Chattel Inc | 74,06,545.00 |
| Colaba Carpet Industrial | 3,28,106.00 |
| Colorplus | 15,60,927.62 |
| Comfort Inn President | 1,84,108.00 |
| Copper Stone Clothing Co. | 6,07,640.00 |
| Creation | 3,63,194.00 |
| Creative Mobus Fabrics Pvt. Ltd | 3,92,197.00 |
| Crescendo Fashions Pvt. Ltd. | 16,09,663.00 |
| Damesel | 2,35,172.00 |
| Deep Heritage | 4,06,384.00 |
| Dhir Global Industria Pvt. Ltd. | 4,21,110.00 |
| Dr. Wood Marketing Pvt. Ltd. | 5,32,259.00 |
| Energy - The Spirit of Fashion | 1,20,926.00 |
| Excel Productions Audio Visuals Pvt. Ltd. | 16,77,645.00 |
| Fully Fashion (I) Pvt. Ltd. | 29,31,343.00 |
| Galaxy Office Automation Pvt. Ltd. | 11,00,000.00 |
| Global Export | 1,67,066.00 |
| Gopi Steel Enterprise | 2,98,530.00 |
| Gurukrupa | 8,30,664.00 |
| Hans Enterprises | 5,95,707.00 |
| In Leather | 1,78,339.00 |
| Indian Rayon and Inds. Ltd.- Cons | 59,69,307.00 |
| Indian Terrain Clothing Pvt. Ltd. | 1,19,220.00 |
| Indokem Limited | 1,68,500.00 |
| Indus Clothing Ltd. | 67,32,938.00 |

| Party Name | Amount (in Rs.) |
|--|------------------------|
| Indus League Clothing Ltd. - New | 34,34,530.00 |
| Indus Marketing : Con. | 20,54,497.00 |
| Innocence - Consignment | 16,13,496.00 |
| Irony Clothing Pvt. Ltd. | 6,49,276.00 |
| Ivena Fashion | 2,33,359.00 |
| Jane Shilton (India) | 2,11,745.00 |
| Jealous Fashionwear Ltd. Con. | 28,41,299.00 |
| Jeena & Co. | 3,52,685.00 |
| Just Natural | 1,88,381.00 |
| Kachins Clothing Ltd | 16,68,174.00 |
| Kewal Kiran Enterprises | 1,42,535.00 |
| LA Reine Fashions P. Ltd. | 1,47,025.00 |
| Levis Strauss I Pvt Ltd Consignment | 5,47,052.00 |
| Levis Strauss I Pvt. Ltd. Outright | 2 50 006.00 |
| Lovable Lingerie Pvt. Ltd. | 1,05,526.00 |
| LVMH Watch & Jewellery India Pvt. Ltd. | 1,64,840.00 |
| M & N The Designer Studio | 1,62,090.00 |
| M.K.P. Distributors Pvt. Ltd. | 6,10,338.60 |
| Mahindra Intertrade Ltd. | 62,01,957.00 |
| Mallikarjuna Handloom Fabrics | 1,57,497.00 |
| Matrix India Entertainment Consultants Pvt. Ltd. | 1,92,850.00 |
| Maxwell Industries Ltd. | 4,85,785.00 |
| Megan Impex | 1,62,888.00 |
| Megan Impex : Outright | 1,12,731.00 |
| Mohan Clothing Co. Pvt. Ltd. - Consignment | 29,87,347.74 |
| M-Square Clothing India Pvt. Ltd. | 16,69,622.00 |
| National Cottage Industries | 2,78,301.00 |
| National Power Systems | 3,38,400.00 |
| Neha Handicrafts | 1,70,701.00 |
| Noah Inc | 31,15,369.00 |
| Opal Industries | 2,45,473.00 |
| Oriental Trading Co. | 1,56,291.00 |
| Padmavati Machinery Corporation | 1,10,300.00 |
| Paper Theatre | 1,57,706.00 |
| Parth Corporation | 5,38,613.00 |
| Personality Limited - Toonworld | 14,68,413.00 |
| Personality Limited - Weekender | 2,14,945.00 |
| Personality Limited - Weekender Kids | 51,83,609.00 |
| Personality Ltd. : Ladies | 11,33,386.00 |
| PJL Clothing Ltd - Consignment | 55,53,856.00 |
| Planet Sports Pvt. Ltd. | 1,01,30,283.00 |
| Proline India Limited | 2,79,355.00 |
| PT Invent India Pvt. Ltd. | 3,93,052.00 |
| R. B. Furniture | 6,50,489.00 |
| Raja Machinery Manufacturer | 1,15,700.00 |
| Ramesh Builders | 7,08,333.00 |
| Reliable Rainwear | 2,74,587.00 |
| Rex Studio Art Pvt Ltd | 6,56,128.00 |

| Party Name | Amount (in Rs.) |
|--|------------------------|
| Ritual Creations | 23,15,935.00 |
| Romano Apparels Pvt. Ltd. | 10,70,823.00 |
| RSH Distribution India Pvt. Ltd. | 3,41,730.00 |
| Rumi H. Bharucha | 3,58,957.00 |
| S.I.H.Creations | 2,21,484.00 |
| S.J.Decorators | 1,31,845.00 |
| Sadhna | 1,25,986.00 |
| Safe Enterprises | 2,38,000.00 |
| Samtain Sales Pvt. Ltd. | 32,62,588.13 |
| Sana | 2,89,959.00 |
| Sapphire Traders Pvt. Ltd. | 1,51,147.00 |
| Sarbi Apparel Pvt. Ltd. | 7,76,308.00 |
| Schdan Fashion P Ltd. | 1,79,049.00 |
| Shaan Fashions | 3,05,712.00 |
| Shoe Fair | 1,38,894.00 |
| Sify Limited | 16,80,543.00 |
| Silky Creation : Consignment | 2,81,316.00 |
| Simran Singh & Associates | 1,55,200.00 |
| Sleep-in Apparels P. L.- Old Name Design Direction | 16,56,363.00 |
| Soma Handloom Fabrics | 1,88,480.00 |
| Span Apparels Pvt. Ltd. | 2,183,6661.00 |
| Spenta International Ltd. | 2,16,567.00 |
| Startrek Electronics | 1,05,930.00 |
| Sterling Press Pvt. Ltd. | 1,34,164.00 |
| Suvidha Engineers India Ltd. | 15,68,457.00 |
| Swayam | 8,23,613.00 |
| Switcher Quality Textile India Pvt. Ltd. | 11,30,194.00 |
| TCNS Clothing Company Pvt. Ltd. | 11,38,841.00 |
| The BEST Undertakings Limited | 3,30,617.00 |
| Time Creations | 1,69,940.00 |
| Tops Detectives and Security Services Limited | 3,09,622.00 |
| Travelvoyages (I) Pvt. Ltd | 11,36,347.00 |
| Triumph International (I) Pvt. Ltd. | 9,11,552.00 |
| Vijay Sales | 7,21,156.00 |
| Welspun India Ltd. | 3,10,255.00 |
| Zodiac Clothing Co. Ltd. | 1,18,507.00 |
| Zodiac Clothing Co. Ltd. : Consignment | 1,75,125.00 |
| Piramal Holdings Limited | 3,78,298.75 |
| DMA Branding | 1,00,000.00 |
| Khan Electricals & Engineers Private Limited | 1,96,940.00 |



VII OTHER REGULATORY AND STATUTORY INFORMATION

Authority for the Issue and details of the resolution passed for the Issue

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company adopted at its meeting held on May 16, 2005 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on July 8, 2005

Prohibition by SEBI

The Company, its directors, its Promoters, other companies/ ventures promoted by our Promoters and companies with which the Company's Directors are associated as directors or promoters have not been prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities under any direction or order passed by SEBI.

Eligibility for the Issue

In terms of clause 2.2.2 of the SEBI (DIP) Guidelines, 2000 an unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of Equity Shares or any other security which may be converted into or exchanged with Equity Shares at a later date, only if it meets both the conditions 1 and 2 given below:

1. a. The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.
OR
1. b. The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded
AND
2. a. The minimum post-issue face value capital of the company shall be Rs. 100 mn.
OR
2. b. There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:
 - i. Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;
 - ii. Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;
 - iii. The inventory of the market makers on each of such stock exchanges, as on the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)

We are eligible for the issue as we satisfy the condition of minimum post issue face value of Rs.100 mn (Our post issue face value of paid up capital is Rs.200 mn). Also the issue is being made through book-building process and we have ensured a compulsory allotment of 50% in the issue to QIBs.

Further, the promoters, their relatives (as per the Companies Act, 1956), the Company, 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.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PVT LTD, D S P MERRILL LYNCH LIMITED AND EDELWEISS CAPITAL LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI GUIDELINES FOR DISCLOSURES 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 OFFER DOCUMENT, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PVT LTD, D S P MERRILL LYNCH LIMITED AND EDELWEISS CAPITAL LIMITED HAS FURNISHED TO THE SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 13, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE.**
- **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, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- **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**
- **THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.**
- **WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**
- **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**

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

All the legal requirements pertaining to this Issue will be complied with at the time of filing the Red Herring Prospectus and subsequently, the Prospectus with the ROC.

Disclaimer of our Company and the BRLMs

Investors may note that the Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this 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 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 investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including in research or sales reports.

Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, which is reproduced below:

“Any person who:

- makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- 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.”

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative 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 authorised under their constitution to hold and invest in shares, permitted insurance companies, pension funds, provident funds, venture capital funds, Indian financial institutions. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the exclusive jurisdiction of appropriate court(s) in Mumbai (India) only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations on September 15, 2005 and SEBI has given its observations vide its letter dated October 11, 2005. This Prospectus has been filed with the RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of Bombay Stock Exchange Ltd. (“BSE”)

As required, a copy of the Red Herring Prospectus has been submitted to the BSE. BSE has given vide its letter dated October 7, 2005, permission to this Company to use the Exchange’s name in this offer document as one of the Stock Exchanges on which the Company’s securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner-

- Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- 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 that this offer document has been cleared or approved by the Exchange. 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 Exchange 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 any other reason whatsoever.

Disclaimer Clause of The National Stock Exchange of India Ltd. (“NSE”)

As required, a copy of the Red Herring Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter dated October 11, 2005 permission to the Company to use the Exchange’s name in the Red Herring Prospectus and this Prospectus as one of the Stock Exchanges on which the Company’s securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs 100 mn and market capitalisation shall not be less than Rs. 250 mn at the time of listing). NSE has scrutinised the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does not in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Company’s

securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoter, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer clause of RBI

No further consent of the Government of India is required for the present Issue. It must be distinctly understood that the Government of India / RBI does not take any responsibility for the financial soundness of any scheme or project or for the correctness of any statements made or any opinions expressed with regard to them. The Company can undertake the activities proposed by it in view of the present approvals and no further approvals from any Government Authorities/RBI are required by the Company to undertake the proposed activities.

Undertaking from Promoters and Directors

The company accepts full responsibility for the accuracy for the information given in this Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which make 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 offer or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in this offer document. 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 the Red Herring Prospectus and this Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /withheld and/or amounts to a mis-statement/ mis-representation, the Promoters/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

Filing

A copy of the Red Herring Prospectus and this Prospectus, has been filed with the Corporate Finance Department of SEBI, at B Wing, First Floor, Mittal Court, Nariman Point, Mumbai - 400 021.

A copy of the Red Herring Prospectus and this Prospectus, along with documents required to be filed under Section 60B of the Act, have been delivered for registration to the Registrar of Companies, 100 Everest Building, Marine Drive, Mumbai – 400 002 and a copy of the Prospectus to be filed under Section 60 of the Act has been delivered for registration with the Registrar of Companies.

Listing

Initial listing applications have been made to BSE (designated Stock Exchange) and NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys 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 (i.e. from the date of refusal or within 70 days from the date of Issue Closing Date, whichever is earlier), 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 the money, with interest as prescribed under Section 73 of the Companies Act, 1956.

The Company with the assistance of the BRLMs shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of basis of allotment for the Issue

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, which is reproduced below:



“Any person who:

- makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- 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, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers to the Issue and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue and Legal Advisor to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra located at Mumbai, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Haribhakti & Co, Chartered Accountants, our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Haribhakti & Co., Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of delivery of this Prospectus for registration with the RoC.

Expert Opinion

Except as stated in this Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately 6.7% of the Issue Size. All expenses with respect to the Issue would be met out of the proceeds of the Issue.

The estimated issue expenses are as under:

Details of Fees payable

| Particulars | % of total issue size |
|--|------------------------------|
| BRLM Fees, Selling Commission, Underwriting Commission | 2.4% |
| Registrars | 0.2% |
| Legal Advisors | 0.2% |
| Others (including printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees) | 3.9% |
| Total | 6.7% |

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst us, the BRLMs and the Syndicate Members.

The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned elsewhere in this Prospectus.

Previous Rights and Public Issues

We have not made any rights and public issues since our inception

Issues otherwise than for Cash

We have not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

There are no listed companies under the same management within the meaning of section 370 (1) (B) of the Companies Act, 1956 that made any capital issue during the last three years.

Promise vis -à-vis performance.

This is the first time that our Company is making an offer to the public.

Group Companies

1. Nicholas Piramal India Ltd.

Nicholas Piramal has completed a Rights Issue of 19,001,601 equity shares of Rs. 2 each at a premium of Rs. 173 per equity share aggregating Rs. 3325.3 million to the equity shareholders in the ratio of one equity share for every ten equity shares held on the record date i.e. July 1, 2005.

Issue opened on August 1, 2005
Issue closed on August 30, 2005

(Rs. mn)

| Objects of the project | Cost |
|--|--------------|
| New formulations manufacturing facility at Baddi | 1,650 |
| Establishing new facility for manufacturing Inhalation Anaesthetic products at Hyderabad | 270 |
| Capital expenditure for R&D activities | 400 |
| General Corporate Purposes including Strategic Initiatives | 1,444 |
| Total | 3,764 |

2. G P Electronics Ltd.

G P Electronics Ltd. made an issue of 2,00,000 14% partly convertible debentures of Rs. 200 each for cash at par aggregating to Rs. 40 million to the equity share holders on rights basis and 10,000 14% partly convertible debentures of Rs. 200 each for cash at par aggregating to Rs. 2 million to the employees on an equitable basis.

Issue opened on November 23, 1990
Issue closed on December 22, 1990
Date of delivery of certificates February 06, 1991

Objects of the issue:

The monies were raised to finance in part (a) the capital expenditure of the Company at hand relating to the expansion of the present installed capacity for the manufacture of Hard Ferrites from 900 metric tones per annum to 1,500 metric tons per annum and (b) to meet the long term working capital requirements.

The promise made in the above mentioned rights issue and actual performance achieved is as follows:-

The funds were raised for increase in the present installed capacity from 900 tons per annum to 1500 tons per annum. The capacity has been increased to 1800 tons per annum and as on date it stood at 3600 tons per annum.

3. Morarjee Realities Ltd. (Formerly Morarjee Goculdas Spinning and Weaving Company Ltd.)

Morarjee Realities Ltd. made a public issue of equity to their shareholders in 1994. The issue comprised 15,25,000 equity shares of Rs. 10 each for cash at a premium of Rs. 250 each aggregating to Rs. 396 million and firm



allotment of 24,75,000 equity shares of Rs. 10 each at a premium of Rs. 250 each to select FIIs/FILs/NRIs/IMFs aggregating to Rs. 643 million.

Issue opened on December 21, 1994
 Issue closed on December 24, 1994
 Date of delivery of certificates February 21, 1995

Objects of the issue

The objects of the issue were:

- (a) To finance the modernization-cum-expansion of manufacturing facilities of the company's textile division, and
 (b) To finance the margin money requirement for working capital requirements of the modernization-cum-expansion project.

Cost of the project

Building Rs. 0.34 million
 Plant & Machinery Rs. 8.89 million
 Contingency Rs. 0.56 million
 Margin for working capital Rs. 0.60 million
 Total Rs. 10.40 million

The promise made in the above mentioned rights issue and actual performance achieved is as follows:-

(Rs. mn)

| Particulars | 1994-95 | | 1995-96 | | 1996-97 | |
|--------------|---------|-------------|---------|-------------|---------|-------------|
| | Promise | Performance | Promise | Performance | Promise | Performance |
| Gross Sales | 4300.00 | 4169.10 | 5100.00 | 3766.00 | 7000.00 | 3296.10 |
| PAT | 272.00 | 266.00 | 316.00 | 97.8 | 527.00 | (209.00) |
| EPS (Rs.) | 13.86 | 13.56 | 18.39 | 4.98 | 26.86 | (1.07) |
| Dividend (%) | 30% | 30% | 30% | 15% | 30% | 8% |

The turnover and net profit of the company showed a declining trend. The factors attributable are as under:

- i. The operations for 1994-95 had a setback due to competition from domestic and international markets coupled with the powerloom sector.
 - ii. Davangere and Gadag units were affected by a critical power situation prevailing in Karnataka. Power cuts during the period November 1995 to March 1996, in the range of 25-50%, affected the operations.
 - iii. During 1996-97, profitability suffered drastically due to a sharp escalation in cost of wages, salaries, power and fuel and water charges. Sluggish market and unfair competition from the powerloom sector prevented the company from passing on the increase in costs to the customers.
4. Morarjee Textiles Ltd. – The Company did not file an Offer Document with SEBI as this was a free issue.
 5. Urvi Chemicals and Allied Industries Ltd. (Formerly Urvi Investments Ltd.)

Urvi Chemicals and Allied Industries Ltd. made a rights issue of 90,000 equity shares of Rs. 10/- each for cash at par, aggregating to Rs. 900,000.

Issue opened on June 16, 1975
 Issue closed on July 26, 1975

The Offer Document, filed in 1975, does not contain the objects of the issue and any projections on future performance.

Outstanding Debentures or Bond Issues or Preference Shares

As of date, we do not have any outstanding debentures or bond issues or redeemable preference shares.

Stock Market Data

This being the first public issue by the Company, no stock market data is available.

Mechanism evolved for Redressal of Investors Grievances

The Memorandum of Understanding between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of despatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have constituted a Share Transfer Committee & Investor Grievance Committee, details of which are available on page 72 of this Prospectus.

Investors can also contact the Compliance Officer for any investor grievances.

The mechanism for redressal of Investors Grievances for the listed companies, under the same management within the meaning of section 370 (1)(B) of the Companies Act, 1956 for the period of three years prior to the date of filing of the prospectus with the Registrar of Companies/ Stock Exchange, is in force. There are no pending investor grievances in these companies.

Changes in Auditors during the last three financial years and reasons thereof

There have been no changes of the auditors in the last three years.

Changes in Director since inception of the Company and reason thereof

The Company has appointed six (6) Directors including three (3) Independent Directors. Except this, there is no other change.

Capitalization of Reserves or Profits

We have not capitalized our reserves or profits at any time since our inception.

Revaluation of Assets

We have not revalued any of our assets since our inception.

Bidding / Issue Period

Bid / Issue Opens on : Thursday, November 10, 2005

Bid / Issue Closes on : Wednesday, November 16, 2005

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 4 p.m.** (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE .

The Company reserves the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.



VIII OFFERING INFORMATION

Terms of the Issue

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

Authority for the Issue

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company adopted at its meeting held on May 16, 2005 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on July 8, 2005.

Ranking of equity shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. 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.

Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in this Prospectus at a price of Rs. 120 per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Rights of the Equity Shareholder

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

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

For a detailed description of the main provisions of the Company's Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Description of Equity Shares and Terms of the Constitutional Documents" on page 178 in this Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors.

Since trading of our Equity Shares will be dematerialised mode, the tradable lot is one Equity Share.

Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 50 Equity Shares to the successful bidders. For details of allocation and

allotment, see “Other Regulatory and Statutory Disclosure – Basis of Allotment and Allocation” on page 175 of this Prospectus.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transmitted, 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.

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 transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, 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 us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Offer to Public including devolvement of Underwriters, if any, within 60 days from the Bid/ Issue Closing Date, our 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, our Company shall pay interest as per section 73 of the Companies Act.

Arrangements for Disposal of Odd Lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 share. Therefore there is no possibility of odd lots.

Restriction on Transfer and Transmission of Shares

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

Subscription by non residents/ NRIs/ FIIs/ Foreign Venture Capital Funds/ persons resident outside India

We are not offering shares in this issue to persons resident outside India including FIIs, NRIs, Foreign Venture Capital Funds and companies in which there is a majority ownership and control by persons resident outside India.

Issue Structure

Public Issue of 9,000,000 Equity Shares of Rs. 10/- each at the Issue Price of Rs. 120 for cash aggregating Rs. 1080 mn is being made through a 100% book building process. Details of the issue structure are tabulated below:

| | QIBs | Non Institutional Bidders | Retail Individual Bidders | Promoter's Contribution |
|--|---|--|--|-----------------------------------|
| Number of Equity Shares | Not less than 2,500,000 Equity Shares or Net Offer to Public less allocation to Non Institutional Bidders and Retail Individual Bidders | Not Less than 750,000 Equity Shares or Net Offer to Public less allocation to QIB Bidders and Retail Individual Bidders | Not Less than 1,750,000 Equity Shares or Net Offer to Public less allocation to QIB Bidders and Non-Institutional Bidders | 4,000,000 Equity Shares |
| Percentage of issue size available for allocation | At least 50% of Net Offer to Public or Net Offer to Public less allocation to Non-Institutional Bidders and Retail Individual Bidders | Not less than 15% of Net Offer to Public or Net Offer to Public less allocation to QIB Bidders and Retail Individual Bidders | Not less than 35% of Net Offer to Public or Net Offer to Public less allocation to QIB Bidders and Non Institutional Bidders | |
| Basis of Allocation or Allotment if respective category oversubscribed | Discretionary | Proportionate | Proportionate | - |
| Minimum Bid | Such number of Equity Shares and in multiples of 50 Equity Shares thereafter, that the Bid Amount exceeds Rs 100,000 | Such number of Equity Shares and in multiples of 50 Equity Shares thereafter, that the Bid Amount exceeds Rs 100,000 | 50 Equity Shares and thereafter in multiples of 50 Equity Shares thereafter that the Bid Amount does not exceed Rs 100,000 | |
| Maximum Bid | Not exceeding the size of the Issue subject to applicable limits | Not exceeding the size of the Issue | Such number of Equity Shares whereby the Bid Amount does not exceed Rs 100,000 | |
| Allotment Mode | Compulsory in Dematerialized form | Compulsory in Dematerialized form | Compulsory in Dematerialized form | Compulsory in Dematerialized form |
| Trading Lot/ Market Lot | One Equity Share | One Equity Share | One Equity Share | One Equity Share |
| Bid Lot | 50 Equity Shares | 50 Equity Shares | 50 Equity Shares | |

| | QIBs | Non Institutional Bidders | Retail Individual Bidders | Promoter's Contribution |
|------------------|--|--|---|--------------------------------|
| Who can apply | Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs 250 mn. and pension funds with minimum corpus of Rs 250 mn. | Companies, Corporate bodies, scientific institutions, societies and trusts Resident Indian individuals, HUF (in the name of Karta) Applying for an amount exceeding Rs 100,000 | Individuals (including HUFs) applying for an amount up to Rs 100,000 | Promoters |
| Terms of Payment | Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate | Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate | Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate | |
| Margin Amount | Nil | Full Bid Amount on Bidding | Full Bid Amount on Bidding | |

Equity Shares being offered through this Prospectus can be applied for in dematerialized form only.

Subject to valid bids received at or above the Issue Price, under-subscription, if any, in any of the categories, other than QIB would be allowed to be met with spill over from any of the other categories, at the discretion of the Company, and the BRLMs. In case the allotment in the QIB category works out to less than 50%, the entire bid amount/ subscription money will be refunded.

Issue Procedure

Book Building Procedure

The Issue is being made through the 100% Book Building Process under clause 2.2.2 of SEBI (DIP) Guidelines, 2000, wherein mandatory 50% of the Issue shall be allotted on a discretionary basis to QIBs. Further, not less than 15% shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% shall be available for allocation on a proportionate basis to the Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price within price band.

Bidders are required to submit their Bids through the members of the Syndicate. The Company, in consultation with the BRLMs, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate without assigning any reason therefor. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Illustration of Book Building and Price Discovery Process (Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs 20 to Rs 24 per share, issue size of 3000 Equity Shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares at Rs.22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

| Bid Quantity | Bid Price (Rs) | Cumulative Quantity | Subscription |
|--------------|----------------|---------------------|--------------|
| 500 | 24 | 500 | 27.77 |
| 1000 | 23 | 1500 | 83.33 |
| 1500 | 22 | 3000 | 166.67 |
| 2000 | 21 | 5000 | 277.78 |
| 2500 | 20 | 7500 | 416.67 |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs 22 in the above example. The issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut off price i.e. at or below Rs 22. All bids at or above this issue price and cutoff bids are valid bids and are considered for allocation in respective category.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple bids.

Upon the allocation of Equity Shares, despatch of CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum- Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

Who can Bid?

1. Indian nationals resident in India who are major, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: ABC Hindu Undivided Family applying through ABC, where ABC is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;

5. Indian Financial Institutions, scheduled commercial banks, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. State Industrial Development Corporations;
8. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares;
9. Scientific and/ or Industrial Research Organisations authorised to invest in Equity Shares.
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 250 mn and who are authorised under their constitution to hold and invest in Equity Shares and
12. Pension funds with minimum corpus of Rs. 250 mn and who are authorised under their constitution to hold and invest in Equity Shares.

Note: The BRLMs, Syndicate Members and any associate of the members of the BRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary unless otherwise permitted by SEBI. Further, the BRLMs shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Important: Persons resident outside India including FIIs, NRIs and companies in which there is majority ownership and control of persons resident outside India are not eligible to apply in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

The above information is given for the benefit of the Bidders. We and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus

Maximum and Minimum Bid Size

1. For Retail Individual Bidders

The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter, subject to maximum Bid amount of Rs. 100,000. In case of revision of Bids, the Retail Individual bidders have to ensure that the Bid amount does not exceed Rs. 100,000. In case the maximum Bid amount is more than Rs. 100,000, due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, then the same would be considered for allocation under the Non-Institutional Bidders category. The cut-off option is an option available only to the Retail Individual Bidders indicating their agreement to bid and purchase the Equity Shares at the final issue price as determined at the end of the Book Building process.

2. For Non-Institutional Bidders and QIB Bidders

The Bid must be for a minimum of such number of Equity Shares, so as to ensure that the minimum Bid amount exceeds Rs.100,000. Above this minimum Bid Amount, the Bid should be in multiples of 50 Equity Shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under SEBI existing guidelines a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/-. In case the Bid Amount reduces to Rs 1,00,000/- or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under Retail portion.

Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-Off Price.

Information for the Bidders

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum- Application Form to potential investors.

3. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the BRLMs or Syndicate Members.
4. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
5. Investors who are interested in subscribing for the Company's Equity Shares should approach the BRLMs or Syndicate Members or their authorised agent(s) to register their Bid.

Method & Process of Bidding

1. The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated, national newspapers (one each in English and Hindi) and a regional language newspaper circulated at Mumbai, Maharashtra (the place where the registered office of the Company) is situated. This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement
2. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs, or Syndicate Member or their authorised agent(s) to register their Bid
3. The Bidding Period shall be open for atleast 3 working days and not more than working 7 days. In case the price band is revised, the revised price band will be published in two widely circulated national newspapers (one each in English and Hindi) and a regional language newspaper circulated at Mumbai, Maharashtra (the place where the registered office of the Company is situated) and the Bidding period will be extended for a further period of three days, subject to the total Bidding period not exceeding 10 working days. During the bidding period, the Bidders may approach the Syndicate to submit their Bid. Every Member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 164 below) within the price band specified and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated.
5. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid
6. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page 167 of this Prospectus
7. The Syndicate Members will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form
8. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
9. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into Escrow Account" on page 171 of this Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs.120/- to Rs.140/- per Equity Share of Rs.10 each, Rs. 120/- being the Floor Price and Rs.140/- being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1
2. In accordance with SEBI Guidelines, the Company, in consultation with the BRLMs, can revise the Price Band during the Bidding period, in which case the Issue will be kept open for a period of three days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band shall be widely disseminated including by informing the stock exchanges by issuing a public notice in two national languages (One each in English & Hindi) and one regional newspaper (Marathi) also indicating the change on the relevant websites and the terminals of the members of Syndicate
4. The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at "Cut-off" is prohibited for QIB and Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected**
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account/ refund account(s)
7. In case of an upward revision in the Price Band announced as above, the Retail Bidders who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the members of the Syndicate to whom the Original Bid was submitted. In case the total amount (i.e. the original Bid amount plus additional payment) exceeds Rs 100,000, the Bid will be considered for allocation under the Non-Institutional portion in terms of the Red Herring Prospectus. If however the Bidder does not either revise the Bid or make additional payment and the issue price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price
8. In case of downward revision in the Price Band announced as above, Retail Bidders who have bid at Cut-Off could either revise their Bid or the excess amount at the time of bidding would be refunded from the Escrow Account/ refund account(s)
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application shall remain 50 Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs.5,000/- to Rs.7,000/-.

Option to Subscribe

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges. Allottees will have the option to re-materialise the Equity Shares so transferred, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investments by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

1. No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds
2. No mutual fund under its scheme should own more than 10% of any company's paid up capital carrying voting rights

3. A separate application can be made in respect of each scheme of an Indian mutual fund registered with the Board and that such applications shall not be treated as multiple applications
4. The applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

The company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Application by Venture Capital Funds

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds:

The SEBI (Venture Capital Funds) Regulations, 1996 prescribes investment restrictions on venture capital funds registered with SEBI. Accordingly, a venture capital fund cannot invest more than 25% of the corpus of the fund in one venture capital undertaking. However, venture capital funds may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

For further details, please refer to the section titled "Issue Procedure" on page 161 of this Prospectus.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus.

Escrow Mechanism

Escrow Account of the Issuer Company

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account for the Issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue and BRLMs, and Syndicate Members to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-Institutional Bidders and Retails Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions on page 171 and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid cum Application Form. Where such payment at the time of submission of the Bid cum Application Form is waived at the discretion of the members of the Syndicate, the Issue Price shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected.

However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity to each city where the Bids are accepted
2. BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Company shall upload the Bids till such time as may be permitted by the Stock Exchanges
3. The aggregate demand and price for bids registered on the electronic facilities of BSE and NSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
 - Investor Category – Individual, Corporate or Mutual Fund, etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid cum Application Form number
 - Whether payment is made upon submission of Bid cum Application Form
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or us.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind
7. The members of the Syndicate have the right to review the Bid. Consequently, in the case of QIB Bidders, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed on page 173 in the Prospectus
8. It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by us, and BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our promoters, our management or any scheme or project of our Company
9. It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on an on-line basis. Data would be uploaded on a regular basis
2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate
4. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis
5. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application shall remain 50 Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs.5,000/- to Rs.7,000/-.
6. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum- Application Form
7. Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. The Bidder must complete his or her Bid cum Application Form, the details of all the options in his or her Bid cum Application Form or earlier Revision Form and revisions for all the options as per his Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate
8. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form
9. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders
10. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid
11. In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of bid cum application forms shall be final and binding to all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the company
2. The Company in consultation with the BRLMs, shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation will be decided based on the quality of the Bidder determined broadly based by the size, price and time of the Bid
3. The allocation for QIBs would be atleast 50% of the Issue Size on a discretionary basis. The allocation to Non-Institutional Bidders would be not less than 15% of the Issue Size and allocation for Retail Individual Bidders will be not less than 35% of the Issue Size on proportionate basis, subject to valid Bids being received at or above the Issue Price

4. Under subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill over of demand from any of the other categories, at the sole discretion of the Company and BRLMs
5. Any over subscription in QIB category will be allowed to meet the under-subscription in Non-Institutional Bidders and/ or Retail Individual Bidders categories at the sole discretion of the Company and BRLMs
6. In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid Closing Date/Issue Closing Date
7. In case of under subscription in the QIB category, the same shall not be allowed to be met through oversubscription from any other category and the entire bid / subscription amount shall be refunded.
8. The BRLMs, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders
9. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment, without assigning any reason therefor.

Signing of Underwriting Agreement and RoC Filing

1. The Company and the Underwriters shall enter into an underwriting agreement on finalisation of the Issue Price and allocation(s) to the Bidders
2. After signing the Underwriting Agreement, the company will file the Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue
2. The BRLMs or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account of the Company at the time of bidding shall pay in full the amount payable into the Escrow Account of the Company by the Pay-in Date specified in the CAN
3. Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account of the Company at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account of the Company. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder

Designated Date and Allotment of Equity Shares

1. The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account and Refund Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account of the allotted Equity Shares to the allottees within two working days of the date of Allotment.
2. All allottees will receive credit for the Equity Shares directly in their depository account. Equity Shares will be offered only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.



Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their Depository Account pursuant to allotment in this Issue

General Instructions

Do's:

1. Check if you are eligible to apply;
2. Ensure that the Bid is only within the Price Band; Retail investors can bid at "cut-off"
3. Read all the instructions carefully and complete the Resident Bid cum Application Form
4. Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be transferred in the dematerialized form only;
5. Ensure that the DP account is activated;
6. Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form and the order of signatures should be in the same order as names;
7. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
8. Ensure that you have been given a TRS for all your Bid options; and
9. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T Act where the maximum Bid for equity shares by a Bidder is for a total value of Rs 50,000 or more and attach a copy of the PAN card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax Authority indicating Allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 under the I.T Act along with the application.
10. Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS
11. Ensure that the Demographic Details are updated, true and correct in all respects.

Dont's:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid to a price that is less than the Floor of the Price Band or higher than the Cap of the Price Band;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
4. Do not pay the Bid amount in cash;
5. Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
6. Do not bid at Cut-off price (for Non-institutional and QIB Bidders);
7. Do not put GIR number instead of your PAN;
8. A Bid from any investor should not exceed the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations;
9. **Do not bid if you are person resident outside India including FIIs, NRIs and companies in which there is majority ownership and control of persons resident outside India.**

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the BRLMs, or Syndicate Members.

Bids and Revisions of Bids

Bids and revisions to Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, the Bid cum Application Form and Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bids must be for a minimum of 50 Equity Shares and in multiples of 50 thereafter subject to a maximum Bid Amount of Rs. 100,000.
4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 50 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
5. In single name or in joint names (not more than three).
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his or her official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT-IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form. These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid -cum application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. Refund orders/ Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure despatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank nor the BRLMs shall be liable to

compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual funds registered with SEBI, Venture Capital Funds registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms that we may deem fit, in consultation with the BRLMs.

Payment Instructions

The Company shall open an Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue:

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.
2. In case no Margin Amount has been paid by the Bidders during the Bidding Period, on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allocated to the Bidder or the balance amount, in case the Margin Amount is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of: **"Escrow Account – PRL Public Issue"**
4. Payment should be made by cheque or demand draft drawn on any bank, which is situated at, and is a member of sub member of the banker's clearing house located at the centre where the Bid cum application form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
5. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.

6. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders until Designated Date.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue.
8. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No.DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect.

Applications accompanied by cash / stock invest / money order / postal order will not be accepted.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same and is liable to be rejected.

PAN or GIR Number

Where Bid(s) is/are for Rs.50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T.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 Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(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 Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Right to Reject Bids

The Company, the BRLMs, and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefor in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, we, BRLMs have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the highest number of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN not given if Bid is for Rs. 50,000 or more or Copy of Form 60 or Form 61 as required not given;
6. Submission of the GIR number instead of PAN
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares which are not in multiples of 50;
12. Category not ticked;
13. Multiple bids as defined in the Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bid cum Application Form does not have the stamp of the BRLMs, or Syndicate Members;
16. Bid cum Application Form does not have Bidder's depository account details;
17. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum-Application Form
18. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. see the details regarding the same at page 164 and 165 of this Prospectus;
19. Bids accompanied by money order/postal order/cash;
20. Signature of sole and / or joint bidders missing;
21. Bids by OCBs;
22. Bids by persons resident outside India including FIIs, NRIs and companies in which there is majority ownership and control by persons resident outside India;
23. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID) and beneficiary's identity;

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two tripartite agreements have been signed between our Company and the Depositories:

1. Agreement dated June 15, 2005 with NSDL, the Company and Karvy Computershare Private Ltd
2. Agreement dated October 21, 2005 with CDSL, the Company and Karvy Computershare Private Ltd

All bidders can seek allotment only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
5. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
6. If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
8. 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. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
9. The trading of the Equity Shares of the Company would be in dematerialised form only for all investors.

Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

In case of pre issue or post issue related problems such as non-receipt of letters of allotment/ refund orders etc., the investors can contact the Compliance Officer.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, draft number and issuing bank thereof.

The Company has appointed Mr. M V Balajee as Company Secretary and Compliance Officer

The 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 account, refund orders, etc.

Disposal of Applications and Application Money

The company shall ensure despatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. We shall ensure the despatch of refund orders, if any, of value up to Rs.1,500. "Under Certificate of Posting", and despatch of refund orders above Rs.1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

The company shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the company, further undertake that:

- We shall ensure that the despatch of refund orders and demat credit is completed and the allotment and listing documents submitted to the stock exchanges within 2 working days of finalisation of the basis of allotment.
- We shall pay interest at 15% per annum (for any delay beyond the time period as mentioned above), if allotment/ transfer is not made, refund orders are not despatched and/or demat credits are not made to investors within the time prescribed above.



The company shall provide adequate funds required to the Registrar to the Issue for despatch of refund orders or allotment advice.

Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the record of the Bidder.

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:

- makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or
- 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.”

Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not despatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of allotment or allocation

For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
2. The Issue size less allotment to Non Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to 1,750,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
4. If the aggregate demand in this category is greater than 1,750,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 50 Equity Shares. For the method of proportionate basis of allotment, refer below.

For Non Institutional Bidders

1. Bids received from Non institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non Institutional Bidders will be made at the Issue Price.
2. The Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to 750,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than 750,000 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 50 Equity Shares. For the method of proportionate basis of allotment refer below.

For QIBs

1. Mandatory 50% of the Net Offer to Public shall be allotted to QIBs failing which the entire subscription money shall be refunded
2. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
3. The Issue size less allotment to Non Institutional Portion and Retail Portion shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
4. The allotment would be decided by the Company in consultation with the BRLMs and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.

Our Company shall, in consultation with the BRLMs, have the discretion for any allocation to QIBs.

Procedure and Time Schedule for Allotment of Equity Shares

Our Company and the BRLMs reserve, at our absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We will ensure the allotment of the equity shares within 15 days from the Bid/Issue Closing Date. Our Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not despatched and/or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allotment for Retail and Non-Institutional Portions

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by the company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

1. The subscription in each portion will be computed separately.
2. Bids which are eligible for pure proportionate allotment as provided in the SEBI (DIP) Guidelines, 2000 shall be those which have applied for a minimum shares arrived at by multiplying the minimum shares to be allotted by the number of time the category is subscribed. Allotment to such bidders will be calculated as shares applied for divided by the number of time the category is subscribed.
3. If the pure proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
4. The balance of the bids will be those, which will not be directly entitled for allotment of minimum shares. Such bidders will be allotted shares by a draw of lots in a fair manner to ensure that each successful bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.
5. **If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.**

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500 by registered post or speed post only and refund orders of value upto Rs. 1,500 by under Certificate of Posting and adequate funds for the purpose shall be made available to the Registrar to the Issue by the issuer Company.

Interest in case of delay in Despatch of Allotment Letters/Refund Orders in case of Public Issues

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of the public issue. The Company further agrees that it shall pay interest at rate of 15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 15 days from the date of closure of the Issue.

Undertaking by the Company

The Company undertakes as follows:

1. that all complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
2. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of basis of allotment.
3. that the issuer company shall apply in advance for the listing of equities on the conversion of debentures/ bonds.
4. that the funds required for despatch of refund orders/ allotment letters by registered post shall be made available to the Registrar to the Issue by the issuer company.
5. that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
6. that no further issue of securities shall be made till the securities offered through this prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

Utilization of Issue proceeds

The Board of Directors of the Company certify that:

1. all monies received out of issue of shares to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
2. details of all monies utilised out of the issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer company indicating the purpose for which such monies had been utilised; and
3. details of all unutilised monies out of the issue of shares, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the Company certifies that:

1. the utilisation of monies received under promoters' contribution and from firm allotments and reservations (if any) shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilised.
2. the details of all unutilised monies out of the funds received under promoters' contribution and from firm allotments and reservations (if any) shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such unutilised monies have been invested.

The company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilisation of net proceeds of the Fresh Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in securities of an Indian company is governed by the Foreign Direct Investment Policy ("FDI Policy") of the Government of India, the industrial policy of the Government of India and regulations of the Reserve Bank of India ("RBI") which are issued pursuant to the Foreign Exchange Management Act, 1999 ("FEMA"). While the FDI Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investments may be made. Under the FDI Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. If the approval of the Government of India is required, the same may be obtained from the Foreign Investment Promotion Board of the Government of India ("FIPB"). In addition, persons resident outside India may also require the approval of the RBI for investing in the securities of an Indian company.

Presently, no form of foreign investment is allowed in the retail sector in India. In compliance with the provisions of FEMA, the industrial policy of the Government of India and applicable regulations governing foreign investment in India, we are not issuing or allotting any equity shares under this issue to persons resident outside India including FIIs, NRIs and companies in which there is majority ownership and control by persons resident outside India.

IX DESCRIPTION OF EQUITY SHARES AND TERMS OF THE CONSTITUTIONAL DOCUMENTS

Main Provisions of the Articles of Association of the Company

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and the DIP Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares/debentures and/or on their consolidation/splitting are detailed below.

The regulations contained in Table 'A' of Schedule I to the Companies Act shall not apply only in so far as the same are not provided for or are not inconsistent with these Articles and the regulations for the management of the Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to repeal or alteration or of addition to, its regulations by special resolution, as prescribed by the Companies Act be such as are contained in these Articles of Association.

Capital and Shares

Increase of Capital

Article 4 provides that "The Company in General Meeting may, from time to time, increase the capital by the creation of new shares of such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares, of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, such terms and conditions as the Directors shall determine, and in particular, such shares may be issue with a preferential or qualified rights to dividends, and in distribution of the assets of the Company, and with a right of voting at general meetings of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of the Articles, the Director shall comply with the provisions of Section 97 of the Act."

Redeemable Preference Shares

Article 7 provides that "Subject to the Provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which at the option of the Company are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption."

Commission for placing shares, debentures, etc

Article 27 provides that "Subject to the provisions of Section 76 of the Act, the Company may at time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, must may not exceed the rate which is given in the Companies Act. Such commissions may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other."

Article 28 provides that "The Company may pay a reasonable sum for brokerage"

On what condition new shares may be issued

Article 5 provides that "Where it is proposed to increase the subscribed capital of the Company by allotment of further shares, shall be offered to persons who, at date of the offer, are holders of Ordinary Shares of the Company, in proportion as merely as circumstances admit, to the capital paid up on those shares at that date, and such offer shall be made in accordance with the provisions of Section 81 of the Act, Provided that notwithstanding anything hereinbefore contained, the further shares may be offered to any person, whether or not those persons include the persons who, at the date of the offer, are holder of Ordinary Shares of the Company, 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 shoe of hand or on a poll as the case may be) in favour of the proposal contained in the Resolution move in that General Meeting (including the casting vote if any, of the Chairman) by members who, being entitled so to do, vote in person or where proxies are allowed by allowed by Proxy, exceed the votes, if any, cast against the proposal by member so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in that behalf, that the proposal is most beneficial to the Company."

How far shares to rank with existing shares

Article 6(a) provides that “Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.”

Reduction of capital

Article 10 provides that “The Company may (subject to the provisions of Sections 80, 100 to 105 both inclusive, of the Act) from time to time by Special Resolution reduce its capital, any Capital Redemption Reserve Account or 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 against or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.”

Consolidation, division and sub-division of shares.

Article 11 provides that “Subject to the provisions of Section 94 of the Act, the Company may in General Meeting may from time to time Sub-divide or Consolidate its shares, or any of them, and the resolution whereby any share 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 as compared with the others or other. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its shares capital by the amount of the shares so cancelled.

Buyback of shares

Article 13 provides that “The Company shall have the power to purchase any of its shares whether or not they are redeemable and may make payment out of the capital in respect of such purchase, subject to and to the extent permissible in accordance with the applicable provisions of the Act (including any statutory modification or amendment to or re-enactment thereof) or guidelines issued by any other statutory authorities like DCA/SEBI/RBI/CLB..”

Issue of Shares with differential rights

Article 9 provides that “Notwithstanding anything contained in the Articles of Association of the Company and subject to and to the extent permissible in accordance with the applicable provisions of the Act (including any statutory modifications and/or amendments or re-enactments thereof) or Rules thereunder or Guidelines issued by any statutory authority like Department of Companies Affairs(DCA), Securities And Exchange Board of India (SEBI), Reserve Bank of India (RBI), Company Law Board (CLB), etc the Company may issue shares with differential rights as to dividend, voting or otherwise.”

Modification of rights

Article 12 provides that “Whenever the Capital is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of atleast three-fourths in nominal value of the issued shares of the class or is confirmed by a resolution passed at a separate General Meeting of the holders of that class and supported by the votes of the holders of that class and supported by the votes of the holders of atleast three-fourth of those shares, and all the provisions hereinafter contained as to general meeting, shall mutatis mutandis apply to every such meeting, so that the quorum thereof shall be members present in person or by proxy and holding three-fourth of the nominal amount of the issued shares of the class. This Article is not derogate from any power the Company would have if it were omitted.”

Board of Directors to make calls

Article 29 provides that “The Board may from time to time, subject to the terms on which shares may have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board (and not by circular resolution) make such a call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by instalments.”

Article 33 provides that “The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.”

Calls to carry interest

Article 35 provides that “If any member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.”

Interest payable on calls in advance

Article 39(a) provides that “The Board may, if it think fit agree to and receive from any member willing to advance the same, all or any part of the amounts of his respective shares beyond the sum actually called up; and upon the moneys so paid in advance or upon such moneys thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such a rate as the member paying such sum in advance and the Board agree upon. The Board may agree to repay at any time an amount so advanced or may at anytime repay the same giving to the members three months’ notice in writing. Provided that moneys paid in advance of calls on any share may carry interest but shall not confer a right to dividend or to participate in profit.”

Article 39(b) provides that “No member paying any such sum in advance shall be entitled to voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.”

Calls to date from resolution

Article 31 provides that “A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.”

Forfeiture of shares

Article 43 provides that “If any member fails to pay any call or instalment on or before the day appointed for the payment of the same the, Board may at any time thereafter during such member require him to pay the same, together with interest at such rate as the Board may decide.”

Article 44 provides that “The notice shall name a day (not being less than 14 days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment at or before the time, and at the place appointed the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.”

Article 47 provides that “Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise disposed of the same in such manner as it thinks fit.”

Further, Article 48 provides that “The Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.”

Liability to pay money owing at the time of forfeiture

Article 49 provides that “A Person whose share has been forfeited shall cease to be a member in respect of the forfeited shares, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls or instalments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with the interest thereon from the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the shares at the time of the forfeiture, but shall not be under any obligation to do so .”

Company’s lien on shares

Article 40 provides that “The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) 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 or not) called or payable at the fixed time in respect of such shares and not equitable interest in any shares shall be created except upon the footing and upon the conditions of Article 24 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company’s lien, if any, on such shares.”

Sale of shares on Which Company has lien

Article 41 provides that “For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived and, until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice. The person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfilment or discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as aforesaid, the certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in lieu thereof to the purchaser or purchasers concerned.”

Application of proceeds of sale

Article 42 provides that “The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.”

Transfer and Transmission of Shares

Form of transfer

Article 54 provides that “The instrument of transfer shall be in writing and all the provisions of section 108 of the Act shall be duly complied with in respect of all transfers of shares and registration thereof.”

Transfer not to be registered except on production of instrument of transfer

Article 63 provides that “Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors 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 of Directors shall 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 of Directors.”

Directors may refuse to register transfer

Article 57 provides that “Subject to the provisions of Section 111 of the Act, or any statutory modification thereof for the time being in force, the Board of Directors may, at their absolute and uncontrolled discretion decline and by giving reason decline to register or acknowledge any transfer of shares (notwithstanding the proposed transferee be already a Member) but in such a case it 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 a transfer shall not be refused on the ground of the transferor being either alone or jointly with any of the person or persons, indebted to the Company on any account whatsoever, except where the Company has lien on shares.”

Article 65 provides that “No fee shall be payable to the Company, in respect of the transfer or transmission of any number of shares in the Company.”

Register of transfers

Article 53 provides that “The Company shall keep a book to be called the “Register of Transfers” and therein shall be fairly and directly entered the particulars of every transfer or transmission of any share.”

Title to share of deceased holder

Article 59 provides that “The executors or administrators or a holder of a Succession Certificate or legal representatives of a deceased member (not being one of two or more joint holders) shall be the only person recognised by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives

unless such executors or administrative representatives shall have first obtained the probate or letters of Administration or succession certificate, and under Article 61 register the name of any person, who claims to be absolutely entitled to the shares standing in the name of the deceased member as a member.”

Article 61 provides that “Subject to the provisions of Articles 57 and 58, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by transfer in accordance with these presents, may, with the consent of the Board of Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title, as the Board of Directors think sufficient, either be registered himself as the holders of shares or elect to have some person nominated by him and approved by the Board of Directors registered as such holders, provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and, until he does so, he shall not be freed from any liability in respect of such shares. This Article is referred to in these Articles as the Transmission Article.”

Board may require evidence of transmission

Article 63 provides that “Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors 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 of Directors shall from time to time prescribe, and every registered instrument shall remain in the custody of the Company until destroyed by order of the Board of Directors.”

Borrowing Powers

Power of borrowing

Article 69 provides that “The Board may, from time to time at its discretion subject to the provisions of Section 292 and 372A of the Act, raise or borrow, either from the Director or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company, provided that the Board shall not without the sanction of the Company, provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) exceed the aggregate for the time being the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.”

Conditions on which money may be borrowed

Article 70 provides that “The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respect as it thinks fit, and in particular by the issue of the bonds, perpetual or redeemable, debentures or debenture – stock, or any mortgage, or other security on the understanding of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being.”

General Meetings

Quorum

Article 86 provides that “Five members present in person shall be quorum for a general meeting.”

How questions to be decided at meetings

Article 92 provides that “At any General Meeting, a Resolution put to vote at the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result on a Show of hands) demanded:

by the Chairman of the meeting; or

by the Member or Members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution being not less than one-tenth of the total voting power in respect of the Resolution; or

by the Member or Members present in person or by proxy and holding shares in the Company on an aggregate sum of Fifty Thousand Rupees has been paid up or;

by the Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum as been paid up which is not less than one – tenth of the total sum paid on all the shares conferring that right.

Unless a poll be so demanded, a declaration by the chairman of the meeting that a resolution has, on show of hands, been carried unanimously or by a particular majority, or lost or not carried by a particular majority, or lost or not carried by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Meeting of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against resolution.

The demand for a poll may be withdrawn at any time by the person or persons who made the demand.”

Business may proceed notwithstanding demand of pollArticle 97 provides that “The demand for a poll except on the questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.”

Objection to vote

Article 111 provides that “No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.”

Chairman to judge validity

Article 112 provides that “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 poll.”

Votes of Members

Vote of Members

Article 103 provides that “Subject to the provisions of these Articles, votes may be given either personally or by an attorney or by proxy. A body corporate being a member may vote either by proxy or by a representative also duly authorised under Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers including the right to vote by proxy on behalf of the body corporate which he represents as the body could exercise if it were an individual member.”

Motion how decided in case of equality of votes

Article 93 provides that “In the case of an equality of votes, that Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.”

Votes of Joint holders

Article 102 provides that “If there be joint-holders of any shares, any one of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and, if more than one such joint holders be present at a meeting, that one of the said person so present whose name stands higher on the register shall alone be entitled to vote in respect of such shares, but the other or others of the joint holders of the joint holders shall be entitled to be present at the meeting, several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles to be deemed joint holder thereof..”

No member entitled to vote, etc. while call due to the Company

Article 98 provides that “No member shall be entitled to vote either personally or by proxy at a General Meeting of class of shareholders either upon shoe of hand or upon poll in respect of any shares registered in his name on which any call or other sums presently payable by him have not been paid or, in regard to which the Company has exercised any right of lien.”

Instrument appointing proxy to be in writing

Article 105 provides that “Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of the corporation or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The Proxy so appointed shall not have any right to speak at the meeting.”

Instrument appointing proxy to be deposited in office

Article 108 provides that “The instrument appointing a proxy and the power of attorney or other authority, (if any), under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not less than forty-eight hours before the time of 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. No instrument of appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.”

When vote by proxy valid though authority revoked

Article 110 provides that “A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy of any power of attorney under which such proxy was signed or the transfer of shares in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.”

Appointment of Chairman

Article 149 provides that “The Board shall appoint a Chairman of its meetings and determine the period for which he is to hold office. If no chairman is appointed or if at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the director present shall choose someone of them to be chairman of such meeting.”

Dividend

Declaration of Dividend

Article 163 provides that “The profits of the Company subject to any special rights relating thereto created or authorised to be created these Articles, and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively.

Interim Dividend

Article 166 provides that “The Board may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.”

Capital paid up in advance at interest not to earn dividends

Article 167 provides that “Where capital is paid up in advance of calls, such capital upon the may carry interest but shall not, in respect thereof, confer a right to dividend or participate in privates.”

Article 168 provides that “All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions in the period in respect of which the Dividend is paid; but if any share is issued on terms providing that it shall rank for dividend accordingly.”

Dividends not to carry interest

Article 165 provides that “No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Sections 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that;

if the Company has not provided for depreciation for any previous financial year or years, it shall before declaring a dividend for any financial year, provide for such depreciation out of the profit of the financial year or years;

If the company has incurred any loss in any previous financial years or years, the amount of the loss or any amount which is equal to the amount provided for the depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the company for any previous financial year or years arrived at in both cases after providing for deprecation in accordance with provisions of sub-section (2) of Section 205 of the Act, or against both.”

Debts may be deducted

Article 171 provides that “No member shall be entitled to receive payments of any interest or dividend in respect of his share or shares, while 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 may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.”

Dividends, how remitted

Article 173 provides that “Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled, to or in case of joint-holders, to the one of them first named in the Register in respect of the joint-holding. Every such cheque to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means..”

Capitalisation

Power to capitalise

Article 176 provides that “Any General Meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the reserves, or any Capital Redemption Reserve Fund, or in the hands of the Company and available for dividend or representing premiums received on the issue of share and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions of the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in fully any unissued shares, debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the same capitalised sum. Provided that any sum standing to the credit of the Share Premium Account or a Capital Redemption Reserve Fund may, for the purpose of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares. Article 177 provides that “ A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undisturbed profits of the Company not subject to change for income tax, be distributed among the members on the footing that they receive the same as capital.”

Article 178 provides that “For the purpose of giving effect any resolution under the two last preceding Articles hereof the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payment, shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend capitalised fund as may seem expedient to the Board. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend or capitalised fund, and such appointment shall be effective.”

Winding Up

Article 194 provides that “The Liquidator on any winding up (whether voluntary, under supervision or compulsory) may with the sanction of any preference share capital, divide among the contributories in specie any, of the assets of the Company any may with the like sanction; vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.”

X OTHER INFORMATION

List of material contracts and documents for inspection

The following contracts (not being contracts entered into in the ordinary course of business carried on by our company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the Designated Stock Exchange for registration and also the documents for inspection referred to hereunder, may be inspected at the office of our Company situated at Khatau House, Ground Floor, Mogul Lane, Mahim (West), Mumbai 400 016 between 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid Closing Date/Issue Closing Date.

Material Contracts and Documents for Inspection

The following contracts (not being contracts entered into in the ordinary course of business carried on by us 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 us. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus have been delivered to the Registrar of Companies, Maharashtra at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at our office located at Khatau House, Ground Floor, Mogul Lane, Mahim (West), Mumbai 400 016 from 10.00 a.m. to 4.00 p.m. on any working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Engagement Letter(s) dated July 21, 2005, August 1, 2005 and June 1, 2005 respectively from us appointing Enam Financial Consultants Pvt. Ltd, DSP Merrill Lynch Limited and Edelweiss Capital Limited and their acceptance thereto.
2. Memorandum of Understanding between Piramyd Retail Limited and BRLMs, dated September 13, 2005.
3. Letter dated July 7, 2005 from Piramyd Retail Limited appointing Karvy Computershare Private Limited as Registrar to the Issue and letter dated May 27, 2005 from the Registrar offering their services to act as Registrar to the issue.
4. Memorandum of Understanding between Piramyd Retail Limited and Karvy Computershare Private Limited, Registrar dated July 7, 2005.
5. Letter dated April 20, 2005 from us appointing AZB Partners as the Legal Advisors to the Issue and their acceptance thereto.
6. Escrow Agreement executed between Piramyd Retail Limited, BRLMs, Syndicate Members, Escrow Collection Banks dated October 25, 2005.
7. Underwriting Agreement executed between Piramyd Retail Limited and the Members of the Syndicate dated November 21, 2005.
8. Syndicate Agreement executed between Piramyd Retail Limited and the BRLMs and the Syndicate Members dated October 25, 2005.
9. Business Transfer Agreement between Piramyd Retail and Merchandising Private Limited and Piramyd Retail Limited dated March 25, 2005.
10. Business Transfer Agreement between Crossroads Shoppertainment Private Limited and Piramyd Retail Limited dated April 1, 2005.
11. Lease Agreement for Piramyd Megastore, Mumbai between Piramyd Holdings Limited and Piramyd Retail Limited dated March 28, 2005.
12. Lease Agreement for Furniture and Fixtures between Piramyd Retail and Merchandising Private Limited and Piramyd Retail Limited dated March 27, 2005.
13. Advertising Agreement between Bennett, Coleman and Co. Ltd. and Piramyd Retail Limited dated August 30, 2005.

Documents for Inspection

1. Memorandum and Articles of Association of the Company
2. Certificate of Incorporation dated March 18, 2005 and Certificate of Commencement of Business dated April 5, 2005.
3. Copy of the Special Resolution adopted pursuant to section 81(1A) of the Companies Act at an Extra Ordinary General Meeting of our Members held on July 8, 2005.
4. Copy of the Resolution dated May 16, 2005 passed by the IPO Committee approving the appointment of BRLMs (Enam Financial Consultants Private Limited, DSP Merrill Lynch Limited and Edelweiss Capital Limited)
5. Copy of the Resolution dated August 3, 2005 passed by the Board of Directors of the Company approving the appointment of Enam Financial Consultants Pvt. Ltd, DSP Merrill Lynch Limited and Edelweiss Capital Limited as BRLMs
6. Copy of the Resolution dated May 16, 2005 passed by the IPO Committee and ratified by the Board of Directors of the Company on August 3, 2005 for appointment of Registrars.
7. Copy of the Resolution dated May 16, 2005 passed by the IPO Committee and ratified by the Board of Directors of the Company on August 3, 2005 for appointment of AZB & Partners as the Legal Advisors to the Issue.
8. Copy of the Resolution dated September 12, 2005 approving the Draft Red Herring Prospectus
9. Consents of the Directors, Company Secretary & Compliance Officer, Auditors, Legal Advisors, Registrars to the Issue and Bankers to the Issue and Company referred to in this Prospectus to act in their respective capacities.
10. Auditors' Report dated August 3, 2005 referred to in this Prospectus.
11. Letter from Haribhakti & Co. confirming Statement of Tax Benefits as mentioned in this Prospectus, dated July 14, 2005.
12. Annual Reports of PRMPL & CSPL for the last three Financial Years.
13. Copies of the initial listing applications made to BSE and the NSE.
14. Powers of Attorney executed by the Directors authorizing Mr. K. N. Iyer as constituted attorneys to make necessary corrections to the Red Herring Prospectus and to sign and approve the Red Herring Prospectus.
15. Letter No. List/Smg/sm/2005 issued by the BSE granting our Company an in principle approval for our Equity Shares to be dealt with in /on the Stock Exchange
16. Letter No. NSE/LIST/17533-L has been issued by the NSE giving our Company in principle approval for the listing of our Equity Shares;
17. Tripartite Agreement between the Company, NSDL and Karvy Computershare Private Limited dated 15th June 2005
18. Tripartite Agreement between the Company, CDSL and Karvy Computershare Private Limited dated October 21, 2005.
19. Industry data from Euromonitor Report on *Retailing in India*, A T Kearney Report on *Emerging Markets Priorities for Global Retailers*, Images Retail, KSA Technopack and *The Marketing Whitebook*, brought out by Businessworld.
20. SEBI observation letter No. CFD/DIL/NB/AC/ISSUES/51653/2005 dated October 11, 2005.
21. Due diligence certificate dated September 13, 2005 from Enam Financial Consultants Private Limited, DSP Merrill Lynch Limited and Edelweiss Capital Limited.
22. Copy of Board Resolution and relevant form filed with the Registrar of Companies in respect of increase in Authorised Share Capital.
23. Copy of Board Resolution and relevant form filed with the Registrar of Companies in respect of appointment of Whole Time Director and Managing Director.
24. Copy of Special Resolution passed under Section 293(1)(a) and 293(1)(d) of the Companies Act, 1956.
25. Copy of Board Resolution passed at meeting held on November 9, 2005, agreeing to allot shares to Promoter against Promoter's contribution in this Issue.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in our interest or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

Declaration

All the relevant provisions of the Companies Act, and the guidelines issued by the Govt. of India or the guidelines issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made there under or guidelines issued, as the case may be.

We further certify that all the disclosures/ statements made in this Prospectus are true and correct.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance with the applicable laws.

***SIGNED BY**

*Ms. Urvi A.Piramal
Chairperson

*Mr. Nandan A.Piramal
Vice Chairman

Mr. K.N. Iyer
Managing Director and CEO

*Mr. Harshvardhan A.Piramal
Director

*Mr. Rajeev A. Piramal
Director

*Mr. Jaydev Mody
Director

*Mr. Arvind Singhal
Director

*Mr. Berjis Desai
Director

*Mr. Homi Aibara
Director

Mr. Ravi Money
Senior Vice President, Finance

Mr. M V Balajee
Company Secretary and Compliance Officer

Date : November 22, 2005

Place : Mumbai

*Signed by the Constituted Attorney

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