



**Draft Prospectus
Fixed Price Issue**
Please Read Section 60B of the
Companies Act 1956
Dated 31st July, 2012

RCL RETAIL LIMITED

Our Company was originally incorporated in Chennai as "RCL Retail Private Limited" on 29th September, 2010 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Tamil Nadu. Our Company was subsequently converted in to a public limited company and consequently name was changed to "RCL Retail Limited" vide fresh certificate of incorporation dated 5th April, 2011 issued by the Registrar of Companies, Tamil Nadu. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 75 of this Draft Prospectus.

Registered Office & Corporate Office: 84/85, Walltax Road, II Floor, Chennai-600 003; **Tel:** +91-44-2534 5283, **Fax:** +91-44-2534 5275

E-Mail: cs@rclretail.com; **Website:** www.rclretail.com

Contact Person & Compliance Officer: Mr. M Devendiran, Company Secretary & Compliance Officer

PROMOTERS OF THE COMPANY: NITESH LODHA & SHREYANS LODHA

PUBLIC ISSUE OF 57,95,000 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF RCL RETAIL LIMITED ("RCL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. 10/- PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO RS. 579.50 LACS ("THE ISSUE"). THE ISSUE COMPRISES PROMOTER'S CONTRIBUTION OF 24, 10,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. 10 EACH PER EQUITY SHARE AGGREGATING TO RS. 241.00 LACS ("PROMOTER'S CONTRIBUTION") AND 2,95,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. 10 EACH PER EQUITY SHARE AGGREGATING TO RS. 29.50 LACS, WHICH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION") AND NET ISSUE TO THE PUBLIC OF 30,90,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. 10 EACH PER EQUITY SHARE AGGREGATING TO RS. 309.00 LACS (HEREINAFTER REFERRED TO AS THE "NET ISSUE"). THE NET ISSUE WILL CONSTITUTE 25.12%, OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

THIS ISSUE IS BEING IN TERMS OF CHAPTER X-B OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.

For Further Details See "Issue Related Information" Beginning On Page 129 Of this Draft Prospectus.

All potential investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" on page 135 of this Draft Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH AND THE ISSUE PRICE IS 1 (ONE) TIME OR AT PAR OF THE FACE VALUE.

RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC

This being the first issue of our Company, there has been no formal market for the securities of the company. The face value of the Equity Shares is Rs. 10/ and the issue price is at par of face value. The issue price (as determined by our Company in consultation with the Lead Manager and as stated in the chapter titled on "Basis For Issue Price" beginning on page 50 of this Draft Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the company or regarding the price at which the equity shares will be traded after listing.

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 our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the BSE SME Platform nor BSE SME Platform guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 9 of this Draft Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through Prospectus are proposed to be listed on the BSE SME Platform. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principal listing approval for the shares being offered in this issue. However, our company has received an approval letter dated [●] from BSE for using its name in this offer document for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited ("BSE").

LEAD MANAGER TO THE ISSUE



GUINNESS MERCHANT BANKERS PVT. LTD.
10, Canning Street, 3rd Floor,
Kolkata- 700 001
Tel : +91-33-30015555
Fax: +91-33-24646969
Email: gmbpl@guinnessonline.net
Website: www.16anna.com
Contact Person: Ms. Alka Mishra
SEBI Regn. No: INM 000011930

REGISTRAR TO THE ISSUE



CAMEO CORPORATE SERVICES LTD.
Submaramanian Building,
1 Club House Road, Chennai 600 002.
Tel No.: +91 44-2846 0390/1989
Fax No.: +91 44-2846 0129
Website: www.cameoindia.com
E-mail ID: cameo@cameoindia.com
Contact Person: Mr. R. D. Ramasamy
SEBI Registration No: INR000003753

ISSUE PROGRAMME

BID / ISSUE OPENS ON : [●]

BID / ISSUE CLOSES ON : [●]

TABLE OF CONTENTS

SECTION	TITLE	PAGE NO
I	GENERAL	
	DEFINITIONS AND ABBREVIATIONS	1
	PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA	6
	FORWARD LOOKING STATEMENTS	7
II	RISK FACTORS	9
III	INTRODUCTION	
	SUMMARY	20
	SUMMARY OF FINANCIAL DATA	23
	ISSUE DETAILS IN BRIEF	26
	GENERAL INFORMATION	27
	CAPITAL STRUCTURE	32
	OBJECTS OF THE ISSUE	43
	BASIS FOR ISSUE PRICE	50
	STATEMENT OF TAX BENEFITS	52
IV	ABOUT OUR COMPANY	
	INDUSTRY OVERVIEW	60
	OUR BUSINESS	64
	KEY INDUSTRY REGULATIONS AND POLICIES	71
	OUR HISTORY AND CORPORATE STRUCTURE	75
	OUR MANAGEMENT	78
	OUR PROMOTERS	88
	OUR PROMOTER GROUP / GROUP COMPANIES / ENTITIES	90
	RELATED PARTY TRANSACTIONS	95
	DIVIDEND POLICY	96
V	FINANCIAL INFORMATION	
	FINANCIAL INFORMATION	97
	MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	112
VI	LEGAL AND OTHER INFORMATION	
	OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	116
	GOVERNMENT & OTHER APPROVALS	118
	OTHER REGULATORY AND STATUTORY DISCLOSURES	120
VII	ISSUE RELATED INFORMATION	
	TERMS OF THE ISSUE	129
	ISSUE STRUCTURE	133
	ISSUE PROCEDURE	135
VIII	MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION	151
IX	OTHER INFORMATION	
	LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	184
	DECLARATION	186

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

TERMS	DESCRIPTION
"our Company", "the Company", "RCL", "we", "us" or "the Issuer"	RCL Retail Limited, a public limited company incorporated under the Companies Act, 1956

CONVENTIONAL/GENERAL TERMS

TERMS	DESCRIPTION
AOA/Articles/ Articles of Association	Articles of Association of RCL Retail Limited
Bankers to our Company	Indian Overseas Bank, 807, Anna Salai, Chennai-600 002
Banker to the Issue	Axis Bank Limited, Building "M" Palm Court Complex, New Link Road, Malad (W), Mumbai-400 064 and HDFC Bank Limited, I Think Techno Campus, Level 0-3, Next to Kanjur Marg Railway Station, Kanjur Marg (E), Mumbai - 400 042
Board of Directors / Board/Director(s)	The Board of Directors of RCL Retail Limited
BSE	BSE Limited (the designated stock exchange)
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996 as amended from time to time
CIN	Company Identification Number
DIN	Directors Identification Number
Depositories	NSDL and CDSL
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time.
Director(s)	Director(s) of RCL Retail Limited, unless otherwise specified
Equity Shares / Shares	Equity Shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof
EPS	Earnings Per Share
GIR Number	General Index Registry Number
Gol/ Government	Government of India
Statutory Auditor	M/s. Krishnan & Giri, Chartered Accountants the statutory auditors of our Company.
Peer Review Auditor	M/s. Vivekanandan & Associates, Chartered Accountants the peer review auditors of our Company.
Promoters	Promoters of the Company being Mr. Nitesh Lodha & Mr. Shreyans Lodha
Promoter Group Companies /Group Companies / Group Enterprises	Unless the context otherwise specifies, refers to those entities mentioned in the section titled "Our Promoter Group / Group Companies / Entities" on page 90 of this Draft Prospectus.
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Key Managerial Personnel / Key Managerial Employees	The officers vested with executive powers and the officers at the level immediately below the Board of Directors as described in the section titled "Our Management" on page 78 of this Draft Prospectus.
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of RCL Retail Limited
Non Resident	A person resident outside India, as defined under FEMA
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than

TERMS	DESCRIPTION
	60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Registered office of our Company	84/85, Walltax Road, II Floor, Chennai-600 003, Tamil Nadu.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME Platform of BSE/Stock Exchange	The SME platform of BSE for listing of equity shares offered under Chapter X-B of the SEBI (ICDR) Regulations
SWOT	Analysis of strengths, weaknesses, opportunities and threats
RoC	Registrar of Companies, Tamil Nadu, Chennai

ISSUE RELATED TERMS

TERMS	DESCRIPTION
Allotment/Allot	Issue of Equity Shares pursuant to the Issue to the successful applicants as the context requires.
Allottee	The successful applicant to whom the Equity Shares are being / have been issued
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the application money in a bank account
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the appropriate application Amount of the ASBA applicant, as specified in the ASBA Application Form
ASBA Applicant(s)	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, non- retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications.
ASBA Bidding Location(s)/Specified Cities	Location(s) at which ASBA Bids can be uploaded by the Syndicate and Sub-Syndicate Members, namely Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat
ASBA Public Issue Account	An Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
Basis of Allotment	The basis on which Equity Shares will be allotted to the Investors under the Issue and which is described in "Issue Procedure-Basis of Allotment" on page 140 of the Draft Prospectus
Designated Market Maker	Guinness Securities Limited having registered office at 216, 2 nd Floor, P.J. Towers, Dalal Street, Mumbai- 400 001 and correspondence office at Guinness House, 18, Deshapriya Park Road, Kolkata-700 026
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein
Issue/Issue size/ initial public issue/Initial Public Offer/Initial Public Offering	Public issue of 57,95,000 Equity Shares of Rs. 10/- each ("Equity Shares") of RCL Retail Limited ("RCL" or the "Company" or the "Issuer") for cash at a price of Rs. 10/- per share (the "Issue Price"), aggregating to Rs. 579.50 lacs ("the Issue")

TERMS	DESCRIPTION
Issue Opening date	The date on which the Issue opens for subscription
Issue Closing date	The date on which the Issue closes for subscription
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application
Lead Manager/LM	Lead Manager to the Issue being Guinness Merchant Bankers Private Limited
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the SME Platform of BSE.
Market Maker Reservation Portion	The Reserved portion of 2,95,000 Equity shares of Rs. 10/- each at Rs. 10 per Equity Share aggregating to Rs. 29.50 Lacs for Designated Market Maker in the Initial Public Issue of RCL Retail Limited
Net Issue	The Issue (excluding the Promoter's Contribution and Market Maker Reservation Portion) of 30,90,000 Equity Shares of Rs.10/- each at Rs. 10/- per Equity Share aggregating to Rs. 3,09,00,000/- (Rupees Three Hundred Nine Lacs Only) by RCL Retail Limited
Business Day	Any day on which commercial banks in Mumbai are open for the business
GSL	Guinness Securities Limited
GMBPL	Guinness Merchant Bankers Private Limited
Depository Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act, 1956
Designated Market Maker	Guinness Securities Limited
Escrow Account	Account opened/to be opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement entered / to be entered into amongst the Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof
Escrow Bankers to the Issue / Escrow Collection Bank (s)	Being Axis Bank Limited and HDFC Bank Limited
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue at which bank the Escrow Account of our Company, will be opened
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being Rs. 10/-
Mutual Funds	A mutual Fund registered with SEBI under SEBI (Mutual Funds) Regulations, 1996
Memorandum of Understanding	The arrangement entered into on 12 th July, 2012 between our Company, and Lead Manager pursuant to which certain arrangements are agreed in relation to the Issue
Non - resident	A person resident outside India, as defined under FEMA including eligible NRIs and FIIs
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information.
Issue Account / Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date
Qualified Institutional Buyers or QIBs	The term "Qualified Institutional Buyers" or "QIBs" shall have the meaning ascribed to such term under the SEBI ICDR Regulations and shall mean and include (i) a Mutual Fund, VCF and FVCI registered with SEBI; (ii) an FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI; (iii) a public financial institution as defined in Section 4A of the Companies Act; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of Rs. 250 million; (ix) a pension fund with minimum corpus of Rs. 250 million; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; and (xii) insurance funds set up and managed by the Department of Posts, India eligible for applying in this Issue.

TERMS	DESCRIPTION
Registrar/Registrar to the Issue	Registrar to the Issue being Cameo Corporate Services Limited, Submaramanian Building 1, Club House Road, Chennai-600 002.
Retail Individual Investor(s)	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than Rs. 2,00,000
Refund Account	The account opened / to be opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of application Amount (excluding to the ASBA Applicants) shall be made.
Refund bank	HDFC Bank Limited, I Think Techno Campus, Level 0-3, Next to Kanjur Marg Railway Station, Kanjur Marg(E), Mumbai - 400 042
Refunds through electronic transfer of funds	Refunds through ECS, Direct Credit, RTGS or the ASBA process, as applicable
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on www.sebi.gov.in/pmd/scsb.pdf or at such other website as may be prescribed by SEBI from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Underwriters	Guiness Securities Limited & Guiness Merchant Bankers Private Limited
Underwriting Agreement	The Agreement among the Underwriters and our Company
Working Days	All days on which banks in Mumbai are open for business except Sunday and public holiday, provided however during the Application period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a public holiday
Market Maker	A market maker is a company, or an individual, that quotes both a buy and a sell price in a financial instrument or commodity held in inventory, hoping to make a profit on the bid-offer spread, or turn. Market makers are net sellers of an option to be adversely selected at a premium proportional to the trading range at which they are willing to provide liquidity.

COMPANY/INDUSTRY RELATED TERMS/TECHNICAL TERMS

TERM/ABBREVIATION	DESCRIPTION/FULL FORM
A.C.	Air Conditioner
B2B	Business to Business
B2C	Business to Customer
FMCG	Fast Moving Consumer Goods
RTC	Ready to Cook
RTE	Ready to Eat
POS	Point of Sale
WC	Working Capital
Retail Store #1	Store / Shop of Company located at 55, Hunters Road, Vepery, Chennai-600 007
Retail Store #2	Store / Shop of Company located at Shop No. 4-A, G N Shopping Complex, Justice Rathinavel Pandian street, Golden George Nagar, Mogappair (East), Chennai-600 107
Acre	43560 Square Feet
Kg	Kilograms
Project	Setting up of eight (8) new retail outlets, Setting up a food grain processing unit and Strengthening supply chain management.

ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by the Institute of Chartered Accountants of India

ABBREVIATION	FULL FORM
A.Y.	Assessment Year
B.A	Bachelor of Arts
B.Com	Bachelor of Commerce
B.E.	Bachelor of Engineering
B.Sc.	Bachelor of Science
B.Tech.	Bachelor of Technology
BG/LC	Bank Guarantee / Letter of Credit
CAGR	Compounded Annual Growth Rate
C. A.	Chartered Accountant
CAIIB	Certified Associate of the Indian Institute of Bankers
CC	Cubic Centimeter
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
C.S.	Company Secretary
Cum	Cubic meter
DP	Depository Participant
ECS	Electronic Clearing System
EGM / EOGM	Extra Ordinary General Meeting of the shareholders
EPS	Earnings per Equity Share
ESOP	Employee Stock Option Plan
EMD	Earnest Money Deposit
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FY / Fiscal	Financial Year
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/ Government	Government of India
HUF	Hindu Undivided Family
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
M. A.	Master of Arts
M.B.A.	Master of Business Administration
SME	Small And Medium Enterprises
M. Com.	Master of Commerce
M.E.	Master of Engineering
NAV	Net Asset Value
No.	Number
NR	Non Resident
NSDL	National Securities Depository Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/Registrar of Companies	The Registrar of Companies, Tamil Nadu, Chennai
RONW	Return on Net Worth
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

FINANCIAL DATA

Unless stated otherwise, the financial data in this Draft Prospectus is extracted from the financial statements of our Company for the fiscal years, 2012 and 2011 and the restated financial statements of our Company for Fiscal Years 2012 and 2011 prepared in accordance with the applicable provisions of the Companies Act and Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, 2009, as stated in the report of our Peer Review Auditors and the SEBI Regulations and set out in the section titled – Financial Information on page 97. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI Regulations. Our fiscal years commence on April 1 and end on March 31. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

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

CURRENCY OF PRESENTATION

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

In this Draft Prospectus, throughout all figures have been expressed in Lacs, except as otherwise stated. The word "Lacs", "Lac", "Lakhs" or "Lakh" means "One hundred thousand".

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

INDUSTRY & MARKET DATA

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

The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

For additional definitions, please refer the section titled "Definitions and Abbreviations" on page 1 of this Draft Prospectus.

FORWARD LOOKING STATEMENTS

Our Company has included statements in this Draft Prospectus, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "project", "shall", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will continue", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Company objectives, plans or goals, expected financial condition and results of operations, business, plans and prospects are also forward-looking statements.

These forward-looking statements include statements as to business strategy, revenue and profitability, planned projects and other matters discussed in this Draft Prospectus regarding matters that are not historical fact. These forward-looking statements contained in this Draft Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from expectations include, among others: General economic conditions, consumer confidence in future economic conditions and political conditions, consumer debt, disposable consumer income, conditions in the housing market, consumer perceptions of personal well-being and security, fuel prices, inclement weather, interest rates, sales tax rate increases, inflation etc. and business conditions in India and other countries.

- Our ability to successfully implement our strategy, our growth and expansion, technological changes.
- Our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and Globally.
- Changes in foreign exchange rates or other rates or prices;
- Our failure to keep pace with rapid changes in technology;
- The monetary and interest policies of India, unanticipated turbulence in interest rates;
- Our ability to protect our intellectual property rights and not infringing intellectual property rights of other parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Change in political condition in India.
- The outcome of legal or regulatory proceedings that we are or might become involved in;
- Government approvals;
- Our ability to compete effectively, particularly in new markets and businesses;
- Our dependence on our Key Management Personnel and Promoter;
- Conflicts of interest with affiliated companies, the Group Entities and other related parties;
- Other factors beyond our control; and
- Our ability to manage risks that arise from these factors.

For further discussion of factors that could cause Company's actual results to differ, see the section titled "Risk Factors" on page 9 of this Draft Prospectus. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the Lead Manager, and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying

events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange.

SECTION II

RISK FACTORS

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

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Draft Prospectus, including the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Financial Information" included in this Draft Prospectus beginning on pages 64, 112 and 97 respectively. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to fall significantly.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

INTERNAL RISK FACTORS

1. The Registered Office of our Company is not owned by us.

The Registered Office of our Company situated at 84/85, Walltax Road, II Floor, Chennai-600 003 has been leased from Mr. T. Sampath Kumar for a monthly rent of Rs. 12,000/-.

2. The retail stores of our Company are not owned by us.

We operate from our two (2) retail stores detailed as below:

Particulars	Address	Owner	Monthly Rental	Valid till
Retail Store#1	55, Hunters Road, Vepery, Chennai-600 007	Prashant Kumar J Jain and Kamlesh Kumar A Jain	Rs. 38,000	31.10.2012
Retail Store#2	Shop No. 4-A, G N Shopping Complex, Justice Rathinavel Pandian street, Golden George Nagar, Mogappair (East), Chennai-600 107	Mr. N. Padmanabhan	Rs. 15,750	31.03.2013

These lease agreements are renewable on mutual consent upon payment of such rates as stated in these agreements. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to us, we may suffer a disruption in our operations which could have an adverse effect on our business, financial conditions and results of operations.

3. We have substantial indebtedness and will continue to have debt service obligations following the Issue. The total amounts outstanding and payable by our Company as principal and interest were Rs. 100.11 Lacs as on 31st March, 2012.

The total amounts outstanding and payable by us as principal and interest on account of the loan arrangements with banks as on 31st March, 2012 are Rs. 100.11 Lacs. For further information on the

financing and loan agreements along with the total amounts outstanding and the details of the repayment schedule, see Annexure 9 of section titled “Financial Information of Our Company” on page 109 of this Draft Prospectus.

4. Our lenders have charge over our movable and immovable properties in respect of finance availed by us.

We have secured our lenders by creating charge over our properties. In the event we default in repayment of the loans availed by us and any interest thereof, our properties may be forfeited by lenders. For further information on the financing and loan agreements along with the total amounts outstanding; please refer to Annexure 9 of section titled “Financial Information of our Company” on page 109 of this Draft Prospectus.

5. Our indebtedness and the conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.

We have taken certain credit facilities from Banks and may do so in the future for further fund requirements. As per the signed credit facilities agreements with them, we are subject to certain restrictive covenants and are required to obtain their prior consent for certain issues including expansions/diversification/modernisation etc. There can be no assurance that we will be able to comply with these covenants or that we will be able to obtain the consents necessary to take the actions which we believe are required to operate and grow our business. An event of default under any of these loan arrangements, if not cured or waived, could have a material adverse effect on us.

6. Our Promoter Group Company has incurred losses in the past.

Our Promoter Group Company i.e. RCL Foods Limited had incurred losses in the past. The details of loss of our Promoter Group Companies in last three (3) financial years are as under:

(Rs. in Lacs)			
Particulars	31 Mar- 12	31 Mar- 11	31-Mar-10
(Loss) after Tax	----	----	(42.69)

7. We have reported negative cash flows.

The detailed break up of cash flows is summarized in below mentioned table and our Company have reported negative cash flow in certain financial years and which could affect our business and growth:

(Rs. In Lacs)		
Particulars	31.03.2012	31.03.11
Net Cash flow from Operative activities	(240.99)	(196.56)
Net Cash Flow from investing activities	(150.59)	(28.28)
Net Cash Flow from Financing activities	293.99	370.70
Net Cash Flow for the Year	(97.59)	145.85

8. We do not own the trademark which we are using for our business, as a result of which we may not be able to take any statutory action in the event of any infringement of the intellectual property rights by third parties.

The trademark which we are using for our business is owned by Mr. Ratanchand Lodha, father of our Promoters. He has allowed us vide its letter dated 1st January, 2011 to use the trademark without any fee. He has also permitted to use the trademark to our Promoter Group Company i.e. RCL Foods Limited. Mr. Ratanchand Lodha is also not a registered owner of trademark as he has made an application with Trade Mark Registry and such application is subject to order of Trade Mark Registry

due to certain opposition from third parties and in the event of failure on part of him to obtain registration of trademark, we will be deprived to use such trademark. Hence we do not enjoy the statutory protections accorded to a registered trademark owner and in case there is any infringement of intellectual property rights by third party, our company may not be able to take certain statutory action.

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

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

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

We have entered into related party transactions with our Promoters, Group Company, Directors. While we believe that all such transactions have been conducted on the arms length basis, however it is difficult to ascertain whether more favorable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. For details of these transactions, please refer to section titled "Related Party Transactions" at page 95 of this Draft Prospectus.

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

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

- 12. We may face risks of delays/non-receipt of the requisite regulatory approvals for our objects arising out of the Issue. Any delay in receipt or non-receipt of such approval could result in cost and time overrun.**

We would be applying for various licenses, approvals, registrations at various stages of implementation for the Project. Any delay in receipt or non-receipt of licenses or approvals that may be required for the Project could result in cost and time overrun, and accordingly adversely affecting our operations and profitability. For details, please refer to section titled "Government & other Approvals" on page 118 of this Draft Prospectus.

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

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

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

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

- 15. We have not entered into any agreement with the suppliers for supply of proposed equipments and machines for the Project, we have also not entered into any contract with contractors as specified in the Objects of the Issue. Any delay in entering into such agreements may delay the implementation schedule, which may also lead to increase in prices of the equipments and machineries in future affecting our costs, revenue and profitability.**

We are yet to place orders for proposed equipments and machines for the Project, as specified in the "Objects of the Issue" on page 43 of this Draft Prospectus. Any delay in procurement of equipments and machines etc may delay the implementation schedule. We may also be subject to risks on account of inflation in the price of equipments and machinery that we require. Hence our Project could face time and cost over-run which could have an adverse effect on the operations of our Company. Negotiations in respect of specification with some of the suppliers have been commenced and the agreements will be entered in due course once the negotiations are completed and Issue proceeds are procured.

- 16. Our Company has not entered into any lease agreement for premises of its proposed retail outlets. Any delay in finalization of premises may have an adverse impact on the Company's operations.**

Our Company has not entered into lease agreements for premises of its proposed retail outlets, which the company proposes to fund from the proceeds of the issue. Non-availability of premises at the desired locations / areas may adversely affect the operations of the Company. For further details, refer to "Objects of the issue" on page 43 of this Draft Prospectus.

- 17. Our inability to identify, open and operate new retail outlets profitably may adversely affect our business.**

Identifying and securing the best locations for our retail outlets is essential to our business. Good location is generally one of the most important elements for success of any retail outlet. Our business development strategy depends in part on our ability to assess locations and successfully open retail outlets in new as well as existing markets. Desirable locations may be limited for many reasons, including the general lack of prime real estate in the markets in which we compete etc. As a result, desirable locations for new retail outlets or for the relocation of existing outlets may not be available at an acceptable cost or on acceptable terms or at all

In addition, we may experience delays or higher-than-anticipated costs in opening new outlets. Any such delays and escalation in cost may have an adverse impact on our revenues.

- 18. We lease premises for all of our retail outlets and our inability to secure our lease rights and keep up with increasing lease rentals in certain key locations may adversely affect our business, financial condition, results of operations and prospects.**

We currently lease premises for both of our retail outlets and also we propose to lease premises for our proposed eight (8) new retail outlets. Such properties are leased to us by unrelated third parties. In recent years, real estate costs including rents have escalated significantly all the locations including new locations that we may enter and there can be no assurance that such significant increases in real estate costs will not continue to occur in the future. Our operating performance depends in part on our ability to secure leases for our outlets in appropriate locations at rents we believe are cost effective. There is no guarantee that we will be able to renew our leases or

conclude new agreements on commercially acceptable terms. The loss of locations could have a material adverse effect on our business, financial condition, results of operations and prospects.

- 19. The main Objects of our Promoter Group Company i.e. RCL Foods Limited are similar to main objects of our Company and this could lead to a potential conflict of interest.**

Our Promoter Group Company i.e. RCL Foods Limited, have some of the objects similar to that of our Company's business. As on date of filing Draft Prospectus, RCL Foods Limited is engaged in the business of manufacturing and processing of agro based, ready to eat products. This activity is similar to the main objects as set out in the MOA of our Company and our proposed expansion plan. There could be conflict of interests arising out of common pursuits between our Promoter Group Entity and our Company in future.

- 20. We operate in a highly competitive market where there are substantially larger competitors having greater financial strength and many small competitors. This competition may affect our business opportunities in the domestic market.**

We may face severe competition from emerging players and also those who have established a dominant position in the market. We have many competitors that claim to offer better price, quality and other benefits, while, we may not be able to meet the expectation of the consumers or we may not be able to hold a prevailing position in the market over and above our competitors. This may affect our business opportunities in the market. Some of our competitors are substantially larger and have considerably greater financing resources and may have a lower cost of funds and many have access to funding sources that may not be available to us. In addition, certain of our competitors may have greater risk appetites or different risk assessment policies than ours, which could encourage them to consider a wider variety of opportunities, establish more relationships and more quickly build their market share.

- 21. Our image and reputation in the market is dependant on the quality and quantum of products sourced from the suppliers and the producers and any failure on their part to maintain quality and adequate supply would adversely affect our reputation.**

Our Company being in the retail business relies on the quality of the products provided by the suppliers and manufacturers which is further dependent on the manufacturing capabilities of the original producers. Further, if these suppliers and producers are unable to procure the required level of inventories because of any change in the policy or any change in the arrangement between these supplier and the manufacturers and/or any failure on the part of the suppliers or the original manufacturers to maintain a high level of quality of the products could adversely affect the Company's reputation and revenue generation.

- 22. The failure to maintain a timely and adequate supply of products could have an adverse effect on the ongoing business of our Company.**

Our Company being in the retail business needs to ensure continuous supply products. As industry practice, the Company has not entered into any formal long-term agreements or arrangements with any of its suppliers. If the timely and adequate supply is not made available to the Company on acceptable commercial terms, or if there are significant increases in the cost of these products, the Company's results of operations and financial condition may be adversely affected.

- 23. Pressing need for making expenditure on advertisements and the promotional activities and this may not prove successful in maintaining or enhancing market share thereby adversely affecting our results of operations.**

We are required to advertise our brand so as to attract customers and increase sales and profitability. There are inherent risks associated with advertising and uncertainties about customer response, increased expenditure may not prove successful in maintaining or enhancing our market share and may therefore affect our results of operations.

- 24. Success of our day to day operations depends largely on good relations with our employees and any dispute between our employees and the Company may adversely affect our business and results of operations.**

While we believe that we enjoy good relations with our employees, there can be no assurance that this may continue in future. In the event of any dispute between the employees and the Company, our business and operations may get adversely affected. Such disputes may lead to unforeseen liability on the Company.

- 25. Our retail stores are subject to hazards such as theft and other risks, and could expose us to liabilities, loss in income and increased expenses.**

Our retail stores are subject to hazards inherent in our services, such as risks of theft, vandalism, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe loss and damage to and destruction of property and environment. Some of such incidents, which may or may not be caused because of negligence or fault of ours, could also result in imposition of civil or criminal penalties on us. In addition, such events could affect our business, reputation, financial condition or results of operations.

- 26. Our insurance coverage may not adequately protect us against certain operating risks and this may have a material adverse impact on our business.**

We have maintained insurance policy covering vehicles, for total insured amount of Rs. 8.06 Lacs, details of which are disclosed on page 70 of this Draft Prospectus. However, our insurance policy may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that the insurance policy availed by us will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim, which have a material and adverse impact on our business operations and profitability.

EXTERNAL RISK FACTORS

- 27. Political, economic and social changes in India could adversely affect our business.**

Our business, and the market price and liquidity of our Company's shares, may be affected by changes in Government policies, including taxation, social, political, economic or other developments in or affecting India could also adversely affect our business. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms including significantly relaxing restrictions on the private sector. In addition, any political instability in India may adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

- 28. Our business is subject to a significant number of tax regimes and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could negatively and adversely affect our results of operations.**

The revenues recorded and income earned is taxed on differing bases, including net income actually earned, net income deemed earned and revenue-based tax withholding. The final determination of the tax liabilities involves the interpretation of local tax laws as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax laws, could impact the determination of the tax liabilities of our Company for any year.

- 29. We are subject to risks arising from interest rate fluctuations on our borrowings, which could adversely affect our business, financial condition and results of operations.**

Increases in interest rates could significantly affect our financial condition and results of operations. If interest rates increase, our interest payments will increase and our ability to obtain additional debt could be adversely affected with a concurrent adverse effect on our business, financial position and results of operations.

30. Global economic, political and social conditions may harm our ability to do business, increases our costs and negatively affects our stock price.

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, financial, banking or liquidity crises, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Our profitability may also be adversely affected by fixed costs and the possible inability to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. Additionally, during periods of adverse economic conditions, we may have difficulty accessing financial markets, which could make it more difficult or impossible for us to obtain funding for additional investments and acquisitions. A general market downturn, or a specific market dislocation, may result in lower investment returns, which would adversely affect our revenues.

31. Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.

Our Company may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 ("IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 32 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined and will be notified by the Ministry of Corporate Affairs after various tax related issues are resolved. We have not yet determined with certainty what impact the adoption of IFRS will have on our financial reporting. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period.

32. Natural calamities and force majeure events may have an adverse impact on our business.

Natural disasters may cause significant interruption to our operations, and damage to the environment that could have a material adverse impact on us. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of deficient or abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy, which could adversely affect our business and results of operations.

33. Restrictions on foreign investment limit our ability to raise debt or capital outside India.

Indian laws constrain our ability to raise capital outside India through the issuance of equity or convertible debt securities and restrict the ability of non-Indian companies to invest in us. Foreign investment in, or an acquisition of, an Indian company requires approval from the relevant government authorities in India, including the Reserve Board of India and the Foreign Investment Promotion Board. At present we are engaged in to multi brand retail activities and FDI is prohibited in our Company.

34. Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the

interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial results and business prospects, ability to obtain financing for capital expenditures and the price of our Equity Shares.

35. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets on which our Equity Shares will trade. These acts may result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of our Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our Equity Shares.

36. Third party statistical and financial data in this Draft Prospectus may be incomplete or unreliable.

We have not independently verified any of the data from industry publications and other sources referenced in this Draft Prospectus and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economies or the industries in which we operate in this Draft Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

RISKS RELATING TO THE EQUITY SHARES

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

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

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

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

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

Prior to the offer, there has been no public market for our Equity Shares, and an active trading market on the SME Platform of BSE. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the fire fighting industry, crushing industry, developments relating to India and volatility in the Exchange and securities markets elsewhere in the world. However, the LM will arrange for compulsory market making for a period of 3 years from the date of listing as per the regulations applicable to the SME Platforms under SEBI (ICDR) Regulations, 2009.

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

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in-principle approval for listing of shares issued. We have only applied to BSE Limited to use its name as the Stock Exchange in this offer document for listing our shares on the SME Platform of BSE. In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

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

Prior to this Issue, there has been no public market for our Equity Shares. Guinness Securities Limited is acting as Designated Market Maker for the Equity Shares of our Company. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Makers please refer to the section titled "*General Information - Details of the Market Making Arrangement for this Issue*" on page 31 of this Draft Prospectus.

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

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

PROMINENT NOTES:

1) SIZE OF THE ISSUE:

Public Issue of 57,95,000 Equity Shares of Rs. 10/- each (the "Equity Shares") for cash at a price of Rs. 10/- per Equity Shares aggregating to Rs. 579.50 Lacs ("the Issue") by RCL Retail Limited ("RCL" or the "Company" or the "Issuer"). The Issue comprises Promoter's Contribution of 24,10,000 Equity Shares of Rs. 10 each at a price of Rs. 10 each per Equity Share aggregating to Rs. 241.00 Lacs ("Promoter's Contribution") and 2,95,000 Equity Shares of Rs. 10 each at a price of Rs. 10 each per

Equity Share aggregating to Rs. 29.50 Lacs, which will be reserved for subscription by Market Makers to the issue (the “market maker reservation portion”) and Net Issue to the Public of 30,90,000 Equity Shares of Rs. 10 each at a price of Rs. 10 each per Equity Share aggregating to Rs. 309.00 Lacs (hereinafter referred to as the “Net Issue”). Net Issue will constitute 25.12%, of the post issue paid up Equity Share capital of the Company.

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

Name of the Promoter	No. of Shares held	Average cost of Acquisition (in Rs.)
Mr. Nitesh Lodha	2,37,500	10.00
Mr. Shreyans Lodha	1,20,000	10.00

**The average cost of acquisition of our Equity Shares by our Promoters has been calculated by taking into account the amount paid by them to acquire, by way of fresh issuance or transfer, the Equity Shares, including the issue of bonus shares to them. The average cost of acquisition of our Equity Shares by our Promoters has been reduced due to the issuance of bonus shares to them, if any. For more information, please refer to the section titled “Capital Structure” on page 32.*

- 3) Our Net worth as on 31st March, 2012 is Rs. 559.91 Lacs as per Restated Financial Statements.
- 4) The Book -Value per share as on 31st March, 2012 is Rs. 10.12 as per Restated Financial Statements.
- 5) There was no change in the name of the Company at any time during last three years immediately preceding the date of filing of this offer document, except that the constitution of our Company was changed to a public limited company and consequently our name was changed to “RCL Retail Limited” pursuant to a fresh certificate of incorporation issued by the RoC, Chennai, Tamil Nadu on 5th April, 2011.
- 6) Investors may please note that in the event of over subscription, allotment shall be made on proportionate basis in consultation with the BSE Limited, the Designated Stock Exchange. For more information, please refer to “Basis of Allotment” on page 140 of the Draft Prospectus. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- 7) Investors are advised to refer to the paragraph on “Basis for Issue Price” on page 50 of this Draft Prospectus before making an investment in this Issue.
- 8) No part of the Issue proceeds will be paid as consideration to Promoters, Promoter Group, Directors, key management employee, associate companies, or Group Companies.
- 9) Investors may contact the Lead Manager or the Compliance Officer for any complaint/clarifications/information pertaining to the Issue. For contact details of the Lead Manager and the Compliance Officer, refer the front cover page.
- 10) Other than as stated in the section titled “Capital Structure” beginning on page 32 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
- 11) Except as mentioned in the sections titled “Capital Structure” beginning on page 32 of this Draft Prospectus, we have not issued any Equity Shares in the last twelve months.
- 12) Except as disclosed in the sections titled “Our Promoters” or “Our Management” beginning on pages 88 and 78 respectively of this Draft Prospectus, none of our Promoters, our Directors and our Key Managerial Employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.

- 13) Any clarification or information relating to the Issue shall be made available by the LM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the LM for any complaints pertaining to the Issue. Investors are free to contact the LM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- 14) For transactions in Equity Shares of our Company by the Promoter Group and Directors of our Company in the last six (6) months, please refer to paragraph under the section titled "*Capital Structure*" on page 32 of this Draft Prospectus.
- 15) There are no contingent liabilities as on 31st March, 2012
- 16) For details of any hypothecation, mortgage or other encumbrances on the movable and immovable properties of our Company please refer to the section titled "*Financial Information*" on page 97 of this Draft Prospectus.
- 17) Except as disclosed in the section titled "*Our Promoter Group / Group Companies / Entities*" on page 90, none of our Group Companies have business interest in our Company.
- 18) For interest of Promoters/Directors, please refer to the section titled "*Our Promoters*" beginning on page 88 of this Draft Prospectus.
- 19) The details of transactions with the Group Companies/ Group Enterprises and other related party transactions are as under:

STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS

Particulars	31.03.12	31.03.11
Transactions with Related Parties (Rs. in Lacs)		
REVENUE ITEMS		
Payment of Remuneration		
- <i>Key Management Personnel</i>		
Nitesh R Lodha	4.00	-
Purchases		
- <i>Promoter Group Company</i>		
RCL Foods Limited	12.64	-
Sales		
- <i>Promoter Group Company</i>		
RCL Foods Limited	0.39	-

SECTION III: INTRODUCTION

SUMMARY

This is only the summary and does not contain all information that you shall consider before investing in Equity Shares. You should read the entire Draft Prospectus, including the information on “Risk Factors” and related notes on page 9 of this Draft Prospectus before deciding to invest in Equity Shares.

INDUSTRY OVERVIEW

The Indian Economy

India is the world's largest democracy in terms of population with Gross Domestic Production (GDP) of US\$ 4,060 billion in 2010 in purchasing power parity (PPP) terms. This makes India the fifth largest economy in the world after the European Union, the United States of America, China and Japan in PPP terms, (Source: CIA World Fact book). India is also amongst the fastest growing economies globally and its real GDP has grown at an average compounded rate of 8.4% per annum during the last five years up to FY 2011. (Source- Central Statistics Office, Government of India)

India is developing into an open-market economy, yet traces of its past autarkic policies remain. Economic liberalization, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and has served to accelerate the country's growth, which has averaged more than 7% per year since 1997. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Slightly more than half of the work force is in agriculture, but services are the major source of economic growth, accounting for more than half of India's output, with only one-third of its labor force. India has capitalized on its large educated English-speaking population to become a major exporter of information technology services and software workers. In 2010, the Indian economy rebounded robustly from the global financial crisis - in large part because of strong domestic demand - and growth exceeded 8% year-on-year in real terms. Merchandise exports, which account for about 15% of GDP, returned to pre-financial crisis levels. An industrial expansion and high food prices, resulting from the combined effects of the weak 2009 monsoon and inefficiencies in the government's food distribution system, fueled inflation which peaked at about 11% in the first half of 2010, but has gradually decreased to single digits following a series of central bank interest rate hikes. In 2010 New Delhi reduced subsidies for fuel and fertilizers, sold a small percentage of its shares in some state-owned enterprises and auctioned off rights to radio bandwidth for 3G telecommunications in part to lower the government's deficit. The Indian Government seeks to hold its budget deficit to 5.5% of GDP in FY 2010-11, down from 6.8% in the previous fiscal year. India's long term challenges include widespread poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, insufficient access to quality basic and higher education, and accommodating rural-to-urban migration.

(<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>)

Indian Retail Industry

The Indian retail market has witnessed consistent growth over the last few years, maintaining its share of around 30% of the GDP at current prices. The total retail market is valued at Rs. 19,48,916 crore, out of which only Rs. 1,26,680 crore - or 6.5% of the total market is organised/modern. The organised market is growing at a CAGR of 27.69% and is expected to touch Rs. 2,06,500 crore in 2011-12. (Source: India Retail Report). Modern retail has entered India through sprawling shopping centers, multi-storied malls and huge complexes, offering shopping, entertainment and food under one roof. The increasing numbers of nuclear families, easy financing options, increase in the number of working women and emerging opportunities in the service sector during the past few years have been the key growth drivers for the organised retail sector in India.

Food Sector in India - Overview

India is one of the world's largest producers as well as consumers of food products; and the sector plays an important role in the Indian economy. This industry is supported by the agriculture sector, which is a significant economic component, employing nearly 60% of the country's population and contributing to around 25% of India's gross domestic product.

The Indian domestic food market is expected to grow by nearly 40% of the current market size by 2015, to touch USD 258 billion by 2015. With a population of more than one billion individuals and food constituting a major part of the consumer's budget, this sector has a prominence next to no other businesses in the country. Moreover the importance of this sector to India's economy becomes all the more relevant, considering the fact that this sector continued to perform well, despite fall in GDP number and poor performance by many other industries, during recession in 2008-09. (Source: FICCI survey on challenges in food processing sector)

SNACK FOODS MARKET IN INDIA

The size of the Indian snack food market is currently estimated at approximately US\$ 300 million. Unorganized small companies with a localized presence dominate the snack foods market in India but in recent years the organized branded products market size has grown significantly. Potato chips constitute the major segment among a wide range of local snacks available.

READY-TO-EAT FOOD

The popularity of ready-to-eat packs and the bottom lines of eateries have a story to tell. Eating out no longer marks a special occasion. Not only does the traditional eat-at-home type prefer to eat out, he is very demanding too. People want value for their money in terms of quality and variety. Corroborating this trend, Euro-monitor International, a market research company, says the amount of money Indians spend on meals outside the home has more than doubled in the past decade, to about US\$ 5 billion a year and is expected to double again in about half that time. The industry is estimated to grow at 9-12 per cent, on the basis of an estimated GDP growth rate of 6-8 per cent, during the tenth five-year plan period. Value addition of food products is expected to increase from the current 8 per cent to 35 per cent by the end of 2025.

CHANGE IN CONSUMPTION PATTERNS

Increasing incomes are always accompanied by a change in the food basket, says an ICRA report, which analyses food expenditure patterns over the last three decades in India. The report observes that the proportionate expenditure on cereals, pulses, edible oil, sugar, salt and spices declines as households climb the expenditure classes in urban India while the opposite happens in the case of milk and milk products, meat, egg and fish, fruits and beverages. For instance, the proportionate expenditure on staples (cereals, grams, pulses) declined from 45 percent to 44 per cent in rural India while the figure settled at 32 per cent of the total expenditure on food in urban India. A large part of this shift in consumption is driven by the processed food market, which accounts for 32 per cent of the total food market. It accounts for Rs 1,280 billion (US\$ 29.4 billion), in a total estimated market of Rs 3,990 billion (US\$ 91.66 billion). The food processing industry is one of the largest industries in India -- it is ranked fifth in terms of production, consumption, export and expected growth. The Confederation of Indian Industry (CII) has estimated that the food processing sector has the potential of attracting Rs 1,50,000 Crore (US\$ 33 billion) of investment in 10 years and generate employment of 9 million person-days. The Government has formulated and implemented several Plan Schemes to provide financial assistance for setting up and modernising of food processing units, creation of infrastructure, support for research and development and human resource development in addition to other promotional measures to encourage the growth of the processed food sector.

BUSINESS OVERVIEW

Our Company was incorporated in Tamil Nadu as "RCL Retail Private Limited" on 29th September, 2010 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Chennai, Tamil Nadu. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 75 of this Draft Prospectus.

We are engaged in the business of trading of ready to eat snacks, fryums, bakery products, cookies, confectioneries, namkeens, chutneys, mouth-fresheners, juices, mobile food such as vada pav etc. We operate through our two well furnished retail stores located as below:

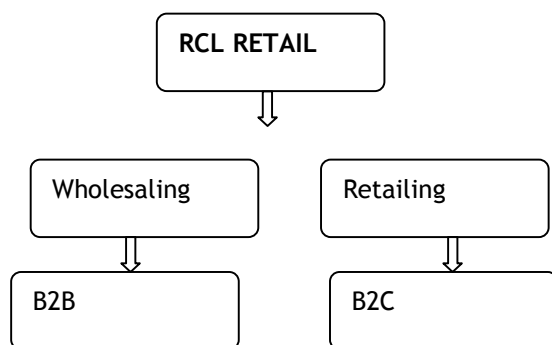
- No.55, Hunters Road, Vepery, Chennai - 600 007.
- Shop No. 4-A, G N Shopping Complex, Justice Rathinavel Pandian street, Golden George Nagar, Mogappair (East), Chennai-600 107

We have entered into the world of food products by venturing into trading operations of ready to eat snacks, namkeens, bakery products through our captioned retail stores in 2010. In a short span of one year, we have been able to achieve turnover of Rs. 642 Lacs in our first full year of operation.

Going forward, we plan to deepen our areas of operations by setting up a processing unit with the facility of processing food grains, pulses and retailing under brand name of RCL. We also plan to expand our presence geographically by adding eight (8) retail stores in and around Chennai.

As a retailer of food items, our endeavor is to offer one stop shop for various kinds of snacks with consistency in taste. Our operations are centric in Chennai, which is a southern part of India, hence we offer our consumers variety of products popular in Rajasthan, Gujarat and North India.

Our Business Model



SWOT

Strengths

- Range of products
- Strategically located stores
- Competent management team
- Focus on quality and service

Weaknesses

- Dependent upon demand supply pattern
- Limited geographical coverage
- Perishable nature of products

Opportunities

- Changing preferences and trends of people
- Rising income
- Rising migrants from northern parts of India in Chennai
- Integration of operations
- Adaption of diversified range of products.

Threats

- There are no entry barriers in our industry which puts us to the threat of competition from new entrants
- Changes in government policies
- Risk of losing reputation

SUMMARY OF FINANCIAL DATA

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
Assets		
Fixed Assets-Gross Block	178.87	28.28
Less: Depreciation	7.90	1.04
Net Block	170.97	27.24
Less: Revaluation Reserve	-	-
Net Block after adjustment for Revaluation Reserve	170.97	27.24
Capital Work in Progress	-	-
Total (A)	170.97	27.24
Current Assets, Loans and Advances		
Receivables	150.83	72.89
Inventories	2.16	64.83
Cash & Bank Balances	48.28	145.85
Deposits & Advances	297.46	119.95
Other Assets	1.87	0.06
Total Current Assets (B)	500.60	403.58
Total Assets (C) = (A) + (B)	671.57	430.82
Liabilities & Provisions		
Loan Funds :		
Secured Loans	100.11	2.19
Unsecured Loans	-	-
Share Application Money	-	94.00
Current Liabilities & Provisions:		
Current Liabilities	7.11	57.24
Provisions	4.44	0.99
Total Liabilities & Provisions (D)	111.66	154.41
Net Worth (C) - (E)	559.91	276.41
Represented By:		
Share Capital	553.50	278.50
Reserves & Surplus	9.57	2.11
Less: Revaluation Reserve	-	-
Less: Preliminary / Miscellaneous Expenses to the extent not written off	3.15	4.20
Reserves (Net of Revaluation Reserve)	6.42	(2.09)
Total Net Worth	559.91	276.41

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.2012	31.03.11
Income		
Sale of Products Manufactured	-	-
Sale of products Traded	642.44	88.23
Other Income	24.24	2.33
Total	666.68	90.56
Expenditure		
Purchases	550.70	145.16
Increase (Decrease) in Stock in Trade	62.67	(64.83)
Employees Costs	10.11	0.75
Administrative & Selling Expenses	15.98	4.55
Total	638.41	85.63
Profit before Depreciation, Interest and Tax	27.21	4.93
Depreciation	6.86	1.04
Profit before Interest & Tax	20.35	3.89
Interest & Finance Charges	9.01	0.80
Net Profit before Tax	11.34	3.09
Less: Provision for Taxes:		
Income Tax	4.75	0.85
Deferred Tax	(0.86)	0.14
Net Profit After Tax & Before Extraordinary Items	7.46	2.11
Extra Ordinary Items	-	-
Net Profit	7.46	2.11

STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	11.34	3.09
Adjustment for:		
Add: Depreciation	6.86	1.04
Add: Preliminary Expenses	1.05	1.05
Add: Interest expenses	9.01	0.80
Less: Interest Income	(24.08)	(2.06)
Operating Profit before Working capital changes	4.18	3.93
Adjustments for:		
Decrease (Increase) in Trade & Other Receivables	(77.95)	(72.89)
Decrease (Increase) in Inventories	62.67	(64.83)
Decrease (Increase) in Loans & Advances	(177.51)	(119.95)
Decrease (Increase) in Other Assets	(1.81)	(0.06)
Increase (Decrease) in Current Liabilities	(50.13)	57.24
Increase (Decrease) in provisions (Other than Taxes)	0.41	-
Net Changes in Working Capital	(244.32)	(200.49)
Cash Generated from Operations	(240.14)	(196.56)
Taxes	(0.85)	
Net Cash Flow from Operating Activities (A)	(240.99)	(196.56)
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of Fixed Assets	(150.59)	(28.28)
Net Cash Flow from Investing Activities (B)	(150.59)	(28.28)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital and Proceeds from Share Application Money	181.00	372.50
Interest paid	(9.01)	(0.80)
Interest Received	24.08	2.06
Increase / (Repayment) of Secured loans	97.92	2.19
Preliminary Expenses incurred	-	(5.25)
Net Cash Flow from Financing Activities (C)	293.99	370.70
Net Increase / (Decrease) in Cash & Cash Equivalents	(97.59)	145.85
Cash and cash equivalents at the beginning of the year / Period	145.85	-
Cash and cash equivalents at the end of the year/ Period	48.28	145.85
Note: The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard (AS) - 3 on Cash Flow Statements" issued by the Institute of Chartered of Accountants of India.		

ISSUE DETAILS IN BRIEF

PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS

Equity Shares Offered: Fresh Issue of Equity Shares by our Company	Issue of 57,95,000 Equity Shares of Rs. 10 each at par aggregating Rs. 579.50 Lacs
Of Which:	
Contribution by Promoters	24,10,000 Equity Shares of Rs. 10 each at par aggregating Rs. 241.00 Lacs
Issue Reserved for the Market Makers	2,95,000 Equity Shares of Rs. 10/- each at par aggregating Rs. 29.50 Lacs
Net Issue to the Public	30,90,000 Equity Shares of Rs. 10 each at par aggregating Rs. 309.00 Lacs
Equity Shares outstanding prior to the Issue	65,05,000 Equity Shares of face value of Rs. 10 each
Equity Shares outstanding after the Issue	1,23,00,000 Equity Shares of face value of Rs. 10 each
Objects of the Issue	Please refer section titled “ <i>Objects of the Issue</i> ” on page 43 of this Draft Prospectus

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to “*Issue Structure*” on page 133 of this Draft Prospectus.

GENERAL INFORMATION

RCL RETAIL LIMITED

Our Company was originally incorporated in Chennai as "RCL Retail Private Limited" on 29th September, 2010 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Tamil Nadu, Chennai. Our Company was subsequently converted into a public limited company and consequently name was changed to "RCL Retail Limited" vide fresh certificate of incorporation dated 5th April, 2011 issued by the Registrar of Companies, Tamil Nadu, Chennai.

REGISTERED OFFICE & CORPORATE OFFICE:

84/85, Walltax Road,
II Floor, Chennai-600 003;

Tel: 91-44-2534 5283,

Fax: 91-44-2534 5275

Website: www.rclretail.com

E-Mail: cs@rclretail.com, admin@rclretail.com

COMPANY REGISTRATION NUMBER: 18- 077507

COMPANY IDENTIFICATION NUMBER: U52330TN2010PLC077507

ADDRESS OF REGISTRAR OF COMPANIES

Block No. 6, B Wing,
2nd Floor, Shastri Bhawan,
26, Haddows Road,
Chennai, Tamil Nadu -600034
Tel: 044-28277182, 044-28272676
Fax: 044-28234298
Email: chennai@mca.gov.in

DESIGNATED STOCK EXCHANGE: BSE Limited

LISTING OF SHARES OFFERED IN THIS ISSUE: SME platform of BSE

For details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 75 of this Draft Prospectus.

CONTACT PERSON: Mr. M Devendiran, Company Secretary & Compliance Officer, 84/85, Walltax Road, II Floor, Chennai-600 003; Tel: 91-44-2534 5283, Fax: 91-44-2534 5275 E-Mail: cs@rclretail.com

BOARD OF DIRECTORS:

Our Board of Directors comprise of the following members:

NAME	DESIGNATION	DIN	ADDRESS
Mr. Nitesh Lodha	Managing Director	01748000	6/C-2, Ritherdon Avenue, Vepery, Chennai-600 007, Tamil Nadu, India
Mr. Shreyans Lodha	Director	03263415	6/C-2, Ritherdon Avenue, Vepery, Chennai-600 007, Tamil Nadu, India
Mr. Vimal Chand Chordia	Independent Director	03446848	O No. 7, N No. 15, Veersamy St, Purusawalkam, Chennai- 600 007, Tamil Nadu, India
Mr. Pramod Kumar Agrawal	Independent Director	03496174	54, Nammalvar Street, Chennai-600 079, Tamil Nadu, India

For further details of Management of our Company, please refer to section titled "*Our Management*" on page 78 of this Draft Prospectus.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. M Devindiran,
Company Secretary & Compliance Officer,
84/85, Walltax Road, II Floor,
Chennai-600 003;
Tel: 91-44-2534 5283, Fax: 91-44-2534 5275
E-Mail: cs@rclretail.com

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

STATUTORY AUDITORS

Krishnan & Giri
Chartered Accountants
72, Thatha Muthiappan Street,
II, Floor, Chennai-600 001,
Tel : +91 44 25233387
Contact Person: Mr. M Jayantilal Jain
Firm Registration No.-001512S

PEER REVIEW AUDITORS

Vivekanandan Associates
Chartered Accountants
Membership No: 21628
New No. 9/1, (Old No.22/1)
XII Avenue, Vaigai Colony,
Ashok Nagar, Chennai-600083.
Tel: +91-44-24716433
Email: nsubramanians@gmail.com

LEAD MANAGER

GUINNESS MERCHANT BANKERS PVT. LTD.
10, Canning Street, 3rd Floor,
Kolkata- 700 001
Tel : +91-33-3001 5555
Fax: +91-33-24646969
Email: gmbpl@guinnessonline.net
Website: www.16anna.com
Contact Person: Ms. Alka Mishra
SEBI Regn. No: INM 000011930

LEGAL ADVISORS TO THE ISSUE

LAKSHMMI SUBRAMANIAN & ASSOCIATES
Advisors - corporate laws
81, MNO Complex, Greaves Road,
Chennai 600 006, India
Tel: +91-44-28292272
Fax: +91-44- 28291324
E-Mail: laksmmi6@gmail.com/
lsa_ganesh@gmail.com

Contact Person: Mrs. Lakshmmi Subramanian

REGISTRAR TO THE ISSUE

CAMEO CORPORATE SERVICES LTD.

Submaramanian Building,
1 Club House Road, Chennai 600 002.

Tel No.: +91-44-2846 0390/1989

Fax No.: +91-44-2846 0129

Website: www.cameoindia.com

E-mail ID: cameo@cameoindia.com

Contact Person: Mr. R. D. Ramasamy

SEBI Registration No: INR000003753

ESCROW COLLECTION BANKS / BANKERS TO THE ISSUE AND REFUND BANKERS

HDFC BANK LIMITED

I Think Techno Campus

Level 0-3, Next to Kanjur Marg Railway Station

Kanjur Marg (E), Mumbai - 400 042

Attn: Uday Dixit

Email: uday.dixit@hdfcbank.com

Contact No.: +91-22 3075 2927

Fax No.: +91-22 2579 9801

AXIS BANK LIMITED

Building "M" Palm Court Complex,

New Link Road, Malad (W)

Mumbai - 400 064

Attn: Uthra Sawant / Babu Gani

Email: babu.gani@axisbank.com

Contact No.: +91-22 6141 5400

Fax No.: +91-22 6141 5444

SELF CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount ("ASBA") Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Application Form, please refer to the above-mentioned SEBI link.

CREDIT RATING

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

TRUSTEES

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

IPO GRADING

Since the Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.

BROKERS TO THE ISSUE

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

APPRAISAL AND MONITORING AGENCY

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 500.00 Crores. Since the Issue size is only of Rs. 5.79 Crore, our Company has not appointed any monitoring agency for this Issue. However, as per the Clause 52 of the SME Listing Agreement to be entered into with BSE upon listing of the equity shares and the corporate governance requirements, the audit committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

DETAILS OF THE APPRAISING AUTHORITY

The objects of the Issue and deployment of funds are not appraised by any independent agency/ bank/ financial institution.

INTER-SE ALLOCATION OF RESPONSIBILITIES

Since Guinness Merchant Bankers Private Limited is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Manager's is not required.

EXPERT OPINION

Except the report of the Statutory Auditor of our Company on the financial statements and statement of tax benefits included in the Draft Prospectus, our Company has not obtained any other expert opinion.

UNDERWRITING AGREEMENT

Underwriting

This Issue (excluding Promoters contribution) is 100% Underwritten. The Underwriting agreement is dated 19th July, 2012. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Name and Address of the Underwriters	Number of Equity shares Underwritten	Amount Underwritten (Rupees In Lakhs)
GUINNESS MERCHANT BANKERS PVT. LTD. 10, Canning Street, 3 rd Floor, Kolkata- 700 001 Tel : +91-33-3001 5555 Fax: +91-33-24646969 Email: gmbpl@guinnessonline.net Website: www.16anna.com Contact Person: Ms. Alka Mishra SEBI Regn. No: INM 000011930	30,90,000	309.00
GUINNESS SECURITIES LTD. Guinness House, 18, Deshapriya Park Road, Kolkata-700 026 Tel : +91-33-3001 5555 Fax: +91-33-24646969 Email: kmohanty@guinnessonline.net Website: www.16anna.com Contact Person: Mr. Kuldeep Mohanty SEBI Regn. No: INB 231146037	2,95,000	29.50
Total	33,85,000	338.50

DETAILS OF THE MARKET MAKING ARRANGEMENT FOR THIS ISSUE

Our Company has entered into an agreement dated 19th July, 2012 with the Lead Manager and Market Maker to fulfill the obligations of Market Making.

NAME AND ADDRESS OF THE MARKET MAKER

GUINNESS SECURITIES LTD.

Kolkata-700 026

Tel : +91-33-3001 5555

Fax: +91-33-24646969

Email: kmohanty@guinnessonline.net

Website: www.16anna.com

Contact Person: Mr. Kuldeep Mohanty

SEBI Regn. No: INB 231146037

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

- 1) The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
- 2) The minimum depth of the quote shall be Rs. 1,00,000/- . However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
- 3) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
- 4) There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- 5) The Market Maker(s) shall have the right to terminate said arrangement by giving a six months notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).

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

CAPITAL STRUCTURE

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

(Rs. in Lakh, except share data)

Sr. No	Particulars	Aggregate value at face value	Aggregate value at Issue Price
A.	Authorized Share Capital		
	1,25,00,000 Equity Shares of face value of Rs.10 each	1250.00	
B.	Issued, subscribed and paid-up Equity Share Capital before the Issue		
	65,05,000 Equity Shares of face value of Rs. 10 each	650.50	
C.	Present Issue in terms of the Draft Prospectus		
	Issue of 57,95,000 Equity Shares of Rs. 10 each at par.	579.50	579.50
	Which comprises		
	Promoters' contribution portion: 24,10,000 Equity Shares of Rs. 10/- each at par	241.00	241.00
	2,95,000 Equity Shares of Rs. 10/- each at par reserved as Market Maker Portion	29.50	29.50
	Net Issue to Public of 30,90,000 Equity Shares of Rs. 10/- each at par to the Public	309.00	309.00
	Of which		
	15,45,000 Equity Shares of Rs.10/- each at par will be available for allocation for Investors of upto Rs. 2.00 Lacs	154.50	154.50
	15,45,000 Equity Shares of Rs. 10/- each at par will be available for allocation for Investors of above Rs. 2.00 Lacs	154.50	154.50
D.	Equity capital after the Issue		
	1,23,00,000 Equity Shares of Rs. 10 each	1230.00	
E.	Securities Premium Account		
	Before the Issue		NIL
	After the Issue		NIL

**This Issue has been authorized by the Board of Directors pursuant to a board resolution 10th July, 2012 and by the shareholders of our Company pursuant to a special resolution dated 13th July, 2012 passed at the EGM of shareholders under section 81 (1A) of the Companies Act.*

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

CHANGES IN THE AUTHORIZED SHARE CAPITAL OF OUR COMPANY:

Sr. No.	Particulars of Change		Date of Shareholders' Meeting	Meeting AGM/EGM
	From	To		
1	-	30,00,000 Equity Shares of Rs. 10 each	-	Incorporation
2	30,00,000 Equity Shares of Rs. 10 each	80,00,000 Equity Shares of Rs. 10 each	23/03/2011	EGM
3	80,00,000 Equity Shares of Rs. 10 each	1,25,00,000 Equity Shares of Rs. 10 each	13/07/2012	EGM

NOTES FORMING PART OF CAPITAL STRUCTURE

1. Equity Share capital history of our Company

Date of/ issue allotment of Shares	No. of Equity Shares Issued	Face value (Rs)	Issue price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment (Bonus, swap etc.)	Cumulative no. of Equity Shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
29/09/2010	30,000	10	10	Cash	Subscription to MOA	30,000	3,00,000	NIL
25/10/2010	11,45,000	10	10	Cash	Further Allotment	11,75,000	1,17,50,000	NIL
07/01/2011	4,00,000	10	10	Cash	Further Allotment	15,75,000	1,57,50,000	NIL
20/01/2011	6,50,000	10	10	Cash	Further Allotment	22,25,000	2,22,50,000	NIL
25/02/2011	5,60,000	10	10	Cash	Further Allotment	27,85,000	2,78,50,000	NIL
08/04/2011	9,50,000	10	10	Cash	Preferential Allotment	37,35,000	3,75,50,000	NIL
18/05/2011	5,50,000	10	10	Cash	Preferential Allotment	42,85,000	4,28,50,000	NIL
04/06/2011	3,00,000	10	10	Cash	Preferential Allotment	45,85,000	4,58,50,000	NIL
30/08/2011	3,20,000	10	10	Cash	Preferential Allotment	49,05,000	4,90,50,000	NIL
22/10/2011	4,50,000	10	10	Cash	Preferential Allotment	53,55,000	5,35,50,000	NIL
05/12/2011	1,80,000	10	10	Cash	Preferential Allotment	55,35,000	5,53,50,000	NIL
22/06/2012	9,70,000	10	10	Cash	Preferential Allotment	65,05,000	6,50,50,000	NIL

2. We have not issued any Equity Shares for consideration other than cash

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

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

Except as stated below, we have not issued any Equity Shares in the preceding one (1) year.

Date of Allotment	Number of Equity Shares	Name of the Allottee	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	Issue Price (in Rs.)
30/08/2011	3,20,000	M Payal, Naren Kumbhat M, Chandrika Jain, S. Lalith Kumar, S. Ugam Bai, Leela Jain, A. Kantha, Pramod Agrawal (HUF), Gaurav Birmiwale.	None	Preferential allotment to infuse funds in to the Company.	10	10
22/10/2011	4,50,000	Prime BPO Ltd, Aanchal Kothari, Manoranjitham, Manjubai, R Nanda, S. Anand Kumar & Sons (HUF), Mayuri B Bhayani.	None	Preferential allotment to infuse funds in to the Company.	10	10
05/12/2011	1,80,000	Rekha Jain, Anita Devi, Nayana Jain, Kailash Kumar (HUF), Sailash Kumar (HUF),	None	Preferential allotment to infuse funds in to the	10	10

Date of Allotment	Number of Equity Shares	Name of the Allottee	Relationship with the Promoters	Reasons for the Allotment	Face Value (in Rs.)	Issue Price (in Rs.)
		Pinky Sanklecha, Prakash Sanklecha.		Company.		
22/06/2012	9,70,000	S. Manoj Kumar, S. Shanthi Lal, Damayanthi Bai, S. Sunil Kumar, Shalu, M Rajkumari, C Lickmichand, Susheela Bai, C. Madanraj, M. Arun Kumar, A. Vinodkumar, Roshankumar, Padamkumar, Anand Singhvi, Subtharabai Ashokchand, T Sonia, Priyanka Paraskumar Daga.	None	Preferential allotment to infuse funds in to the Company.	10	10

5. Shareholding of our Promoters:

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

1. MR. NITESH LODHA							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post-issue shareholding %
29/09/2010	Cash	10000	10	10	Subscription to Memorandum		
25/10/2010	Cash	95000	10	10	Allotment		
17/09/2011	Cash	1,32,500	10	10	Acquisition of 10000 Shares from Ratanchand Lodha, 30000 Shares from Manju Devi, 62500 Shares from Dilip Kumar, 62500 Shares from Dilip Kumar, 30000 Shares from Rakesh Mthoolal		
Total		237500				3.65	----
Allotment Under this Issue	Cash	1205000	10	10	Allotment under this Issue		
Total		1442500				----	11.73

2. MR. SHREYANS LODHA							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post-issue shareholding %
29/09/2010	Cash	10000	10	10	Subscription to Memorandum		
25/10/2010	Cash	110000	10	10	Allotment		
Total		120000				1.84	----
Allotment Under this Issue	Cash	1205,000	10	10	Allotment under this Issue		
Total		1325000				----	10.77

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

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

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

Name of Promoter	No. of shares locked in	Date of Allotment/ Acquisition/Transfer	Issue Price / Purchase Price /Transfer Price(Rs. per share)	% of Pre-Issue Paid up Equity capital	% of Post Issue Paid up Equity capital
Mr. Nitesh Lodha	10000	29/09/2010	10		
	95000	25/10/2010	10		
	132500	17/09/2011	10		
	1205000	Allotment Under this Issue	10		
Mr. Shreyans Lodha	10000	29/09/2010	10		
	110000	25/10/2010	10		
	897500	Allotment Under this Issue	10		
TOTAL	24,60,000			---	20%

Note: Allotment under this issue to the Promoters as mentioned above will be allotted on issue price and will be brought in at least one day before the issue opens for subscription.

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

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

- Equity shares issued to our Promoters on conversion of partnership firms into limited companies.

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up Equity Share Capital from the date of allotment in the proposed public Issue. Promoters' Contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

The minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations, 2009. The Promoters' Contribution constituting 20% of the post-Issue capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Issue.

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

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

The Promoters' Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the pledge of the Equity Shares is one of the terms of the sanction of the loan. The Promoters' Contribution may be pledged only if in addition to the above stated, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue.

The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

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

In addition to 20% of the post-Issue shareholding of our Company held by the Promoters (locked in for three years as specified above), in accordance with regulation 36 of SEBI (ICDR) Regulations, 2009, the entire pre-Issue share capital of our Company (including the Equity Shares held by our Promoters) shall be locked in for a period of one year from the date of Allotment in this Issue.

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

8. Shareholding pattern of our Company:

A: The following table presents the shareholding pattern of Our Company

Category of Shareholder	No. of Shareholders	Pre-Issue	Post-Issue	Shares Pledged or otherwise encumbered

		No. of Equity Shares	As a % of Issued Equity	No. of Equity Shares	As a % of Issued Equity	Number of shares	As a %
Shareholding of Promoters and Promoter group							
INDIAN							
Individuals/HUFs Directors/Relatives	4	670000	10.30	3080000	25.04	---	---
Central Govt. / State Govts.	-	---	---	---	---	---	---
Bodies Corporate	-	---	---	---	---	---	---
Financial Institutions/Banks	-	---	---	---	---	---	---
Sub Total A (1)	4	670000	10.30	3080000	25.04	---	---
FOREIGN							
Bodies Corporate	-	---	---	---	---	---	---
Individual	-	---	---	---	---	---	---
Institutions	-	---	---	---	---	---	---
Any others (specify)	-	---	---	---	---	---	---
Sub Total A (2)	-	---	---	---	---	---	---
Total Shareholding of Promoter group A (1) + A (2)	4	670000	10.30	3080000	25.04	---	---
PUBLIC SHAREHOLDING							
Institutions							
Central Govt. / State Govts.	-	---	---	[•]	[•]	---	---
Financial Institutions/Banks	-	---	---	[•]	[•]	---	---
Mutual Funds/UTI	-	---	---	[•]	[•]	---	---
Venture Capital Funds	-	---	---	[•]	[•]	---	---
Insurance Companies	-	---	---	[•]	[•]	---	---
Foreign Institutions Investors	-	---	---	[•]	[•]	---	---
Foreign Venture Capital Investors	-	---	---	[•]	[•]	---	---
Any Others (Specify)	-	---	---	[•]	[•]	---	---
Sub Total B (1)	-	---	---	[•]	[•]	---	---
Non Institutions	-						
Bodies Corporate	1	150000	2.31	[•]	[•]	---	---
Individuals-shareholders holding normal share capital up to Rs. 1 Lac	25	220000	3.38	[•]	[•]	---	---
Individuals-shareholders holding normal Share capital in excess of Rs.1 Lac	94	5465000	84.01	[•]	[•]	---	---
Trust	-	---	---	[•]	[•]	---	---
Any Other (i) Clearing Member	-	---	---	[•]	[•]	---	---
Directors/Relatives	-	---	---	[•]	[•]	---	---
Employees	-	---	---	[•]	[•]	---	---
Foreign Nationals	-	---	---	[•]	[•]	---	---
NRIs	-	---	---	[•]	[•]	---	---
OCB'S	-	---	---	[•]	[•]	---	---
Person Acting in Concert	-	---	---	[•]	[•]	---	---
Sub Total B(2)				[•]	[•]	---	---
Total Public Shareholding	120	58,35,000	89.70	89,25,000	72.56	---	---

Category of Shareholder	No. of Shareholders	Pre-Issue		Post-Issue		Shares Pledged or otherwise encumbered	
		No. of Equity Shares	As a % of Issued Equity	No. of Equity Shares	As a % of Issued Equity	Number of shares	As a %
B(1) + B(2)							
Total A+B	124	65,05,000	100	1,20,05,000	97.60	---	---
Shares held by Custodians and against which Depository receipts have been issued (C)	---	---	---	---	---	---	---
Shares held by Market Makers (D)	-	-	-	2,95,000	2.40		
Grand Total A+B+C+D	124	65,05,000	100	1,23,00,000	100.00	---	---

[B] Shareholding of our Promoters and Promoter Group

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

Sr. No.	Name of the shareholder	Pre-Issue		Post-Issue		Shares pledged or otherwise encumbered		
		No. of Equity Shares	As a % of Issued Share Capital	No. of Equity Shares	As a % of Issued Share Capital	Number	As a percentage	As a % of grand Total (a)+(b)+(c) of Sub-clause (i)(a)
A	Promoters							
1	Nitesh Lodha	237500	3.65	1442500	11.72	-	-	-
2	Shreyans Lodha	120000	1.84	1325000	10.77	-	-	-
B	Promoter Group, Relatives and other Associates							
1	Shobha Lodha	225000	3.46	225000	1.83	-	-	-
2	Nitha Lodha	87500	1.35	87500	0.72	-	-	-
	TOTAL (A+B)	670000	10.30	3080000	25.04	-	-	-

[C] Shareholding of persons belonging to the category 'Public' and holding more than 1% of our Equity Shares

S.No.	Name of shareholder	Pre-Issue		Post-Issue	
		No. of Shares	Shares as % of total no. of shares	No. of Shares	Shares as % of total no. of shares
1.	Aanchal Kothari	100000	1.54	100000	0.81
2	Anand Singhvi	100000	1.54	100000	0.81
3	Anjana Bansal	100000	1.54	100000	0.81
4	B Girish Kumar Jain	100000	1.54	100000	0.81
5	Champalal Lickmichand	150000	2.31	150000	1.22
6	Chandrika Rajesh Jain	100000	1.54	100000	0.81
7	Chetna Bafna	120000	1.84	120000	0.98
8	G Vinod Kumar	100000	1.54	100000	0.81
9	Gyan Mal Jain	100000	1.54	100000	0.81
10	Harish Jain	80000	1.23	80000	0.65
11	J Abhinav Jain	80000	1.23	80000	0.65

S.No.	Name of shareholder	Pre-Issue		Post-Issue	
		No. of Shares	Shares as % of total no. of shares	No. of Shares	Shares as % of total no. of shares
12	Jitendra kumar Jain	80000	1.23	80000	0.65
13	Kusum Jain	80000	1.23	80000	0.65
14	Mamta Gupta	100000	1.54	100000	0.81
15	Mayuri B Bhayani	100000	1.54	100000	0.81
16	Monika Jain	80000	1.23	80000	0.65
17	Mukesh Kumar Jain	100000	1.54	100000	0.81
18	Neeta D Bisani	100000	1.54	100000	0.81
19	Neetha jain	105000	1.61	105000	0.85
20	Nirmala Chopra	100000	1.54	100000	0.81
21	Padamkumar	100000	1.54	100000	0.81
22	Premchand Gian Chand jain	150000	2.31	150000	1.22
23	Prime Bpos Limited	150000	2.31	150000	1.22
24	Priyanka Paraskumar Daga	100000	1.54	100000	0.81
25	Rajesh Kumar Jain	100000	1.54	100000	0.81
26	Raman Jain	80000	1.23	80000	0.65
27	Ramesh Kumar	100000	1.54	100000	0.81
28	Ramesh Kumar s	100000	1.54	100000	0.81
29	S Lalith Kumar	100000	1.54	100000	0.81
30	Vinod Bomb	100000	1.54	100000	0.81

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

Name of the Promoter	No. of Shares held	Average cost of Acquisition (in Rs.)
Nitesh Lodha	237500	10.00
Shreyans Lodha	120000	10.00

10. None of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as follows:

Name of the shareholder	No. of Equity Shares	Pre-Issue percentage Shareholding
Nitesh Lodha	237500	3.65
Shreyans Lodha	120000	1.84
TOTAL	357500	5.50

11. Equity Shares held by top ten shareholders

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

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Issue capital
1	Nitesh R Lodha	237500	3.65
2	Shobha Lodha	225000	3.46
3	Prime Bpos Limited	150000	2.31
4	Premchand Gian Chand Jain	150000	2.31

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Issue capital
5	Champalal Lickmichand	150000	2.31
6	Chetna Bafna	120000	1.84
7	Shreyans Lodha	120000	1.84
8	Neetha Jain	105000	1.61
9	Ramesh Kumar	100000	1.54
10*	Anjana Bansal	100000	1.54
10*	G Vinod Kumar	100000	1.54
10*	B Girish Kumar Jain	100000	1.54
10*	Rajesh Kumar Jain	100000	1.54
10*	S Lalith Kumar	100000	1.54
10*	Aanchal Kothari	100000	1.54
10*	Mayuri B Bhayani	100000	1.54
10*	Mukesh Kumar Jain	100000	1.54
10*	Vinod Bomb	100000	1.54
10*	Chandrika Rajesh Jain	100000	1.54
10*	Ramesh Kumar S	100000	1.54
10*	Padamkumar	100000	1.54
10*	Anand Singhvi	100000	1.54
10*	Priyanka Paraskumar Daga	100000	1.54
10*	Mamta Gupta	100000	1.54
10*	Gyan Mal Jain	100000	1.54
10*	Neeta D Bisani	100000	1.54
10*	Nirmala Chopra	100000	1.54
	Total	31,57,500	44.89

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

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Issue capital
1	Nitesh R Lodha	237500	3.65
2	Shobha Lodha	225000	3.46
3	Prime Bpos Limited	150000	2.31
4	Premchand Gian Chand Jain	150000	2.31
5	Champalal Lickmichand	150000	2.31
6	Chetna Bafna	120000	1.84
7	Shreyans Lodha	120000	1.84
8	Neetha Jain	105000	1.61
9	Ramesh Kumar	100000	1.54
10*	Anjana Bansal	100000	1.54
10*	G Vinod Kumar	100000	1.54
10*	B Girish Kumar Jain	100000	1.54
10*	Rajesh Kumar Jain	100000	1.54
10*	S Lalith Kumar	100000	1.54
10*	Aanchal Kothari	100000	1.54
10*	Mayuri B Bhayani	100000	1.54
10*	Mukesh Kumar Jain	100000	1.54
10*	Vinod Bomb	100000	1.54
10*	Chandrika Rajesh Jain	100000	1.54
10*	Ramesh Kumar S	100000	1.54
10*	Padamkumar	100000	1.54
10*	Anand Singhvi	100000	1.54
10*	Priyanka Paraskumar Daga	100000	1.54
10*	Mamta Gupta	100000	1.54

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Issue capital
10*	Gyan Mal Jain	100000	1.54
10*	Neeta D Bisani	100000	1.54
10*	Nirmala Chopra	100000	1.54
	Total	31,57,500	44.89

*On Sr. 10, there are 18 shareholders holding 1,00,000 Shares

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

Sr. No.	Name of shareholder	No. of Shares	% age of then pre-Issue capital
1	Nitesh Lodha	10000	33.33
2	Shreyans Lodha	10000	33.33
3	Ratanchand Lodha	10000	33.33
	Total	30,000	100.00

Note: Two years have not been elapsed since incorporation of our Company, hence in the above table details of shareholders is as of the date of incorporation i.e. 29th September, 2010.

12. There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoters/Directors/Lead Manager for purchase of Equity Shares offered through the Draft Prospectus.

13. There have been no purchase or sell of Equity Shares by the Promoters, Promoter Group and the Directors during a period of six months preceding the date on which the Draft Prospectus is filed with SEBI, other than as disclosed below:

Transferor	Transferee	Number of Equity Shares	Nature of the transaction	Transfer Price per Equity Share (Rs.)	Date of transfer
RCL Foods Limited	Neha Mittal	45000	Transfer	10	15 th June, 2012
	Sweta Mittal	45000	Transfer	10	
	Ankit Mittal	45000	Transfer	10	
	Anshul Mittal	45000	Transfer	10	
	Manoj Kumar Jain	20000	Transfer	10	
	Jitendra Kumar Jain	20000	Transfer	10	
	Kanchan Bai	20000	Transfer	10	
	Babita Jain	20000	Transfer	10	
	Bhabhoomal Jain	20000	Transfer	10	
	Priyanka Jain	20000	Transfer	10	

14. Our Company has not raised any bridge loans against the proceeds of this Issue.

15. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in paragraph on "Basis of Allotment" on page 140 of this Draft Prospectus.

16. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot.

Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In

such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased to ensure that 20% of the post issue paid-up capital is locked-in.

17. As on date of filing of this Draft Prospectus with SEBI, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.

18. On the date of filing the Draft Prospectus with SEBI, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.

19. Our Company has not issued any Equity Shares out of revaluation reserves and not issued any bonus shares out of capitalization of revaluation reserves.

20. Lead Manager to the Issue viz. Guinness Merchant Bankers Private Limited does not hold any Equity Shares of our Company.

21. Our Company has not revalued its assets since incorporation.

22. Our Company has not made any public issue since incorporation.

23. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law, our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.

24. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

25. Except as disclosed in the Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

26. At any given point of time, there shall be only one denomination for a class of Equity Shares of our Company.

27. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

28. An investor cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

29. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.

30. Our Company has One Hundred Twenty Four (124) members as on the date of filing of this Draft Prospectus.

OBJECTS OF THE ISSUE

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

The objects of the Issue are as stated below:

1. Setting up of eight (8) new retail outlets.
2. Setting up a food grain processing unit
3. Strengthen supply chain management
4. General corporate expenses
5. To meet the expenses of the Issue

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

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

The details of the proceeds of the Issue are summarized in the table below: -

		(Rs. In Lacs)
No.	Particulars	Amount
I	Setting up of eight (8) new retail stores	69.40
II	Setting up a food grain processing unit	472.90
III	Strengthen supply chain management	38.90
IV	General Corporate Purposes	100.00
V	Issue Expenses	50.00
	TOTAL	731.20

MEANS OF FINANCE

		(Rs. in Lacs)
Particulars	Amount	
Initial Public Offering	579.50	
Internal Accruals*	151.70	
Total	731.20	

*The Company has already deployed Rs. 143.11 Lacs out of the proposed internal accruals of Rs. 151.70 Lacs. Accordingly, the requirement under Regulation 4(2) (g) of the SEBI ICDR Regulations of firm arrangements of finance through verifiable means for the 75% of the stated means of finance excluding the Issue Proceeds is complied with.

In the event of a shortfall in raising the requisite capital from the proceeds of the Issue, towards meeting the Objects of the Issue, the extent of the shortfall will be met by internal accruals and/or from fresh debt.

DETAILS OF THE OBJECTS OF THE ISSUE

I. SETTING UP OF EIGHT (8) NEW RETAIL OUTLETS

Currently we are operating with a chain of 2 (two) retail outlets in Chennai, Tamil Nadu. We propose to expand our retail chain by adding 8 (eight) more retail outlets under our brand RCL in and around Chennai. The rising demand of food products which we trade and density of population is our thrust for our expansion plan. Currently we plan to tap Chennai for our expansion plans in this segment. This would also benefit us in creating our brand value among the people.

Setting up of a retail outlet generally takes three to four months time, whereas it takes on an average four to six months to start contributing to revenues and profits of the Company. We propose to take the space for our proposed retail outlets on lease at various locations of Chennai.

The estimated cost for setting up these retail outlets primarily consists of capitalized costs such as expenses towards interior costs, support assets, expenses towards payment of security deposit, and miscellaneous expenses which include contingency costs, consultancy fees and pre-operative expenses amongst other costs.

The Company has not yet finalized the locations for setting up the retail outlets, however same would be based on various factors such as density of population, habits and preferences of residents etc.

The estimated break up of cost for setting up new outlets is as under:

Sr. No.	Expenditure Items	Amount (Rs. in Lacs)
1.	Security Deposit	12.00
2.	Furniture & Fixture	18.00
2.	Electrical, Air Conditioning, fire safety equipments	12.40
3.	Computer & Software	12.00
4.	Pre Operative Expenses and contingencies	15.00
	Total	69.40

Security Deposit

We propose to utilize an amount of Rs. 12 Lacs out of the total proceeds of the Issue towards payment of security deposit for proposed 8 (eight) retail outlets. This amount is computed on basis of approximately 6 (six) months rent to be paid as security deposit, which is based on our internal estimates of rent payable for new premises for the new outlet. Based on our internal survey and estimates we have arrived at the deposit figures considering the average monthly rental of Rs. 25000 per store. The rate has been derived taking into consideration our existing rentals and our surveys.

Hence the total security deposit for each outlet would be Rs. 1.5 Lacs and aggregate pay out of security deposit would be approximate Rs. 12 Lacs for proposed eight (8) outlets.

Furniture & Fixture

Furniture & Fixtures include, Glass shelves, Racks, Sign Boards and Furniture. The following gives details of the break up.

Glass shelves for Display

Glass shelves mainly consist of the glass and furniture boxes that are used to display the different products. Glass shelves cost has been taken as Rs. 1.00 Lac per outlet.

Racks

Cost of racks is calculated based on per outlet cost for the racks. The cost of racks and storage has been taken as Rs. 0.50 Lacs per outlet.

Sign boards

Sign boards are used for the advertising and marketing purposes. The cost for the sign boards is considered on per outlet basis and is Rs. 0.25 Lacs per outlet.

Furniture

The furniture cost is considered to be 0.50 Lacs per outlet.

Following table gives the details of furniture & fixture:

Classification	Average cost per outlet (Rs. Lacs)	No. of outlets	Total Cost (Rs. Lacs)
Glass Shelves	1.00	8	8.00
Racks	0.50	8	4.00
Signboards	0.25	8	2.00
Furniture	0.50	8	4.00
Total			18.00

Electrical, Air Conditioning & Fire Safety

Electrical

The expenditure towards electrical installations includes lighting, wiring, switches etc. the cost for the electrical installations is considered as Rs. 0.50 Lacs on per outlet basis

Air conditioning

The air conditioning cost is considered as Rs. 0.75 Lacs on per outlet basis.

Fire Safety systems

The fire safety systems are also considered as Rs. 0.30 Lacs on per outlet basis.

Following table gives the details of Electrical, Air Conditioning & Fire Safety:

Classification	Average cost per outlet (Rs. Lacs)	No. of outlets	Total Cost (Rs. Lacs)
Electrical	0.50	8	4.00
Air-conditioning	0.75	8	6.00
Fire safety systems	0.30	8	2.40
Total			12.40

Computer & Software

The cost of Computers & Software includes in setting up the basic computer related infrastructure like server, POS (Point of Sales) solution and the printers.

Computer & Printers

Typically each outlet will have a local server of required configuration suitable for the number and volume of transactions/ data generation. In addition, they will have computers in the billing counters with bar code reading machines. The average cost of computer and printer for each outlet is considered at Rs. 1.00 Lacs.

Software

Cost of software includes the cost of implementation of customised software. The tentative expenditure comes to Rs. 0.50 Lacs per outlet.

Following table gives the details of cost of Computer & Software:

Classification	Average cost per outlet (Rs. Lacs)	No. of outlets	Total Cost (Rs. Lacs)
Computer and Printers	1.00	8	8.00
Air-conditioning	0.50	8	4.00
Total			12.00

Pre Operative Expenses and contingencies

We have estimated approximately Rs. 15 lacs towards provision for expenses such as property consultant fees, initial promotion schemes, support assets such as power back up utilities and considering certain contingencies that may arise during implementation and operationalisation of the new outlets including increases in costs equipment.

II. SETTING UP A FOOD GRAIN PROCESSING UNIT.

We propose to diversify ourselves and integrate our operations by setting up a food grain processing unit at 15, Grandline Village, Vilangadupakkam, Ambattur Taluk, Puzhal Union, Thiruvallur District, Tamil Nadu measuring approximate 1.50 Acres. Wherein we propose to procure bulk quantity of raw pulses etc from farmers and agents to clean, grade and process as per the variety of pulses/gram in ready to pack form and package into 0.5 to 5 Kgs bags which would be retailed under our brand name through our existing and proposed retail outlets.

The estimated break up of cost for the setting up the processing unit is as follows:

Sr. No.	Expenditure Items	Amount (Rs. in Lacs)
1	Land Cost	143.11
2	Construction of Building for processing unit	239.75
3	Machineries & Equipments	84.04
4	Genset	6.00
TOTAL		472.90

1. Land cost.

We intend to set up said proposed processing at 15, Grandline Village, Vilangadupakkam, Ambattur Taluk, Puzhal Union, Thiruvallur District, Tamil Nadu. We have already acquired land for the same measuring approximate 1.50 Acres for a total cost of Rs. 143.11 Lacs.

2. Construction of Building for processing unit

We plan to construct the building for the aforesaid processing unit on approximate 25000 square feet area. We estimate a total cost towards construction of building at Rs. 239.75 Lacs. The same cost has been estimated on the basis of proposal of D.G. Construction, 1/232, Bajannai Koil Street, Padiyanallur, Chennai-600 052. The bifurcated of cost is detailed as below:

Particulars	Area (Sq. Feet)	Rate /Sq. Feet	Amount (Rs. In Lacs)
Ground Floor	10000	1275	127.50
First Floor	5000	775	38.75
Open slab area	8000	600	48.00
Stair case and lift area	2000	1275	25.50
TOTAL			239.75

The above cost is inclusive of structure, brick work, basement, flooring, plastering, painting etc.

3. Machineries and Equipment

For the proposed processing unit, we would require machines such as color and grade sorter machines for pulses processing, automatic packing machines, water treatment machines etc. we have estimated total cost of Rs. 84.04 Lacs, the detailed break up is given hereunder:

Particulars	Amount (Rs. in Lacs)	Quotation Received from	Utility
Kowach -Pick Fill seal machine (8 station), multihead weigher, conveyour, thermal transfer printer	48.09	Saurabh Flexipack System Private Limited	Automatic filling and packing.
Color and grade sorter machine	25.00	Internal Estimate	Sorting of pulses depending on color for segregation on quality
Eureka Forbes- Water treatment plant	5.95	Esparansa Water Technology Pvt. Ltd.	Water treatment
Electrical Installation	5.00	Internal Estimate	Panels, switching, wiring and miscellaneous
Total	84.04		

4. Genset

The cost of the Genset is estimated at Rs. 6.00 Lacs as power backup in case of power failure.

III. STRENGTHEN SUPPLY CHAIN MANAGEMENT

We are engaged in the business of trading of ready to eat snacks, fryums, bakery products, cookies, confectioneries, namkeens, chutneys, mouth-fresheners, juices, mobile food such as vada pav etc. As envisaged in the objects of the Issue, we plan to diversify ourselves and integrate our operations by setting up a food grain processing unit. Supply chain management plays a vital role for effective management of materials. To strengthen our supply chain we propose to set up a cold room and to procure vehicles for delivering goods within reasonable time at optimal costs. We have estimated total costs of Rs. 38.90 Lacs to be incurred on strengthening our supply chain management.

Total estimated cost includes:

- Setting up of cold room at our proposed processing unit at our proposed processing unit. The cold room would be of 5000 cubic fts. Installation of cold room would benefit us with storing our perishable agro products. Such cold room would be built at our proposed food grain processing unit. The cost has been estimated at Rs. 5.90 Lacs based on quotation of Eakcon Systems Pvt. Ltd, Chennai.
- The details of the break-up of vehicles would be as under:

Particulars	Qty (in Nos.)	Amount (Rs. in Lacs)
Goods Van	3	25.00
Bikes & Scooters	10	8.00
Total		33.00

IV. GENERAL CORPORATE EXPENSES

Our Company in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net proceeds of this issue aggregating 100.00 Lacs, for general corporate purpose towards, financing normal capital expenditure, strategic initiatives, expanding into new geographies, pre-operative expenses, brand building exercise, funding routine working capital and strengthening our marketing capabilities.

V. TO MEET THE EXPENSES OF THE ISSUE

The total estimated expenses are Rs. 50 Lacs which is 8.63 % of Issue Size. The details of Issue expenses are tabulated below:

		(Rs. In lacs)
No.	Particulars	Amount (Rs. In Lakhs)
1.	Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	30.00
2.	Printing & Stationery, Distribution, Postage, etc	10.00
3.	Advertisement & Marketing Expenses	7.00
4.	Regulatory & other expenses	3.00
Total		50.00

Proposed year-wise deployment of funds:

The overall cost of the proposed Project and the proposed year wise break up of deployment of funds are as under:

(Rs. In Lacs)				
Particulars	Already Incurred	FY 2012 - 13	FY 2013 - 14	TOTAL
Setting up of eight (8) new retail outlets	Nil	25.00	44.40	69.40
Setting up a food grain processing unit	143.11	200.00	129.79	472.90
Strengthen supply chain management	Nil	Nil	38.90	38.90
General Corporate Purposes	Nil	30.00	70.00	100.00
Issue Expenses	Nil	50.00	Nil	50.00

The status of implementation as per our current business plan is as follows:

No.	Activity	Start Date	Completion Date
1. SETTING UP OF EIGHT (8) NEW RETAIL OUTLETS			
1	Identification and finalization of premises	October, 2012	November, 2012
2	Lease rights negotiations & acquisition	December, 2012	February, 2013
3	Interior & furniture fittings etc.	March, 2013	April, 2013
4	Installation of Electrials, Computers Etc.	April, 2013	May, 2013
5	Commencement of activities	June, 2013	-----
2. SETTING UP A FOOD GRAIN PROCESSING UNIT			
1	Commencement of Construction	November, 2012	March, 2013
2	Ordering of Machineries and Equipments	February, 2013	March, 2013
3	Arrival, Installation and commissioning	April, 2013	June, 2013
4	Commencement of activities	July, 2013	-----
3. STRENGTHEN SUPPLY CHAIN MANAGEMENT			
1	Setting up Cold room	July, 2013	August, 2013
2	Procurement of vehicles	July, 2013	August, 2013

Details of funds already deployed till date and sources of funds deployed

The funds deployed up to 30th June, 2012 pursuant to the object of this Issue on the Project as certified by the Auditors of our Company, viz. Krishnan & Giri, Chartered Accountants pursuant to their certificate dated 25th July, 2012 is given below:

(Rs. in Lakhs)	
Deployment of Funds	Amount
Project related (Acquisition of Land)	143.11
Issue Related Expenses	Nil
Total	143.11

(Rs. in Lakhs)	
Sources of Funds	Amount
Internal Accruals	143.11
Bank Finance	Nil
Total	143.11

APPRAISAL BY APPRAISING AGENCY

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

SHORTFALL OF FUNDS

Any shortfall in meeting the Project cost will be met by way of internal accruals.

INTERIM USE OF FUNDS

The Company in accordance with compliance of section 61 of the Companies Act, 1956 and with the policies established by the Board, will have flexibility in deploying Issue proceeds received by us from the Issue during the interim period pending utilization for the Objects of the Issue as described above. The particular composition, timing and schedule of deployment of the Issue proceeds will be determined by us based upon the deployment of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.

MONITORING OF UTILIZATION OF FUNDS

As the Net Proceeds of the Issue will be less than Rs. 50,000 Lacs, under the SEBI Regulations it is not mandatory for us to appoint a monitoring agency.

The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

BASIS FOR ISSUE PRICE

Investors should read the following basis with the “Risk Factors” beginning on page 9 and the details about the “Business of our Company” and its “Financial Statements” included in this Draft Prospectus on page 64 & 97 respectively to get a more informed view before making any investment decisions.

QUALITATIVE FACTORS

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

Experienced and competent management team

Our Company is managed by a team of competent personnel having knowledge of core aspects of material, and marketing. The faith of the management in the staff and their performance has enabled us to build up capabilities to expand our business.

Range of ready to eat products

We cater to demand of our consumers by offering diversified range of ready to eat food products. Our thrust on maintaining quality and taste has enabled us to develop relations with consumers in a short span of time. We also enjoy the repetitive orders of our products by our consumers.

Strategic Location of Our Stores

We have strategically located our retail stores in Chennai, considering various factors including density of the locations and the food habits of the locals.

QUANTITATIVE FACTORS

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

1. Basic Earning Per Equity Share (EPS) (on Rs. 10 per share)

Year	Earnings per Share (Rs.)	Weight
FY 2010-11	0.27	1
FY 2011-12	0.15	2
Weighted Average	0.19	

- EPS Calculations have been done in accordance with Accounting Standard 20-“Earning per Share” issued by the Institute of Chartered Accountants of India.
- Basic earnings per share are calculated by dividing the net profit after tax by the weighted average number of Equity Shares outstanding during the period. Weighted Average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
- The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

2. Price / Earnings Ratio (P/E) in relation to the Issue Price Rs. 10.00

- a) Based on fiscal year as on 31st March, 2012; at EPS of Rs. 0.15 as per Restated Financial Statements, the P/E ratio is 66.67.
- b) Based on weighted average EPS of Rs. 0.19 as per Restated Financial Statements, the P/E ratio is 52.63.
- c) Industry PE: There are no comparable listed companies with the same business as our Company.

3. Return on Net Worth

Year	RONW (%)	Weight
FY 2010-11	0.76	1
FY 2011-12	1.33	2
Weighted Average	1.14	

4. Minimum return on post Issue Net Worth to maintain the Pre-issue EPS at 31st March, 2012 is 1.49%.

5. Net Asset Value per Equity Share

Sr. No.	Particulars	(Rs.)
a)	As on 31 st March, 2011	9.92
b)	As on 31 st March, 2012	10.12
c)	After Issue	10.05
d)	Issue Price	10.00

6. Peer Group Comparison of Accounting Ratios

We are currently engaged in the business of retailing of ready to eat products such as confectioneries, cookies, snacks, etc.

There are not any comparable listed peer group companies which have standalone operations of retailing of ready to eat products. Industry wise data is not available for standalone segment; hence comparison amongst peers is not disclosed.

- 7. The face value of our shares is Rs.10/- per share and the Issue Price is of Rs. 10 per share is 1 (one) time of the face value.
- 8. The Company in consultation with the Lead Manager believes that the Issue Price of Rs. 10.00 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the risk factors and financials of the company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
RCL Retail Limited
84/85, Walltax Road,
Chennai-600 003

Dear Sirs,

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

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

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

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

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

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

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

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

Thanking you,
Yours faithfully,

For Krishnan & Giri
Chartered Accountants
Sd/-
M. Jayantilal Jain
Partner
Place: Chennai
Date: 25th July, 2012

ANNEXURE

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

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

I. Special Benefits available to our Company

There are no special tax benefits available to our Company except as under:

II. Special Benefits available to the Shareholders of our Company

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

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

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

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

I. Benefits available to the Company

1. Depreciation

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

2. Dividend Income

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

3. Income from Mutual Funds / Units

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

Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

Income received in respect of units from the Administrator of the specified undertaking; or

Income received in respect of units from the specified company.

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

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

4. Income from Long Term Capital Gain

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

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

(i) Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and

(ii) Which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

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

Book Profit	A.Y.-2011-12	A.Y.-2012-13
If book profit is less than or equal to Rs. 1 Crore	18.54 %	19.055%
If book profit is more than Rs. 1 Crore	19.93 %	20.01%

5. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

6. As per the provisions of Section 112 of the Income Tax Act, 1961, long-term capital gains as computed above that are not exempt under Section 10(38) of the Income Tax Act, 1961 would be subject to tax at a rate of 20 percent (plus applicable surcharge plus education cess plus secondary and higher education cess). However, as per the provision to Section 112(1), if the tax on long-term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge plus education cess plus secondary and higher education cess).

7. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

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

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

8. As per section 111A of the Act, short-term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus secondary and higher education cess)

9. Preliminary Expenses

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

10. Credit for Minimum Alternate Taxes (“MAT”)

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

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

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax in the hands of the shareholders.

2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

3. Under Section 10(38) of the Income Tax Act, 1961, long-term capital gains arising to a shareholder on transfer of equity shares in the company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT. However, the long-term capital gain of a shareholder being company shall be subject to income tax computation on book profit under section 115JB of the Income Tax, 1961.

4. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

5. As per section 112 of the Act, if the shares of the company are listed on a recognized stock exchange, taxable long-term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge plus education cess plus secondary and higher education cess) after considering indexation benefits or at 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) without indexation benefits, whichever is less.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long-term specified asset" within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

7. Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

8. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.

9. As per section 36(1)(xv) of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered in the course of the business will be eligible for deduction from the income chargeable under the head —Profits and Gains of Business or Profession if income arising from taxable securities transaction is included in such income.

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

1.Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961, received on the shares of the Company is exempt from tax.

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

3.Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

4.As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

5.Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a Hindu Undivided Family (‘HUF’) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which

the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

6. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.

7. Under section 115-C (e) of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

(i) As per provisions of section 115D read with section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) (without indexation benefit but with protection against foreign exchange fluctuation).

(ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

(iii) As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

(iv) As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

(v) As per section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XIIA shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance the other provisions of the Act.

8. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

IV. Foreign Institutional Investors (FIIs)

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act,

1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961 received on the shares of the Company is exempt from tax.

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

3.As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

Nature of income & Rate of tax (%)

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

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

4.In case of long-term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

5.As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6.The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

7.However, where the equity shares form a part of its stock-in-trade, any income realized in the disposition of such equity shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realized from the disposition of equity shares is chargeable to tax in India as business income, FII's could claim, STT paid on purchase/sale of equity shares as allowable business expenditure. Business profits may be subject to applicable Tax Laws.

V. Venture Capital Companies/Funds

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

VI. Mutual Funds

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

Under the Wealth Tax Act, 1957

Benefits to shareholders of the Company

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

Tax Treaty Benefits

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

Notes:

- The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
- The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India as amended from time to time. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;
- This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
- The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

SECTION IV

ABOUT OUR COMPANY

INDUSTRY OVERVIEW

(The information in this chapter has been extracted from publicly available documents prepared by various sources etc. This data has not been prepared or independently verified by us or the Lead Manager or any of their or our respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “Risk Factors” on page 9 of this Draft Prospectus. Accordingly, investment decisions should not be based on such information)

Indian Retail Industry

The Indian retail market has witnessed consistent growth over the last few years, maintaining its share of around 30% of the GDP at current prices. The total retail market is valued at Rs. 19,48,916 crore, out of which only Rs. 1,26,680 crore - or 6.5% of the total market is organised/modern. The organised market is growing at a CAGR of 27.69% and is expected to touch Rs. 2,06,500 crore in 2011-12. (Source: India Retail Report). Modern retail has entered India through sprawling shopping centers, multi-storied malls and huge complexes, offering shopping, entertainment and food under one roof. The increasing numbers of nuclear families, easy financing options, increase in the number of working women and emerging opportunities in the service sector during the past few years have been the key growth drivers for the organised retail sector in India. The following factors also contribute to the growth of organised retail in India:

- Changes in demographics
- Increased credit friendliness
- Rising Incomes
- Advertisement & Media
- Corporatization Foreign Retailers
- Technology
- Trained and Professional Manpower.

Food Sector in India - Overview

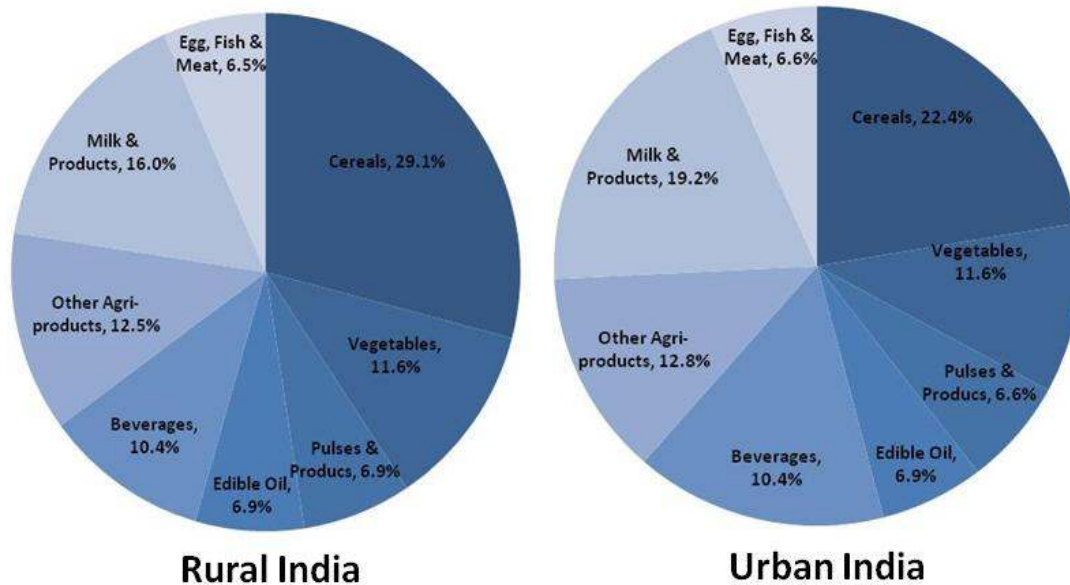
India is one of the world's largest producers as well as consumers of food products; and the sector plays an important role in the Indian economy. This industry is supported by the agriculture sector, which is a significant economic component, employing nearly 60% of the country's population and contributing to around 25% of India's gross domestic product.

The Indian domestic food market is expected to grow by nearly 40% of the current market size by 2015, to touch USD 258 billion by 2015. With a population of more than one billion individuals and food constituting a major part of the consumer's budget, this sector has a prominence next to no other businesses in the country. Moreover the importance of this sector to India's economy becomes all the more relevant, considering the fact that this sector continued to perform well, despite fall in GDP number and poor performance by many other industries, during recession in 2008-09. (Source: FICCI survey on challenges in food processing sector)

Indian food industry can be categorised into three broad segments:

1. Agri-products: covering grains and cereals, oils and oilseeds, fruits and vegetables and bevs.
2. Milk and milk products.
3. Meat, poultry and marine products

Share in Food Expenditure – 2009-10



These products are consumed through three level of processing, depending on the food category and the product.

Primary processed - relates to products which are consumed in the original state, as they are produced with no value additions being made.

Secondary processed - relates to basic level of processing of products which may including grading, sorting, cleaning, cutting etc. before they are consumed.

Tertiary processed - relates to high value addition to the products which results in the output being made in a different form and shape as compared to the original production.

SNACK FOODS MARKET IN INDIA

The size of the Indian snack food market is currently estimated at approximately US\$ 300 million. Unorganized small companies with a localized presence dominate the snack foods market in India but in recent years the organized branded products market size has grown significantly. Potato chips constitute the major segment among a wide range of local snacks available.

In the branded chips segment, U.S. multinational, PepsiCo India Holdings Pvt. Ltd. with its Ruffles/Lays, Cheetos and Hostess brands, and Haldirams, a major Indian player dominates the market, which is estimated at around US\$ 43 million. Major regional and local brands include Peppy brand, Monginis Wafers, Hostage, Binnie's, Fun-munch, Hello, Twinkle, and Marvel. Well-known potato chips brand, Pringles, which had been selling in India in the grey market for quite a long time, was officially introduced in Indian in early 1999. Pringles is directly imported into India and is priced at a significant premium to competing brands. The chips market was largely dominated by many regionalized small players in the unorganized sector. The products are manufactured locally and sold in ordinary poly-pouches unlike the products of the organized sector that are better packaged with a much longer shelf life. According to industry sources, the market for branded chips has been growing rapidly at approximately 20 per cent annually. Some new snack food items that slowly increasing in popularity are savories with Mexican flavor like tortilla chips, and cheesy corn puff products. Many major companies have signed up exclusive sourcing agreements with local farmers for procurement of better quality raw materials. PepsiCo has a contract farming arrangement with farmers in the North Indian state of Punjab for cultivation and procurement of various raw materials. A wide well-established distribution network, attractive packaging, and promotions targeted at children to increase consumption have been some of the main factors for increasing market share of leading players. Snack foods are impulse purchase products, and brand loyalties are not very strong and Indian consumers look for innovation and newer flavors. To increase consumption and encourage first-time purchase, many players

have started introducing their products in smaller pack sizes at a lower unit price. Consumer preferences and tastes vary widely across the different regions of the country. Banana chips for instance, which are very popular in the southern part of India do not find many takers in other parts of the country. Penetration of snack foods is highest in North India as compared to other parts of the country. With Indian consumers constantly looking for variety, customers becoming increasingly health conscious and with positive factors being attributed to packaged products, snack food companies are now increasingly emphasizing on newer snack food items and better quality packaging for their products. (Sources: www.strategis.gc.ca)

READY-TO-EAT FOOD

The popularity of ready-to-eat packs and the bottom lines of eateries have a story to tell. Eating out no longer marks a special occasion. Not only does the traditional eat-at-home type prefer to eat out, he is very demanding too. People want value for their money in terms of quality and variety. Corroborating this trend, Euro-monitor International, a market research company, says the amount of money Indians spend on meals outside the home has more than doubled in the past decade, to about US\$ 5 billion a year and is expected to double again in about half that time. The industry is estimated to grow at 9-12 per cent, on the basis of an estimated GDP growth rate of 6-8 per cent, during the tenth five-year plan period. Value addition of food products is expected to increase from the current 8 per cent to 35 per cent by the end of 2025. Fruit and vegetable processing, which is currently around 8 per cent of total production will increase to 25 per cent by 2025. The popularity of food and agro products is not surprising when the sector is now offering a growth of more than 150 per cent in sales. With such promise in the sector, a number of foreign companies have joined the fray. While US brands such as McDonald's, Pizza Hut and Kentucky Fried Chicken have become household names, more are on their way. The new wave in the food industry is not only about foreign companies arriving here attracted by the prospective size of the market. It is also about the migration of the Made in India tag on food products travelling abroad. Indian food brands and fast moving consumer goods (FMCG's) are now increasingly finding prime shelf-space in the retail chains of the US and Europe. (Source: Food Processing Industry in India / www.mofpi.nic.in)

CHANGE IN CONSUMPTION PATTERNS

Increasing incomes are always accompanied by a change in the food basket, says an ICRA report, which analyses food expenditure patterns over the last three decades in India. The report observes that the proportionate expenditure on cereals, pulses, edible oil, sugar, salt and spices declines as households climb the expenditure classes in urban India while the opposite happens in the case of milk and milk products, meat, egg and fish, fruits and beverages. For instance, the proportionate expenditure on staples (cereals, grams, pulses) declined from 45 percent to 44 per cent in rural India while the figure settled at 32 per cent of the total expenditure on food in urban India. A large part of this shift in consumption is driven by the processed food market, which accounts for 32 per cent of the total food market. It accounts for Rs 1,280 billion (US\$ 29.4 billion), in a total estimated market of Rs 3,990 billion (US\$ 91.66 billion). The food processing industry is one of the largest industries in India -- it is ranked fifth in terms of production, consumption, export and expected growth. The Confederation of Indian Industry (CII) has estimated that the food processing sector has the potential of attracting Rs 1,50,000 Crore (US\$ 33 billion) of investment in 10 years and generate employment of 9 million person-days. The Government has formulated and implemented several Plan Schemes to provide financial assistance for setting up and modernising of food processing units, creation of infrastructure, support for research and development and human resource development in addition to other promotional measures to encourage the growth of the processed food sector.

GROWTH FACTORS

Abundant availability of raw material

India has varied agro climatic conditions; it has a wide-ranging and large raw material base suitable for food-processing industries. It has a vast coastline of 8000 km, vast marine land with 10 major ports. India produces annually 90 million tones of milk (highest in the world), 150 million tones of fruits and vegetables (second largest), 485 million livestock (largest), 204 million tones food grain (third largest), 6.3 million tones fish (third largest), 489 million poultry and 45,200 million eggs. India's agricultural production base is huge.

Demographic trends

The food-processing industry has a bright future due to demographic environment in India, which is a key positive.

Rising income levels leading to large customer base

India with its population of more than 1 billion accounts for close to 17% of the global population. It is one of the most attractive consumer markets in the world with the increase in income levels across the population segments. Food and grocery comprise the largest share of the spending pie followed by personal care items, thus offering a lot of scope for the food-processing industry. According to NCAER data, the consuming class, with an annual income of US \$980 (Rs 45,000) or above, is growing and is expected to constitute over 80% of the population by 2009-10. The increase in income levels and higher tendency to spend provides great opportunities for companies across various sectors.

Relatively young population

India has a relatively young population with close to 55% of population in the age group of 20- 59 years. This group is also high in consumption and therefore, this trend is expected to provide a further boost to the growth of consumption in India.

Changing lifestyles

Increase in literacy and exposure to western lifestyles by more and more urban consumers have led to change in mindset and preference. Increase in the population of working women and increase in nuclear double income families in urban areas are some of the other factors that are influencing the lifestyles. As a result, there has been an increase in demand for processed, ready-to-cook and ready-to-eat food. According to Euromonitor, money spend by Indians on meals outside the home has more than doubled in the past decade to about US \$5 billion a year, and is expected to further double in the next 5 years.

Increase in consuming class in rural areas

Nearly 70% of India's population resides in rural areas and account for nearly 50% of India's consumption. Even with increasing urbanization and migration it is estimated that 63% of India's population will continue to live in rural areas in 2025. Average income levels for rural India will increase with higher agri-incomes and a gradual shift from farm to non-farm employment. 37% of rural households could move into the middle income-and-above consuming class by 2010 according to NCAER survey from just 15-17% in the late 1990s. This will result in a consuming class of 56 million rural households by 2010 more than half of India's overall estimated middle class by this time. This will open up vast and relatively unexplored section of India to companies.

Key Challenges:

Food-processing industry is facing constraints like non-availability of adequate infrastructural facilities, lack of adequate quality control & testing infrastructure, inefficient supply chain, seasonality of raw material, high inventory carrying cost, high taxation, high packaging cost, affordability and cultural preference of fresh food.

Major Challenges for the Indian Food Processing Industry are:

- Consumer education on nutritional facts of processed foods
- Low price-elasticity for processed food products
- Backward-forward integration from farm to consumers
- Development of marketing channels
- Development of linkages between industry, government and institutions
- Taxation in line with other nations
- Streamlining of food laws

OUR BUSINESS

In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to RCL Retail Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our restated financial information. This section should be read together with "Risk Factors" on page 9 and "Industry Overview" on page 60.

Overview

BUSINESS OVERVIEW

Our Company was incorporated in Tamil Nadu as "RCL Retail Private Limited" on 29th September, 2010 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Chennai, Tamil Nadu. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 75 of this Draft Prospectus.

We are engaged in the business of trading of ready to eat snacks, fryums, bakery products, cookies, confectioneries, namkeens, chutneys, mouth-fresheners, juices, mobile food such as vada pav etc. We operate through our two well furnished retail stores located as below:

- No.55, Hunters Road, Vepery, Chennai - 600 007.
- Shop No. 4-A, G N Shopping Complex, Justice Rathinavel Pandian street, Golden George Nagar, Mogappair (East), Chennai-600 107

We have entered into the world of food products by venturing into trading operations of ready to eat snacks, namkeens, bakery products through our captioned retail stores in 2010. In a short span of one year, we have been able to achieve turnover of Rs. 642 Lacs in our first full year of operation.

Going forward, we plan to deepen our areas of operations by setting up a processing unit with the facility of processing food grains, pulses and retailing under brand name of RCL. We also plan to expand our presence geographically by adding eight (8) retail stores in and around Chennai.

As a retailer of food items, our endeavor is to offer one stop shop for various kinds of snacks with consistency in taste. Our operations are centric in Chennai, which is a southern part of India, hence we offer our consumers variety of products popular in Rajasthan, Gujarat and North India.

Our Strengths:

We derive our strengths from following factors:

Experienced and competent management team

Our Company is managed by a team of competent personnel having knowledge of core aspects of material, and marketing. The faith of the management in the staff and their performance has enabled us to build up capabilities to expand our business.

Range of ready to eat products

We cater to demand of our consumers by offering diversified range of ready to eat food products. Our thrust on maintaining quality and taste has enabled us to develop relations with consumers in a short span of time. We also enjoy the repetitive orders of our products by our consumers.

Strategic Location of Our Stores

We have strategically located our retail stores in Chennai, considering various factors including density of the locations and the food habits of the locals.

Quality and Service

We have experienced that in food retailing industry, focus on quality and consumer centric approach provides a tremendous boost to sales. Handing over the decision making in consumer service to our outlet managers have empowered them to understand the consumer better. This has enabled ourselves to understand the habits of consumer, address their needs and to woo them in order to retain them.

Our growth strategy

We intend to pursue the following strategies in order to consolidate our position and grow further:

Enhance our presence

We intend to expand our presence in terms of number of outlets in and around Chennai. We believe that various areas of Chennai have a huge scope for organized retailing of ready to eat snacks and other food items, which can provide an opportunity to gain a foothold in both the areas of business operations i.e., retailing & wholesaling. We plan to set up our retail outlets at strategic locations selected based on important factors like residential and floating population in different localities including existing market competition around the area.

Setting up food grain processing unit

We propose to diversify ourselves and integrate our operations by setting up a food grain processing unit, wherein we propose to procure bulk quantity of raw pulses etc from farmers and agents to clean, grade and process as per the variety of pulses/gram in ready to pack form for packaging into 0.5 to 5 Kgs bags which would be retailed under our brand name through our retail outlets.

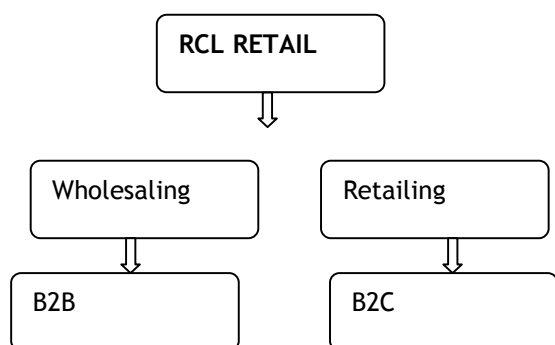
Brand promotion and enhancement

We further intend to invest in developing and enhancing our brand image, through brand building efforts, communication and promotional initiatives such as advertisements in print media, radio, pamphlets, free distribution of products and this is a continuous exercise which would increase the brand recall and image resulting in an increase of sales and profitability.

Maintain our focus on long term relationships

We believe in further developing and maintaining long term sustainable relationships with suppliers, consumers and employees which will help us in achieving the goals set, particularly in view of entering in to new markets. We offer wide range of products at competitive prices, which will help us achieve consumer satisfaction and build long term relationships, which will translate into repeat sales.

Our Business Model



The two pronged business model i.e., Wholesaling (Bulk orders) and Retailing gives us the following benefits -

- Higher volumes
- Economies of scale
- Better reach
- Better turnaround of inventory

As depicted above, we service individual retail customers as well as other bulk customers (retailers), corporates, etc. to whom we sell our goods in bulk with a credit facility. Our sales are affected through our retail outlets. The movement of goods happens through the outlets

WHOLESALE OPERATIONS

Our wholesale operations consist of bulk sales to other retailers, traders, corporates, etc. either on cash or credit.

The concept of wholesale trade is B2B driven. We implement our wholesale operations by supplying the customers the goods.

Our wholesale operations consists of two main functions a) Procurement and b) Logistics

PROCUREMENT

Our entire wholesale and retail operations are based on the procurement policy that we adopt. Procurement forms the centre of our business operations because we will be able to sell only what we have. We plan our purchases, finances, marketing activity, deliveries, etc. based on the procurement function. The various activities that form part of procurement are as follows -

Report Collection

The first step in procurement is collection of reports from our retail outlets for their requirements of goods for shelf and their storage. We generate procurement reports on weekly basis, fortnightly basis, monthly basis, etc. Additional demands of the season and festive occasions are estimated based on previous period performance and current trend. We are also in regular touch with our B2B customers on a regular basis to ascertain their requirements.

Order Planning

Based on the reports generated and the order schedule, we plan our ordering schedule. We would further plan our ordering based on the credit facility available with each supplier/ manufacturer and their production & delivery schedule.

Ordering

Ordering is carried out based on the analysis of the reports generated as well as the plans made for ordering the goods. The ordering takes place on the basis of the procurement policy that we have adopted. The ordering team also looks out for specific discounts that are available from the suppliers and the same is synchronized with the movement of those particular goods through our outlets.

We don't have any agreement with any of the suppliers, whose goods we sell through our outlets.

The following process takes place between us and the manufacturer / supplier

- Negotiation with manufacturer will be done.
- Once the negotiations are complete, we issue purchase order to our suppliers.

LOGISTICS

The main purpose of logistics is to handle the movement of goods efficiently and utilization of available resources effectively so as to achieve the closure of sales. We believe in ordering the right quantity of goods at the right time and delivering the right quantity of goods at the right time. With efficient logistics in place we would be able to time the market and deliver only those goods to the market which the customers have a demand and need for. Further, logistics is built to cater to the movement of goods amongst the warehouse and outlets as well as between the outlets.

Our logistics functions are broadly divided in two sub-functions viz., a) Inwards; b) Outwards.

Inwards:

As per our procurement policy and at our request of deliveries goods are delivered at our retail outlets and at times directly to our place designated by our customer.

Outwards:

Depending on the flow of orders and the requisition from outlets, we design our distribution and deliver accordingly. The products sold to customers would go through the outlets depending on the availability. We deal with a few carriers whose services we use to deliver our products to customers. However, we don't have any agreement with any of these carriers.

RETAIL OPERATIONS

Our retail operations consist of selling of goods through the point of sale. Through retailing we sell directly to individual retail customers for cash. Our retail operations are carried out through our two well furnished retail stores located as below:

- No.55, Hunters Road, Vepery, Chennai - 600 007.
- Shop No. 4-A, G N Shopping Complex, Justice Rathinavel Pandian street, Golden George Nagar, Mogappair (East), Chennai-600 107

Our retail operations are divided mainly in 3 sections viz.,

- a) Business Development;
- b) Inventory Buildup;
- c) Sales

Business Development

Business development enables us to grow businesses. We undertake business development activities by target setting to our store managers, promotional schemes, local awareness by distribution of pamphlets

Inventory Build up

Inventory planning and build up is critical to the turnover of our business. So, based on the working capital position, availability of the space, store inventory allocation, customer demand, etc. we would draw up our inventory position. We manage the inventory levels and turnaround of the goods.

Sales

Sale of products on the floor is extremely important for retail outlets. Matching the requirements of Customers is a challenge in itself. We are dedicated to providing the right amount of information & quality and our endeavour is to achieve utmost customer satisfaction.

COLLABORATIONS

The Company has so far not entered into any technical or financial collaboration agreement.

UTILITIES

Power

The main utilities required are Power. We have made necessary arrangements for regular uninterrupted power supply at our retail outlets. We meet our power requirements from the electricity distribution companies at respective locations where our outlets are located. We also have arrangements at our outlets for our power requirements in case of power cuts.

Water

Our operations do not envisage any major water requirements.

Human Resources

The details of manpower employed as on 30th June, 2012 are as under:

Sr. no	Category	No. of employees
1.	Company Secretary	1
2.	Administration, Accounts & Finance	2
3.	Retail Outlets	4
	TOTAL	7

Major Customers

The following are our major customers:

- Abbai Maligai
- Benny Product Private Limited
- Karpagam Traders
- Nazareth Foods Private Limited
- Shankar Trading Company
- Sri Kanan Departmental Stores
- Sri Thirumalai Traders
- Sri Vinayaga Traders
- Tamilnadu Spices
- Trichy Siva Sakhi Maligai

Major Suppliers

The following are our major suppliers:

- K.M. Corporation
- General Traders (Chennai) Private Limited
- Jain Udyog
- Srichand Eidandas
- Aditya Agro Industries
- Bharat & Co.
- Southern Traders
- Sree Vengateswara Traders
- B.M. Traders
- Ruby Overseas

Competition

Food industry in India with a highly fragmented structure that includes hundreds of thousands of retailers, wholesalers, restaurant, cafes, street vendors. Hence we face stiff competition from both organized as well as unorganized market. We compete with small, medium and large size outlets.

Marketing & marketing strategy

Our Company is primarily focused in Chennai. We use print media advertisements, pamphlets for local area distribution, its website (www.rclretail.com). Newspaper advertisements in local publications with a view to create a visibility. Further, the Company has planned a marketing strategy Audio Promotion via radio channels, Print Promotion- Newspaper Ads, Posters, Online Promotion through Internet; and Freebies like Vouchers.

Our Existing Products

Our ranges of products are as under:

- Fryums
- Cookies
- Chaat
- Range of chocolates
- Juices and Shakes
- Khakra, Khari
- Wafers
- Papad
- Pickels

EXPORT POSSIBILITY AND OBLIGATION

Our Company doesn't have any export obligation as we are not exporting any material.

SWOT

Strengths

- Range of products
- Strategically located stores
- Competent management team
- Focus on quality and service

Weaknesses

- Dependent upon demand supply pattern.
- Limited geographical coverage
- Perishable nature of products

Opportunities

- Changing preferences and trends of people
- Rising income
- Rising migrants from northern parts of India in Chennai
- Integration of operations
- Adaption of diversified range of products.

Threats

- There are no entry barriers in our industry which puts us to the threat of competition from new entrants
- Changes in government policies
- Risk of losing reputation

Intellectual Property

Trademark "RCL" under Class 30, 36, 29 and 31 is owned by Mr. Ratanchand Lodha, father of our Promoters and he has allowed us vide its letter dated 1st January, 2011 to use the trademark without any fee.

Our Properties

Our Registered Office is located at 84/85, Walltax Road, II Floor, Chennai-600 003. The details of property occupied, leased or owned by the Company are as under:

Sr. No.	Location	Title (Leased /Owned)	Date of Agreement / Acquisition	Agreement Valid till
1.	Land situated at 15, Grandline Village, Vilangadupakkam, Ambattur Taluk, Puzhal Union, Thiruvallur District, Tamil Nadu measuring approximate 1.50 Acres.	Owned	09-11-2011	-----
2.	84/85, Walltax Road, II Floor, Chennai-600 003	Leased	04.06.2012- Renewal (Original Agreement-01-07-	03.05.2013

Sr. No.	Location	Title (Leased /Owned)	Date of Agreement / Acquisition	Agreement Valid till
			2011)	
3.	55, Hunters Road, Vepery, Chennai-600 007	Leased	01.12.2011- Renewal (Original Agreement-01-12-2010)	31.10.2012
4.	Shop No. 4-A, G N Shopping Complex, Justice Rathinavel Pandian street, Golden George Nagar, Mogappair (East), Chennai-600 107	Leased	01.05.2012- Renewal (Original Agreement-01-06-2011)	31.03.2013

Note 1: Interest in Property by our Promoters and Promoter Group

Our Promoter or Promoter group do not have any interest in any of our property, whether leased, owned or occupied.

Note 2: Purchase of Property

We have not entered into any agreement to buy/sell any property with the promoters or Director or a proposed director who had any interest direct or indirect during the preceding two years.

Insurance Policies

We have taken different insurance policies covering the following:

Insured	RCL Retail Limited
Policy type	Vehicle Insurance
Property insured	Motor Car
Coverage	Damage
Policy no.	HBA/00048518
Agency	Bajaj Allianz
Sum insured	Rs. 5.42 Lacs
From	25.11.2011
Valid up to	24.11.2012

Insured	RCL Retail Limited
Policy type	Vehicle Insurance
Property insured	Commercial Vehicle
Coverage	Damage
Policy no.	2012-V1593888-FCV
Agency	Future Generali India Insurance Company Limited
Sum insured	Rs. 2.64 Lacs
From	06.01.2012
Valid up to	05.01.2013

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, Government of Tamil Nadu and the respective bye laws framed by the local bodies in Chennai, and others incorporated under the laws of India.

The information detailed in this chapter has been obtained from the various legislations and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice.

Labour Laws

Employees Provident Fund and Miscellaneous Provisions Act, 1952

Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPFA provides for the institution of provident funds and pension funds for employees in establishments where more than 20 persons are employed and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of "five year continuous service" is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of Rs. 350,000 for an employee.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the "ESI Act") provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended, an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a Company is punishable with imprisonment or a fine, against persons in charge of, and responsible to the Company for the conduct of the business of the Company at the time of contravention.

Tamil Nadu State Tax on Profession, Trades Callings and Employments Act,

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains invocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The State of Tamil Nadu have their own professional tax structure and tax is levied on every person who exercises any profession or calling or is engaged in any trade or holds any appointment, public or private, or is employed in any manner in state is liable to pay the profession tax

at the specified rate provided that no tax shall be payable by the person who have attained sixty five year of age and handicapped person with more than 40% disability or parent of a physically disabled or mentally retarded child. The tax payable under the State Acts as mentioned above by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner.

Intellectual property

Trademarks

The Trade Marks Act governs the statutory protection of trademarks in India. Indian trademarks law permits registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Marks Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registrations of certain types of trademarks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods. Applications for a trademark registration may be made for in one or more classes. Once granted, trademark registration is valid for ten years, unless cancelled. The registration can be renewed for further period of ten years. If not renewed after ten years, the mark lapses and the registration for such mark have to be obtained afresh. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

Tax Related Legislations

Value Added Tax

Value Added Tax ("VAT") is charged on sale of goods in the States under the law enacted by each State in respect thereof. VAT is however, not chargeable on the value of services which do not involve a transfer of goods. VAT is a multi-point levy on each of the entities in the supply chain with the facility of setoff 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 manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Tamil Nadu Value Added Tax Act, 2006 is applicable to the Company.

Central Sales Tax Act (CST)

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

Income-tax Act, 1961

The Income-tax Act, 1961 ("IT Act") is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. Every Company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by 31st October of each assessment year.

Indian Stamp Act, 1899

The Indian Stamp Act, 1899 (“Stamp Act”) and the relevant State Stamp Acts provide for the imposition of stamp duty at specified rates on instruments listed in Schedule I of the Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are inadmissible in a court of law and have no evidentiary value. Public officials have the power to impound such documents and if the executor wants to rectify them, he may have to pay a penalty of up to 10 times the original stamp value.

Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or Company without an Importer Exporter Code number unless such person/Company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/ units/factories.

General

Competition Act, 2002

The Competition Act 2002 (the “Competition Act”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Act, although enacted in 2002, is being brought into force in a phased manner. Provisions relating to anti-competitive agreements and abuse of dominant position were brought into force with effect from May 20, 2009 and thereafter the Competition Commission of India (the “Competition Commission”) became operational from May 20, 2009. Sections 5 and 6 (dealing with combinations, mergers and acquisitions) are already notified by the Gol on June 01, 2011. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India. Recently, the Lok Sabha has passed a bill to transfer the pending monopolies and restrictive trade practices cases under the Consumer Protection Act, 1986 to the Competition Appellate Tribunal. Once this bill is notified the Competition Appellate Tribunal will take up the pending cases of unfair trade practices under the Consumer Protection Act, 1986. This bill will replace the ordinance which was introduced on October 14, 2009 to make the Monopolies and Restrictive Trade Practice Commission non functional.

The Indian Contract Act, 1872

The Indian Contract Act codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract.

Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which Our Company has an established place of business/ office (“Shops Act”)

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

Consumer Protection Act, 1986

The Consumer Protection Act, 1986 seeks to provide better protection of interests of the consumers and for that purpose to make provision for establishment of consumer councils and other authorities for the settlement of consumer's disputes and for matters connected therewith. It seeks to promote and protect the rights of consumers. To provide steady and simple redressal to consumers' disputes, a quasi-judicial machinery is sought to be set up at the district, state and central levels. The quasi-judicial bodies will observe the principles of natural justices and have been empowered to give relieves of a specific nature and to award wherever appropriate compensation to consumers. Penalties for non-compliance of the orders given by the quasi-judicial bodies have also been provided.

The Companies Act, 1956

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

Regulation of Foreign Investment in India

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

Transfer of Property Act, 1882

The transfer of property is governed by the Transfer of Property Act, 1882 ("T.P. Act"). The T.P. Act establishes the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908

The Registration Act, 1908 ("Registration Act") has been enacted with the object of providing public notice of execution of documents affecting a transfer of interest in property. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. Section 18 of the Registration Act provides for non-compulsory registration of documents as enumerated in the provision.

OUR HISTORY AND CORPORATE STRUCTURE

HISTORY & BACKGROUND

Our Company was originally incorporated in Chennai as "RCL Retail Private Limited" on 29th September, 2010 under the Companies Act, 1956 vide certificate of incorporation issued by the Registrar of Companies, Tamil Nadu, Chennai. Our Company was subsequently converted into a public limited company and consequently name was changed to "RCL Retail Limited" vide fresh certificate of incorporation dated 5th April, 2011 issued by the Registrar of Companies, Tamil Nadu, Chennai.

We are engaged in the business of retailing of ready to eat snacks, bakery products, cookies, confectioneries, namkeens, chutneys, mouth-fresheners, etc. We operate through our two well furnished retail stores located as below:

- No.55, Hunters Road, Vepery, Chennai - 600 007.
- Shop No. 4-A, G N Shopping Complex, Justice Rathinavel Pandian street, Golden George Nagar, Mogappair (East), Chennai-600 107

Our Company is registered under the Companies Act, 1956 with registration no. U52330TN2010PLC077507.

Our Promoters are Mr. Nitesh Lodha and Mr. Shreyans Lodha.

CHANGES IN THE REGISTERED OFFICE OF OUR COMPANY SINCE INCEPTION

FROM	TO	DATE OF CHANGE	REASON FOR CHANGE
84/85, Walltax Road, I Floor, Chennai-600 003	84/85, Walltax Road, II Floor, Chennai-600 003	1 st July, 2011	Need of increase in office space

MAIN OBJECTS OF OUR COMPANY

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

1. To carry on trade or retail business in India through retail outlets and including but not limited to hyper markets, super markets, mega stores/discount stores, cash & carry, departmental stores, shoppers plaza, direct to home, phone order and mail order, catalogue, through internet and other forms and multi level channels for all products and services, dealing in all kinds of goods, materials and items including but not limited to food & provisions, household goods, consumer durables, jewellery, home improvement products, footwears, luggage, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, electronic products, agri input products, furniture, furnishing & accessories, and acquiring and running food, service and entertainment centres including but not limited to multiplexes, cinemas, gaming centres, amusement parks, restaurants and food courts.
2. To carry on the business as the dealers, distributors, importers, exporters, agents of all kinds of fast moving consumer products like processed and unprocessed food items, toiletries and to promote own, operate a chain of shop for any or all of the above mentioned products.
3. "To manufacture, process, prepare, preserve, can, refine, bottle, buy, sell and deal whether as wholesalers or retailers or as exporters or importers or as principals or agents, in food grains, ready to eat foods, ready to cook foods, food ingredients and flavors, canned and tinned and processed foods, protein, health and instant foods of all kinds including baby and dietetic foods, cereals, beverages, cordials, tonics,

restoratives and aerated mineral waters and food stuffs and consumable provisions of every description for human consumption”

CHANGES IN THE MEMORANDUM OF ASSOCIATION

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

DATE	AMENDMENT
23 rd March, 2011	Increase in authorized capital of the Company from Rs. 300 Lacs divided into 30,00,000 Equity Shares of Rs. 10 each to Rs. 800 Lacs divided into 80,00,000 Equity shares of Rs. 10 each.
23 rd March, 2011	Conversion of our Company from Private Limited to Limited and subsequently name changed from RCL Retail Private Limited to RCL Retail Limited
5 th December, 2011	Change in Clause III A of the Memorandum of Association. Insertion of new clauses in the main objects clause of the Memorandum of Association. 3. “To manufacture, process, prepare, preserve, can, refine, bottle, buy, sell and deal whether as wholesalers or retailers or as exporters or importers or as principals or agents, in food grains, ready to eat foods , ready to cook foods, food ingredients and flavors, canned and tinned and processed foods, protein, health and instant foods of all kinds including baby and dietetic foods, cereals, beverages, cordials, tonics, restoratives and aerated mineral waters and food stuffs and consumable provisions of every description for human consumption”
13 th July, 2012	Increase in authorized capital of the Company from Rs. 800 Lacs divided into 80,00,000 Equity Shares of Rs. 10 each to Rs. 1250 Lacs divided into 1,25,00,000 Equity shares of Rs. 10 each.

MAJOR EVENTS AND MILESTONES

YEAR	PARTICULARS
September, 2010	Incorporation of the Company in the name and style of “RCL Retail Private Limited”
December, 2010	Opening of Retail Store # 1 located at 55, Hunters Road, Vepery, Chennai - 600 007
March, 2011	Conversion of Company from Private Limited to Public Limited
May, 2011	Business takeover agreement between RCL Retail Limited and SS Super Store whereby the company acquired the business of SS Super Store and opened Retail Store # 2 located at 4-A, G N Shopping Complex, Justice Rathinavel Pandian street, Golden George Nagar, Mogappair (East), Chennai-600 107
November, 2011	Acquisition of Land situated at 15, Grandline Village, Vilangadupakkam, Ambattur Taluk, Puzhal Union, Thiruvallur District, Tamil Nadu measuring approximate 1.50 Acres for setting up a food grain processing unit

HOLDING COMPANY OF OUR COMPANY

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

SUBSIDIARY OF OUR COMPANY

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

SHAREHOLDERS AGREEMENTS

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

OTHER AGREEMENTS

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

COLLABORATION

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

STRATEGIC PARTNER

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

FINANCIAL PARTNER

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

DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS OR BANKS

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

NUMBER OF SHAREHOLDERS

Our Company has One Hundred Twenty Four (124) shareholders on date of the Draft Prospectus.

OUR MANAGEMENT

BOARD OF DIRECTORS

Under our Articles of Association, our Company is required to have not less than three (3) Directors and not more than twelve (12) Directors. Our Company currently has four (4) Directors on Board. The following table sets forth current details regarding our Board of Directors:

Name, Father's name, Address, Occupation, Nationality, tenure & DIN	Age	Status of Directorship in our Company	Other Directorships
1. Mr. Nitesh Lodha S/o Mr. Ratanchand Lodha 6/C-2, Ritherdon Avenue, Vepery, Chennai - 600 007 Tamil Nadu Occupation: Business Nationality: Indian Tenure: Five years with effect from 1 st June, 2011 DIN: 01748000	26 Yrs	Managing Director	RCL Foods Limited
2. Mr. Shreyans Lodha S/o Mr. Ratanchand Lodha 6/C-2, Ritherdon Avenue, Vepery, Chennai - 600 007 Tamil Nadu Occupation: Business Nationality: Indian Tenure: Retire by Rotation DIN: 03263415	21 Yrs	Non-executive non-Independent Director	Nil
3. Mr. Pramod Kumar Agarwal S/o Mr. R. N. Agarwal No.54, Nammalvar Street, Chennai- 600079 Occupation: Business Nationality: Indian Tenure: Retire by rotation DIN: 03496174	50 yrs	Independent Director	Nil
4. Mr. Vimal Chand Chordia S/o Mr. Gumanmal Chandmal O.No.7, N.No.15, Veerasamy Street, St, Purasalwakam Chennai - 600 007. Occupation: Business Nationality: Indian Tenure: Retire by rotation DIN: 03446848	46 yrs	Independent Director	Nil

Note:

As on the date of the Draft Prospectus:

1. None of the above mentioned Directors are on the RBI List of willful defaulters as on date.

2. Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) for more than 3 months during the five years prior to the date of filing the Draft Prospectus or (b) delisted from the stock exchanges.

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

DETAILS OF DIRECTORS

Mr. Nitesh Lodha, aged 26 years, is the founder Promoter and Managing Director of our Company. He has completed his Bachelor degree in business administration in the year 2007. He has 5 years of experience in agro food processing, retailing of fast moving consumer goods, packing, retail marketing, sales promotions and general administration. He is instrumental in day to day affairs of our company. He is responsible for overall planning & management of our Company. He has been on the Board of Directors of our Company since incorporation.

Mr. Shreyans Lodha, aged 21 years, is the founder Promoter and Director of our Company. He has completed his Bachelor degree in business administration in the year 2012. He is also well associated with day to day affairs of this company. He is responsible of marketing & logistics supply chain management division of Company. He has been on the Board of Directors of our Company since December, 2010.

Mr. Pramod Kumar Agarwal, aged 50 years, is an Independent Director of our Company. He is a commerce graduate and has completed his bachelor's in law. He has 25 years of experience in the field of finance and law. As an Independent Director of our Company with financial expertise he brings value addition to our Company. He has been on the Board of our Company since April, 2011.

Mr. Vimal Chand Chordia, aged 46 years is an Independent Director of our Company. He has 20 years of experience in the field of finance and debts syndication. He has been on the Board of our Company since April, 2011.

CONFIRMATIONS

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

None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

NATURE OF FAMILY RELATIONSHIP AMONG DIRECTORS

Mr. Nitesh Lodha and Mr. Shreyans Lodha are brothers.

BORROWING POWERS OF THE DIRECTORS

Pursuant to a special resolution passed at Extra Ordinary General Meeting of our Company held on 28/06/2011 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs. 25 Crores.

TERMS OF APPOINTMENT AND COMPENSATION OF OUR DIRECTORS

Name	Mr. Nitesh Lodha
Designation	Managing Director
Period	Five years with effect from 1 st June, 2011
Date of Appointment	Extra Ordinary General Meeting dated 28 th June, 2011
Remuneration	<p>Rs. 40,000 p.m.</p> <p>Perquisites:</p> <p>i) Company's contribution to provident fund and superannuation fund to the extent they are singly or put together are not taxable under the Income Tax Act, 1961;</p> <p>(ii) Gratuity at the rate of half a month's salary for each completed year of service</p> <p>(iii) Leave with full pay as per the rules of the Company with encashment of un availed leave.</p> <p>(iv) Free furnished residential accommodation with gas, electricity, water and furnishings. In case no such accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling of thirty percent of the salary</p> <p>(v) Reimbursement of medical expenses incurred in India or abroad for self and family including hospitalization, nursing home and surgical charges and in case of medical treatment abroad, the air fare, boarding / lodging for patient and attendant</p> <p>(vi) Reimbursement of actual traveling expenses for proceeding on leave from Chennai to any place in India and return there once in a year in respect of him and his family</p> <p>(vii) Reimbursement of membership fees for clubs in India, including admission / life membership fees</p> <p>(viii) Personal accident insurance policy in accordance with the scheme applicable to senior employees</p> <p>Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases)</p>
Remuneration paid in FY 31st March, 2012	Rs. 4.00 Lacs

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

NON - EXECUTIVE DIRECTORS

Currently, non-executive Directors are being paid sitting fees of Rs. 1500/- per Board meeting, vide resolution passed in the EGM dated 13th July, 2012.

CORPORATE GOVERNANCE

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including the Listing Agreement to be executed with the Stock Exchange and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance

framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

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

Currently our Board has four (4) Directors. We have one (1) executive non independent director, one (1) non-executive non independent director and two (2) independent non executive directors. The constitution of our Board is in compliance with the requirements of Clause 52 of the Listing Agreement.

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

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

AUDIT COMMITTEE

Our Company has constituted an audit committee ("**Audit Committee**"), as per the provisions of Section 292A of the Companies Act, 1956 and Clause 52 of the Listing Agreement to be entered with Stock Exchange, vide resolution passed in the meeting of the Board of Directors held on 18^h May, 2011.

The terms of reference of Audit Committee complies with the requirements of Clause 52 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The committee presently comprises following three (3) directors. Mr. Pramod Kumar Agarwal is the Chairman of the Audit Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Pramod Kumar Agarwal	Chairman	Independent Director
2.	Mr. Vimal Chand Chordia	Member	Independent Director
3.	Mr. Nitesh Lodha	Member	Managing Director

Role of Audit Committee

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

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956

- (b) Changes, if any, in accounting policies and practices and reasons for the same
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management
 - (d) Significant adjustments made in the financial statements arising out of audit findings
 - (e) Compliance with listing and other legal requirements relating to financial statements
 - (f) Disclosure of any related party transactions
 - (g) Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
 10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 13. Discussion with internal auditors any significant findings and follow up there on.
 14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 17. To review the functioning of the Whistle Blower mechanism, in case if the same is existing.
 18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 19. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
 20. Mandatorily reviews the following information:
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

21. Review the Financial Statements of its Subsidiary company, if any.
22. Review the composition of the Board of Directors of its Subsidiary company, if any.
23. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

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

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Our Company has constituted a shareholder / investors grievance committee ("**Shareholders / Investors Grievance Committee**") to redress the complaints of the shareholders. The Shareholders/Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 18th May, 2011. The committee currently comprises of three (3) Directors. Mr. Pramod Kumar Agarwal is the Chairman of the Shareholders/ Investors Grievance committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Pramod Kumar Agarwal	Chairman	Independent Director
2.	Mr. Vimal Chand Chordia	Member	Independent Director
3.	Mr. Nitesh Lodha	Member	Managing Director

Role of shareholders/investors grievance committee

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

- The redressal of investors complaints viz. non-receipt of annual report, dividend payments etc.
- Matters related to share transfer, issue of duplicate share certificate, dematerializations.
- Also delegates powers to the executives of our Company to process transfers etc.

The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

REMUNERATION COMMITTEE

Our Company has constituted a remuneration committee ("**Remuneration Committee**"). The Remuneration Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 18th May, 2011. The same committee has been reconstituted on 6th August, 2011. The committee currently comprises of three (3) Directors. Mr. Vimal Chand Chordia is the Chairman of the remuneration committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Vimal Chand Chordia	Chairman	Independent Director
2.	Mr. Pramod Kumar Agarwal	Member	Independent Director
3.	Mr. Shreyans Lodha	Member	Non Executive Non Independent Director

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

- The remuneration committee recommends to the board the compensation terms of the executive directors.
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.

- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of the Company and the shareholders.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

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

SHAREHOLDING DETAILS OF THE DIRECTORS IN OUR COMPANY

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

Name of Director	Number of Equity Shares	% of Pre-Issue Paid up Share Capital
Mr. Nitesh R Lodha	2,37,500	3.65
Mr. Shreyans Lodha	1,20,000	1.84
Total	3,57,500	5.50

INTEREST OF DIRECTORS

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

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

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

PROPERTY INTEREST

Our Company has not entered into any contract, agreements or arrangement during the preceding two (2) years from the date of this Draft 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.

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

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

Name	Date of appointment	Date of cessation	Reason
Mr. Ratanchand Lodha	29/09/2010	06/08/2011	Appointment & Resignation
Mr. Nitesh Lodha	29/09/2010	-	Appointment
Mr. Shreyans Lodha	04/12/2010	-	Appointment
Mr. Pramod Kumar Agrawal	08/04/2011	-	Appointment
Mr. Vimal Chand Chordia	08/04/2011	-	Appointment

ORGANISATION STRUCTURE



KEY MANAGERIAL PERSONNEL

Our Company is managed by its Board of Directors, assisted by qualified professionals, in the respective field of production/finance/ distribution/marketing and corporate laws.

The following key personnel assist the management of our Company:

Name	Date of Joining	Designation	Functional Responsibilities	Qualification	Previous Employment
Mr. Nitesh Lodha	29/09/2010	Managing Director	General planning & management, supervision of day to day affairs	BBA	RCL Foods Limited
Mr. Dharam Singh	01/10/2011	Manager- Accounts & Finance	Accounting, financial controls and management of cash flows	B.Com	Sri Balaji Castings Pvt. Ltd.

Name	Date of Joining	Designation	Functional Responsibilities	Qualification	Previous Employment
Mr. M. Devendiran	30/05/2012	Company Secretary & Compliance Officer	Drafting of agreements, drafting of resolutions, preparation of minutes & compliance of the provisions of the Companies Act, 1956.	B.com, AICWA, FCS	Practicing Company Secretary.

BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

1. **Mr. Nitesh Lodha**, aged 26 years, is the founder Promoter and Managing Director of our Company. He has completed his Bachelor degree in business administration in the year 2007. He has 5 years of experience in agro food processing, retailing of fast moving consumer goods, packing, retail marketing, sales promotions and general administration. He is instrumental in day to day affairs of our company. He is responsible for overall planning & management of our Company.
2. **Mr. Dharam Singh**, aged 40 years is the Manager-Accounts & Finance of our Company. He has completed his Bachelor degree in commerce. He is working with our Company since October, 2011. He oversees accounting, financial controls and management of cash flows. Prior to joining our Company he was working with Sri Balaji Castings Pvt. Ltd.
3. **Mr. M. Devendiran**, aged 77 years is Company Secretary & Compliance Officer of our Company. He is a commerce graduate, associate member of Institute of Cost & Works Accountant and a fellow member of Institute of Companies Secretaries of India. He is associated with our Company from May, 2012. His scope of work and responsibilities includes vetting of agreements, preparation of minutes, drafting of resolutions, preparation and updating of various statutory registers, and compliance with the provisions of Companies Act, 1956. Prior to joining our Company he was a practicing company secretary.

FAMILY RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL

As on date, none of the key managerial persons is having family relation with each other.

ALL OF KEY MANAGERIAL PERSONNEL ARE PERMANENT EMPLOYEE OF OUR COMPANY

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

As on date, none of the key managerial personnel are holding any Equity Shares of our Company.

BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

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

LOANS TO KEY MANAGERIAL PERSONNEL

There are no loans outstanding against Key Managerial Personnel as on 30th June, 2012.

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

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

Name	Date of Appointment	Date of Cessation	Reason
Mr. Nitesh Lodha	29/09/2010	-	Appointment
Mr. Dharam Singh	01/10/2011	-	Appointment
Mr. S. Karunamoorthy	08/04/2011	30/04/2012	Appointment & Resignation
Mr. M. Devendiran	30/05/2012	-	Appointment

EMPLOYEES STOCK OPTION SCHEME

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

PAYMENT OR BENEFIT TO OUR OFFICERS

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

OUR PROMOTERS


OUR PROMOTERS

The Promoters of our Company are:

1. Mr. Nitesh Lodha
2. Mr. Shreyans Lodha

DETAILS OF OUR PROMOTERS ARE AS UNDER


1. Mr. Nitesh Lodha

	Mr. Nitesh Lodha , aged 26 years, is the founder Promoter and Managing Director of our Company. He has completed his Bachelor degree in business administration in the year 2007. He has 5 years of experience in agro food processing, retailing of fast moving consumer goods, packing, retail marketing, sales promotions and general administration. He is instrumental in day to day affairs of our company. He is responsible for overall planning & management of our Company. He has been on the Board of Directors of our Company since incorporation. For further details relating to Mr. Nitesh Lodha, including address and other directorships, see the section titled “Our Management” on page 78 of Draft Prospectus.
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Identification

Name	Mr. Nitesh Lodha
Permanent Account Number	ACLPL3650L
Passport No.	H0722438
Voter ID	FRC3666039
Driving License	TN0120050001376
Bank Account Details	008602000009741 Indian Overseas Bank

2. Mr. Shreyans Lodha

	Mr. Shreyans Lodha , aged 21 years, is the founder Promoter and Director of our Company. He has completed his Bachelor degree in business administration in the year 2012. He is also well associated with day to day affairs of this company. He is responsible of marketing & logistics supply chain management division of Company. He has been on the Board of Directors of our Company since December, 2010. For further details relating to Mr. Shreyans Lodha, including address and other directorships, see the section titled “Our Management” on page 78 of this Draft Prospectus.
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Identification

Name	Mr. Shreyans Lodha
Permanent Account Number	CISP52517N
Passport No.	NA
Voter ID	NA
Driving License	TN0120090003270
Bank Account Details	008602000010045 Indian Overseas Bank

OTHER UNDERTAKINGS AND CONFIRMATIONS

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

COMMON PURSUITS OF OUR PROMOTERS

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

INTEREST OF THE PROMOTERS

Interest in the promotion of our Company

Our Promoters may be deemed to be interested in the promotion of the Issuer to the extent of the Equity Shares held by themselves as well as their relative and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in which either of them are interested as a director, member or partner. In addition, our Promoters, being Director and Managing Director, may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable under our Articles of Association and to the extent of remuneration, if any, paid for services rendered as an officer or employee of our Company as stated in section titled “*Our Management*” on page 78 of this Draft prospectus.

Interest in the property of our Company

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

Interest as Member of our Company

As on the date of this Draft Prospectus, our Promoters together hold 3,57,500 Equity Shares of our Company and is therefore interested to the extent of their shareholding and the dividend declared, if any, by our Company. Except to the extent of shareholding of the Promoters in our Company and benefits as provided in the section titled ‘*Terms of appointment and compensation of our Directors*’ on page 80, our Promoters does not hold any other interest in our Company.

Also see “Our Management-Interest of Directors” on page 84 of Draft Prospectus.

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

No payment has been made or benefit given to our Promoters in the two years preceding the date of the Draft Prospectus except as mentioned / referred to in this chapter and in the section titled ‘Our Management’, ‘Financial Information’ and ‘Capital Structure’ on page nos. 78, 97 and 32 respectively of this Draft Prospectus. Further as on the date of the Draft Prospectus, there is no bonus or profit sharing plan for our Promoters.

CONFIRMATIONS

For details on litigations and disputes pending against the Promoters and defaults made by them, please refer to the section titled “*Outstanding Litigation and Material Developments*” on page 116 of the Promoters. Our Promoters have not been declared a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past or are pending against them.

RELATED PARTY TRANSACTIONS

Except as disclosed in the section titled “*Related Party Transactions*” beginning on page 95, our Company has not entered into any related party transactions with our Promoters.

OUR PROMOTER GROUP / GROUP COMPANIES / ENTITIES

PROMOTER GROUP INDIVIDUALS

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

Relatives of Promoters:

Relationship	Nitesh Lodha	Shreyans Lodha
Spouse	-	-
Father	Ratanchand Lodha	Ratanchand Lodha
Mother	Shobha Lodha	Shobha Lodha
Brother	Shreyans Lodha	Nitesh Lodha
Sister	Nitha Lodha	Nitha Lodha
Son	-	-
Daughter	-	-

PROMOTER GROUP COMPANIES AND ENTITIES

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

LISTED COMPANIES WITHIN OUR PROMOTER GROUP

Below herewith is listed Company in our Promoter Group

RCL FOODS LIMITED

RCL Foods Limited (RFL) was originally incorporated on 2nd November, 1992 in the name of Passari Cellulose Private Limited as a private limited company under the provisions of the Companies Act, 1956 and then its constitution was changed to public limited company and consequently its name been changed to Passari Cellulose Limited on 20th December, 1994. The name of the RFL has further been changed from Passari Cellulose Limited to RCL Foods Limited on 4th August, 2010. The registered office of the Company is located at 84/85, Walltax Road, I Floor, Chennai-600 003. The shares of RFL are listed at BSE Limited and Madras Stock Exchange Limited. The CIN of RFL is L01407TN1992PLC075956.

Nature of Business: RFL is engaged in the business of manufacturing and processing of agro based food products and fast moving consumer goods.

Board of Directors:

Name	Designation
Mr. Nitesh Lodha	Director
Mr. Satish Jain	Director
Mr. Dharmi Chand Suresh Jain	Independent Director
Mr. Kushal Jain	Independent Director

Shareholding Pattern:

The shareholding pattern of the Company as on 31st March, 2012 is as follows:

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Number of Shares held in Dematerialized form	Total Shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
A	Shareholding of Promoter and Promoter group							
1	Indian							
a.	Individuals/HUFs Directors/Relatives	11	1155525	1155525	25.41	25.41	-	-
b.	Central Govt./ State Govts.	---	---	---	---	---	---	---
c.	Bodies Corporate	---	---	---	---	---	---	---
d.	Financial Institutions/Banks	---	---	---	---	---	---	---
e.	Group Companies	---	---	---	---	---	---	---
Sub Total A(1)		11	1155525	1155525	25.41	25.41	-	-
2.	Foreign							
a.	Bodies Corporate	---	---	---	---	---	---	---
b.	Group Companies	---	---	---	---	---	---	---
c.	Individual	---	---	---	---	---	---	---
d.	Institutions	---	---	---	---	---	---	---
Sub Total A(2)		---	---	---	---	---	---	---
Total Shareholding of Promoter group A(1)+A(2)		11	1155525	1155525	25.41	25.41	-	-
B	Public Shareholding							
1.	Institutions							
a.	Central Govt./ State Govts.	---	---	---	---	---	---	---
b.	Financial Institutions/Banks	---	---	---	---	---	---	---
c.	Mutual Funds/UTI	---	---	---	---	---	---	---
d.	Venture Capital Funds	---	---	---	---	---	---	---
e.	Insurance Companies	---	---	---	---	---	---	---
f.	Foreign Institutions Investors	---	---	---	---	---	---	---
g.	Foreign Venture Capital Investors	---	---	---	---	---	---	---
h.	Trusts	---	---	---	---	---	---	---
Sub Total B(1)		---	---	---	---	---	---	---
2.	Non Institutions							
a.	Bodies Corporate	86	805114	774614	17.70	17.70	---	---

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Number of Shares held in Dematerialized form	Total Shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
b1	Individuals-shareholders holding normal share capital upto Rs. 1 lac	2456	1336086	728881	29.38	29.38	---	---
b 2	Individuals-shareholders holding normal Share capital in excess of Rs.1 lac	33	973589	933989	21.41	21.41	---	---
c	Trust	---	---	---	---	---	---	---
d	Any Other							
(i)	Clearing Member	9	14320	14320	0.31	0.31		
(ii)	Directors/Relatives	---	---	---	---	---	---	---
(iii)	Employees	---	---	---	---	---	---	---
(iv)	HUFs	44	260053	260053	5.72	5.72	---	---
(v)	Foreign Nationals	---	---	---	---	---	---	---
(vi)	NRI	4	2813	2813	0.06	0.06	---	---
(vii)	OCB'S	---	---	---	---	---	---	---
(viii)	Person Acting in Concert	---	---	---	---	---	---	---
Sub Total B(2)		2632	3391975	2714670	74.59	74.59	---	---
Total Public Shareholding B(1) + B(2)		2632	3391975	2714670	74.59	74.59	---	---
Total A+B		2643	4547500	3870195	100	100	----	---
C	Shares held by Custodians and against which Depository receipts have been issued							
(i)	Promoter and Promoter group	---	---	---	---	---	---	---
(ii)	Public	---	---	---	---	---	---	---
Grand Total A+B+C		2643	4547500	3870195	100	100	----	---

Financial Performance:

Particulars	For the Financial year ended (Rs. In Lacs)		
	31 st March, 2011	31 st March, 2010	31 st March, 2009
	(Audited)	(Audited)	(Audited)

Particulars	For the Financial year ended (Rs. In Lacs)		
	31 st March, 2011	31 st March, 2010	31 st March, 2009
Total Income	295.30	515.31	36.06
Profit/(loss) after tax	5.18	(42.69)	(9.37)
Share Capital (Equity)	454.75	454.75	454.75
Reserves and Surplus (excluding revaluation reserve)	(68.36)	(73.55)	(30.86)
Earnings Per Share (in Rs.)	0.11	(0.94)	(0.28)
Book Value per Equity Share (in Rs.)	8.50	8.38	9.32
Face Value per Share (in Rs.)	10	10	10

Stock Market Data :-

Month	High (Rs.)	Date of High	Volume	Low (Rs.)	Date of Low	Volume	Total Volume in the Month	Average price (Rs.)
June, 2012	32.15	01/06/12	1	24.15	11/06/12	2305	39507	28.15
May 2012	34.50	04/05/12	10341	26.20	10/05/12	1490	34358	30.35
April 2012	39.15	17/04/12	150	32.10	02/04/12	2800	140885	35.63
March 2012	33.50	06/03/12	1704	24.55	20/03/12	28879	373740	29.02
February 2012	38.20	10/02/12	2400	28.25	28/02/12	11984	235096	33.22
January 2012	43.60	17/01/12	26607	26.15	06/01/12	23139	220520	34.88

UNLISTED COMPANIES WITHIN OUR PROMOTER GROUP

There is no unlisted Company in our Promoter Group

COMMON PURSUITS

Our Promoter Group Company i.e. RCL Foods Limited, have some of the objects similar to that of our Company's business. As on date of filing of Draft Prospectus, RCL Foods Limited is engaged in the business of manufacturing and processing of agro based ready to eat products. This activity is similar to the main objects as set out in the MOA of our Company and our proposed expansion plan. There could be conflict of interests arising out of common pursuits between our Promoter Group Entity and our Company in future.

LITIGATION/ DEFAULTS

For details relating to legal proceedings involving the Promoters and Members of the Promoter Group, see the section titled "Outstanding Litigation and Material Developments" beginning on page 116 of this Draft Prospectus.

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

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

INTEREST OF PROMOTER GROUP COMPANIES

Our Promoter Group companies are interested parties to the extent of their shareholding in the Company, if any dividend and distributions which may be made by the Company in future and to the extent of the related party transactions disclosed in the section titled "Related Party Transactions" beginning on page 95 of the Draft Prospectus, respectively.

RELATED BUSINESS TRANSACTION WITHIN THE GROUP AND SIGNIFICANCE ON FINANCIAL PERFORMANCE

There is no business transactions between our Company and the Promoter Group Companies except as stated on page 95 under section titled as *“Related Party Transactions”*.

SALE OR PURCHASE BETWEEN OUR COMPANY AND OUR PROMOTER GROUP COMPANIES

There are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company.

SICK COMPANIES

There are no Companies in our group listed above which have been declared as a sick company under the SICA. There are no winding up proceedings against any of Promoter Group Companies. The Promoter Group Companies do not have negative net worth. Further, no application has been made by any of them to RoC to strike off their names.

CONFIRMATION

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

RELATED PARTY TRANSACTIONS

For details on Related Party Transactions of our Company, please refer to Annexure 14 of restated financial statement under the section titled “*Financial Information*” on page 111 of the Draft Prospectus.

DIVIDEND POLICY

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

There are no dividends declared by our Company since incorporation.

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

SECTION V - FINANCIAL INFORMATION

Financial Information of Our Company

Auditors' Report

To,
The Board of Directors,
RCL Retail Limited
84/85, Walltax Road, II Floor,
Chennai- 600 003

Dear Sirs,

We have examined the Financial Information of **RCL Retail Limited** (the Company) described below and annexed to this report for the purpose of inclusion in the offer document. The Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on August 26, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Financial Information has been approved by its Board of Directors and Audit Committee of Board of Directors.

Company proposes to make an Initial Public Offer (IPO) for the fresh issue of equity shares having a face value Rs 10/- each at par.

The Company has been incorporated on 29th September, 2010 and audit for the financial year ended 31st March 2011 and 31st March, 2012 was conducted by the statutory auditor M/s. Krishnan & Giri, Chartered Accountants and accordingly reliance has been placed on the financial information examined by them. As per the terms of SEBI ICDR Regulations, we have reaudited the financial year ended 31st March 2012.

In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of RCL Retail Limited, we, M/s. Vivekanandan Associates, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

A. Financial Information as per Audited Financial Statements:

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year ended March 31, 2011 and March 31, 2012 (Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year ended March 31, 2011 and March 31, 2012 (Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year ended March 31, 2011 and March 31, 2012 (Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);

(Collectively hereinafter referred as "Restated Financial Statements")

The Restated Financial Statements have been extracted from audited Financial Statements of the Company for the year ended March 31, 2011 and March 31, 2012 which have been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:

- Restated Statement of Assets and Liabilities of the Company as at March 31, 2011 and March 31, 2012 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Profits and Losses of the Company for the year ended March 31, 2011 and March 31, 2012 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Cash Flows of the Company for the year ended March 31, 2011 and March 31, 2012 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- Adjustments in Financial Statements has been made in accordance with the correct accounting policies
- There was no change in accounting policies, which needs to be adjusted in the "Restated Financial Statements".
- There are no revaluation reserves, which need to be disclosed separately in the "Restated Financial Statements".
- There are no audit qualifications in the "Restated Financial Statements".

B. Other Financial Information:

We have also examined the following Financial Information relating to the Company, which is based on the Restated Financial Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

1. Statement of Details of Reserves & Surplus as at March 31, 2011 and 2012 as set out in **Annexure 5** to this report.
2. Statement of Accounting Ratios for the year ended on March 31, 2011 and 2012 as set out in **Annexure 6** to this report.
3. Capitalization Statement as at March 31, 2012 as set out in **Annexure 7** to this report.
4. Statement of Tax Shelters for the year ended on March 31, 2011 and 2012 as set out in **Annexure 8** to this report.
5. Statement of Secured Loans as at March 31, 2011 and 2012 as set out in **Annexure 9** to this report.
6. Statement of Details of Sundry Debtors as at March 31, 2011 and 2012 as set out in **Annexure 10** to this report.
7. Statement of Details of Deposits, Loans and Advances as at March 31, 2011 and 2012 as set out in **Annexure 11** to this report.
8. Statement of Details of Current Liabilities and Provisions as at March 31, 2011 and 2012 as set out in **Annexure 12** to this report.
9. Statement of Details of Other Income for the year ended March 31, 2011 and 2012 as set out in **Annexure 13** to this report.
10. Statement of Details of Related Party Transactions of the Company for the year ended on March 31, 2011 and 2012 as set out in **Annexure 14** to this report.

In our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 14 of this report have been prepared in accordance with Part II of Schedule II to the Act, the SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

This report should not in any way be construed as a reissuance or redating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

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 Vivekanandan Associates

Chartered Accountants

Firm Regn. No.: 05268S

Sd/-

(N. Subramanian)

Partner

Membership No. 21628

Place: Chennai

Date: 18th July, 2012

ANNEXURE-01

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
Assets		
Fixed Assets-Gross Block	178.87	28.28
Less: Depreciation	7.90	1.04
Net Block	170.97	27.24
Less: Revaluation Reserve	-	-
Net Block after adjustment for Revaluation Reserve	170.97	27.24
Capital Work in Progress	-	-
Total (A)	170.97	27.24
Current Assets, Loans and Advances		
Receivables	150.83	72.89
Inventories	2.16	64.83
Cash & Bank Balances	48.28	145.85
Deposits & Advances	297.46	119.95
Other Assets	1.87	0.06
Total Current Assets (B)	500.60	403.58
Total Assets (C) = (A) + (B)	671.57	430.82
Liabilities & Provisions		
Loan Funds :		
Secured Loans	100.11	2.19
Unsecured Loans	-	-
Share Application Money	-	94.00
Current Liabilities & Provisions:		
Current Liabilities	7.11	57.24
Provisions	4.44	0.99
Total Liabilities & Provisions (D)	111.66	154.41
Net Worth (C) - (E)	559.91	276.41
Represented By:		
Share Capital	553.50	278.50
Reserves & Surplus	9.57	2.11
Less: Revaluation Reserve	-	-
Less: Preliminary / Miscellaneous Expenses to the extent not written off	3.15	4.20
Reserves (Net of Revaluation Reserve)	6.42	(2.09)
Total Net Worth	559.91	276.41

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

ANNEXURE-02

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.2012	31.03.11
Income		
Sale of Products Manufactured	-	-
Sale of products Traded	642.44	88.23
Other Income	24.24	2.33
Total	666.68	90.56
Expenditure		
Purchases	550.70	145.16
Increase (Decrease) in Stock in Trade	62.67	(64.83)
Employees Costs	10.11	0.75
Administrative & Selling Expenses	15.98	4.55
Total	639.46	85.63
Profit before Depreciation, Interest and Tax	27.21	4.93
Depreciation	6.86	1.04
Profit before Interest & Tax	20.35	3.89
Interest & Finance Charges	9.01	0.80
Net Profit before Tax	11.34	3.09
Less: Provision for Taxes:		
Income Tax	4.75	0.85
Deferred Tax	(0.86)	0.14
Net Profit After Tax & Before Extraordinary Items	7.46	2.11
Extra Ordinary Items	-	-
Net Profit	7.46	2.11

ANNEXURE-03

STATEMENT OF CASH FLOW, AS RESTATED

	(Rs. In Lacs)	
Particulars	31.03.2012	31.03.2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	11.34	3.09
Adjustment for:		
Add: Depreciation	6.86	1.04
Add: Preliminary Expenses	1.05	1.05
Add: Interest expenses	9.01	0.80
Less: Interest Income	(24.08)	(2.06)
Operating Profit before Working capital changes	4.18	3.93
Adjustments for:		
Decrease (Increase) in Trade & Other Receivables	(77.95)	(72.89)
Decrease (Increase) in Inventories	62.67	(64.83)
Decrease (Increase) in Loans & Advances	(177.51)	(119.95)
Decrease (Increase) in Other Assets	(1.81)	(0.06)
Increase (Decrease) in Current Liabilities	(50.13)	57.24
Increase (Decrease) in provisions (Other than Taxes)	0.41	-
Net Changes in Working Capital	(244.32)	(200.49)
Cash Generated from Operations	(240.14)	(196.56)
Taxes	(0.85)	-
Net Cash Flow from Operating Activities (A)	(240.99)	(196.56)
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of Fixed Assets	(150.59)	(28.28)
Net Cash Flow from Investing Activities (B)	(150.59)	(28.28)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital and Proceeds from Share Application Money	181.00	372.50
Interest paid	(9.01)	(0.80)
Interest Received	24.08	2.06
Increase / (Repayment) of Secured loans	97.92	2.19
Preliminary Expenses incurred	-	(5.25)
Net Cash Flow from Financing Activities (C)	293.99	370.70
Net Increase / (Decrease) in Cash & Cash Equivalents	(97.59)	145.85
Cash and cash equivalents at the beginning of the year / Period	145.85	-
Cash and cash equivalents at the end of the year/ Period	48.28	145.85
Note: The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard (AS) - 3 on Cash Flow Statements" issued by the Institute of Chartered of Accountants of India.		

Annexure-04

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements

The Restated Financial Statements have been prepared under Historical Cost conventions and on accrual basis in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956, as adopted consistently by the Company.

2. Use of Estimates

The preparation of Financial Statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made, that affects the reported amounts of assets and liabilities on the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Fixed Assets

Fixed Assets are capitalized at cost inclusive of erection expenses & other incidental expenses in connection with the acquisition of assets, net of VAT, if any, less accumulated depreciation. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

4. Depreciation / Amortization

Depreciation on fixed assets is provided on Written Down Value Method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of additions made or asset sold / discarded during the year pro-rata Depreciation has been provided.

5. Inventories

The stock of traded goods has been valued at lower of cost or market value.

6. Revenue Recognition

Revenue from sales transactions is recognized as and when the property in goods is sold /transferred to the buyer for a definite consideration.

Other Income has been recognized on the basis of Accounting Standard - 9 (Revenue Recognition) notified by the Companies (Accounting Standards) Rules, 2006.

7. Preliminary and Pre-operative expenses:

Preliminary and pre-operative expenses are amortized over a period of five years in equal installments in accordance with matching concept however the same is contrary to AS-26.

8. Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as "Current Investments". All other Investments are classified as Long Term Investments. Current Investments are carried at lower of cost or Market / Fair Value determined on an individual investment basis. Long Term investments are valued at cost. Provision for diminution in the value of long-term investment is made only if such decline is other than temporary in nature.

9. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

10. Employee Benefits

Employee benefit plans comprise both defined benefit and defined contribution plans. The provision for gratuity is based on actuarial valuations.

The Company has no further obligations under the plan beyond its periodic contributions.

11. Taxation

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI. At each Balance Sheet date the Company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

No Tax whether current or deferred has been charged on exempted incomes.

12. Leases

Finance Lease

Leases which effectively transfer to the Company all risks and benefits incidental to ownership of the leased item are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return.

Operating Lease

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

13. Impairment of Assets

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

14. Foreign Exchange Transactions

- i) Transactions in Foreign currency are recorded at the rate of exchange prevailing on the date of the respective transactions.
- ii) Yearend balance of monetary assets and liabilities are translated at the yearend rates. Exchange differences arising on restatement or settlement are charged to Profit and Loss Account.

15. Earnings per Share

In determining the Earnings Per share, the company considers the net profit after tax which includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

16. Contingent Liabilities & Provisions

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for

- a) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or
- b) Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE RESTATED FINANCIALS

There is no change in significant accounting policies during the reporting period except, as and when Accounting Standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 were made applicable on the relevant dates.

C. NOTES ON RESTATED FINANCIAL STATEMENTS

1. NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS

MATERIAL ADJUSTMENTS [AS PER SEBI (ICDR) REGULATIONS, 2009]

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

Particulars	31.03.12	31.03.11
Profit after tax before appropriation (as per Audited accounts)	7.61	2.11
Adjustments For:		
- Gratuity Provision	(0.15)	-
Profit after Tax as per Restated Profit & Loss Account	7.46	2.11

The explanatory notes for these adjustments are discussed below:

1. Provision for Gratuity

For the purpose of restated financial statements, Gratuity has been valued as per Accounting Standard 15, Accounting for retirement benefits in the financial statements for the year ended 31st March, 2011.

2. Other Notes

1. General

The Company was incorporated during the year 2011 and restated financial statements has been prepared for the fiscal year ended 31st March, 2011 and 31st March, 2012.

2. Segment Reporting

Based on the guidelines of Accounting Standards on segment reporting(AS-17) issued by The Institute of Chartered Accountants of India, the Company was engaged in one business segment, viz., trading in food and consumer products in the context of accounting standards 17 on Segment Reporting issued by ICAI . The company is not operating in any of the geographical segment.

3. Earnings per Share

The details of Earnings per Share as per AS-20 are provided in Annexure 6.

4. Related Party Transactions:

The details of Related Party Transactions as per Accounting Standard -18 are provided in Annexure 14.

5. Particulars of Lease

The Company has not made any lease payment during the reporting period.

6. Defined Contribution & Benefit Plans:

(Rs. In Lacs)

Particulars	31.03.12	31.03.11
Gratuity	0.41	Nil

Provision for death-cum-retirement gratuity for the employees has been made as per the actuarial valuation done as on 31.03.2012. However, no funding for the same has been made at the year end in terms of revised Accounting Standard AS-15. As per the leave rules of the company, no employee is eligible for carry forward of the unavailed leave and encashment of the same in the future period.

7. The company is not having any earning / Expenditure in Foreign Currency.

8. The company has not given any guarantee to bank or corporate and the company is no having any contingent liability.

9. The figures in the Restated Financial Statements and Other Financial Information are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

Annexure- 05

STATEMENT OF RESERVES & SURPLUS, AS RESTATED

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
Profit / (Loss) Brought Forward	2.11	Nil
Add: Profit / (Loss) for the Year	7.46	2.11
Profit / (Loss) Carried Forward	9.57	2.11
Reserves & Surplus	9.57	2.11

Annexure-06

STATEMENT OF ACCOUNTING RATIOS

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
Net worth (A)	559.91	276.41
Net Profit after Tax (B)	7.46	2.11
No. of Shares outstanding at the end [F.V Rs.10] (C)	55,35,000	27,85,000
Weighted average number of shares outstanding [F.V Rs.10](D)	48,88,060	782795
Earnings per Share (EPS) (B / D) (Rs.)	0.15	0.27
Return on Net worth (B / A)	1.33%	0.76%
Net Assets Value per Share (A / C)	10.12	9.92

Definitions of key ratios:

I. Earnings per share (Rs.): Net Profit attributable to equity shareholders / weighted average number of equity shares. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of a bonus issue after the Balance Sheet date but before the date on which the Financial Statements are approved by the Board of Directors', the per share calculations for those Financial statements and any prior period Financial Statements presented are based on the new no. of shares. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

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

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

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

**Annexure -07
CAPITALISATION STATEMENT**

(Rs. In Lacs)

Particulars	Pre-issue as at 31.03.2012	Post Issue *
Borrowing		
Short - Term Debt (Including unsecured Loans)	98.83	
Long - Term Debt	1.28	
Total Debt	100.11	
Shareholders' Funds		
Share Capital		
- Equity	553.50	
Less: Calls - in - arrears	-	
- Preference	-	
Reserves & Surplus	9.57	
Less: Miscellaneous Expenditure not written off	3.15	
Total Shareholders' Funds	559.91	
Long - Term Debt / Shareholders Fund	0.18	
Short - Term Debt / Shareholders Fund	0.002	

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

**Annexure- 08
STATEMENT OF TAX SHELTERS**

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
Profit before tax as per Restated P/L	11.34	3.09
Applicable Corporate Tax Rate	30.90%	30.90%
Tax at Notional Rate (A)	3.50	0.96
Adjustments		
Exempt Incomes	-	-
Difference been depreciation as per Companies Act and Income Tax Act	2.80	(0.44)
Other Adjustments	0.42	-
Net Adjustments	3.22	(0.44)
Tax Expenses / (Savings) thereon (B)	0.99	(0.14)
Total Tax Payable (C=A+B)	4.50	0.82
Tax Payable as per Minimum Alternate Tax u/s 115 JB of Income Tax Act, 1961 (D)	2.16	0.57
Net Tax (Higher of C & D)	4.50	0.82

Annexure - 09

STATEMENT OF SECURED LOANS

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
Term Loans:		
Punjab National Bank-Vehicle Loan	1.28	2.19
Working Capital Loans:		
Indian Overseas Bank- Cash Credit	98.83	
Total	100.11	2.19

Principal Terms of Secured Loans & Assets charged as security as on 31.03.2012

Lender	Loan Documentation	Types of Loan	Loan Amt Sanction (Rs. In Lacs)	Loan Amt outstanding (Rs. In Lacs)	Interest Rate (p.a.)	Repayment Terms	Assets Charged as Security
Punjab National Bank, Chennai	Agreement dated 24 th December, 2010	Term Loan-Vehicle	2.40	1.28	13.75%	35 Equated Monthly Installment	Vehicle Purchased
Indian Overseas Bank, Chennai	Agreement Dated 16 th March, 2011	Cash Credit	100	98.83	14.50%	Cash Credit	Hypothecation of Current Assets such as Stock, Book Debts and Collateral Security of Flat situated at Ritherdon Avenue, Puraswalkam, Chennai owned by Ms. Shobha Lodha

Annexure-10

STATEMENT OF SUNDRY DEBTORS

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
(A) Unsecured, Considered good outstanding for a period less than six months		
Amount due from Promoter/Group Companies and Directors	-	
Others	150.83	72.89
(B)Unsecured, Considered good outstanding for a period more than six months		
Amount due from Promoter / Group Companies and Directors	-	-
Others	-	-
Total	150.83	72.89

Annexure-11

STATEMENT OF DEPOSITS, LOANS & ADVANCES

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
Advances recoverable in cash or kind		
Due from Promoter / Group Companies / Director	3.42	-
Others	285.94	113.95
Deposits		
Due from Promoter / Group Companies / Director	-	-
Others	8.10	6.00
Total	297.46	119.95

Annexure-12

STATEMENT OF CURRENT LIABILITIES & PROVISIONS

(Rs. In Lacs)

Particulars	30.09.2011	31.03.2011
<u>Current Liabilities</u>		
<u>Sundry Creditors for Goods</u>		
Amount due to Promoter /Group Company / Directors	-	-
Others	51.20	2.99
<u>Outstanding liability for expenses</u>		
Amount due to Promoter /Group Company / Directors	-	1.31
Others	6.03	2.81
Sub Total (A)	57.24	7.11
<u>Provisions</u>		
Provision for Income Tax	0.85	4.75
Deferred Tax (Assets) / Liabilities	0.14	(0.72)
Provision for Gratuity	-	0.41
Sub Total (B)	0.99	4.44
Total (A+B)	58.23	11.55

Annexure-13

STATEMENT OF DETAILS OF OTHER INCOME

(Rs. In Lacs)

Particulars	31.03.2012	31.03.2011
Interest Income	24.08	2.06
Misc. Income	0.16	0.27
Total	24.24	2.33

Annexure-14

STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS

Particulars	31.03.12	31.03.11
Transactions with Related Parties (Rs. in Lacs)		
REVENUE ITEMS		
Payment of Remuneration		
<i>- Key Management Personnel</i>		
Nitesh R Lodha	4.00	-
Purchases		
<i>-Promoter Group Company</i>		
RCL Foods Limited	12.64	-
Sales		
<i>-Promoter Group Company</i>		
RCL Foods Limited	0.39	-

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited restated financial statements prepared in accordance with paragraph B of Part II of Schedule II to the Companies Act and SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto and the reports thereon of each of the financial years ended March 31, 2011 and 2012 in the chapter titled "Financial Information" on page 97 of the Draft Prospectus. The following discussion relates to our Company and, unless otherwise stated, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Accounting Standards and other applicable provisions of the Companies Act and the SEBI (ICDR) Regulations. Our fiscal year ends on March 31 of each year so accordingly all references to a particular financial year are to the twelve months ended March 31 of that year.

OVERVIEW OF THE BUSINESS

INDUSTRY OVERVIEW

The Indian Economy

India is the world's largest democracy in terms of population with Gross Domestic Production (GDP) of US\$ 4,060 billion in 2010 in purchasing power parity (PPP) terms. This makes India the fifth largest economy in the world after the European Union, the United States of America, China and Japan in PPP terms, (Source: CIA World Fact book). India is also amongst the fastest growing economies globally and its real GDP has grown at an average compounded rate of 8.4% per annum during the last five years up to FY 2011. (Source- Central Statistics Office, Government of India)

Indian Retail Industry

The Indian retail market has witnessed consistent growth over the last few years, maintaining its share of around 30% of the GDP at current prices. The total retail market is valued at Rs. 19,48,916 crore, out of which only Rs. 1,26,680 crore - or 6.5% of the total market is organised/modern. The organised market is growing at a CAGR of 27.69% and is expected to touch Rs. 2,06,500 crore in 2011-12. (Source: India Retail Report). Modern retail has entered India through sprawling shopping centers, multi-storied malls and huge complexes, offering shopping, entertainment and food under one roof. The increasing numbers of nuclear families, easy financing options, increase in the number of working women and emerging opportunities in the service sector during the past few years have been the key growth drivers for the organised retail sector in India.

SNACK FOODS MARKET IN INDIA

The size of the Indian snack food market is currently estimated at approximately US\$ 300 million. Unorganized small companies with a localized presence dominate the snack foods market in India but in recent years the organized branded products market size has grown significantly. Potato chips constitute the major segment among a wide range of local snacks available.

BUSINESS OVERVIEW

Our Company was incorporated in Tamil Nadu as "RCL Retail Private Limited" on 29th September, 2010 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Chennai, Tamil Nadu. For further details in relation to the changes to the name of our Company, please refer to the section titled "Our History and Corporate Structure" beginning on page 75 of this Draft Prospectus.

We are engaged in the business of trading of ready to eat snacks, fryums, bakery products, cookies, confectioneries, namkeens, chutneys, mouth-fresheners, juices, mobile food such as vada pav etc. We operate through our two well furnished retail stores located as below:

- No.55, Hunters Road, Vepery, Chennai - 600 007.
- Shop No. 4-A, G N Shopping Complex, Justice Rathinavel Pandian street, Golden George Nagar, Mogappair (East), Chennai-600 107

FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors amongst others:

- Brand Image
- Ability to expand in number of outlets and customer base
- Consumer food habits and inflation
- Competition from existing and new entrants
- Introduction of new competitive products
- Demographic conditions of our stores
- Efficient Logistics and Supply chain management

DISCUSSION ON THE RESULTS OF OPERATIONS

The following discussion on the financial operations and performance is based on our restated financial statements for the FY 2010-11 and 2011-12. The same should be read in conjunction with the restated audited financial results of our Company for the years ended 31st March 2012 and 2011.

<i>(Rs. In Lacs)</i>		
Particulars	31-03-12	31-03-11
Sales of goods (A)	642.44	88.23
Increase/ (Decrease) (%)	628.14	---
Other Income (B)	24.24	2.33
Increase/ (Decrease) (%)	940.34	---
Total = (A+B)	666.68	90.56
Expenditure		
Purchases	550.70	145.16
Increase/ (Decrease) (%)	279.37	---
Increase (Decrease) in Stock in Trade	62.67	(64.83)
Increase/ (Decrease) (%)	---	---
Employees Expenses	10.11	0.75
Increase/ (Decrease) (%)	1248	---
Administrative & Selling Expenses	15.98	4.55
Increase/ (Decrease) (%)	251.21	---
Total	639.46	85.63
Profit before Depreciation, Interest and Tax	27.21	4.93
Increase/ (Decrease) (%)	451.93	---
Depreciation	6.86	1.04
Increase/ (Decrease) (%)	559.62	---
Profit before Interest & Tax	20.35	3.89
Increase/ (Decrease) (%)	423.13	---
Interest & Finance Charges	9.01	0.80
Increase/ (Decrease) (%)	1026.25	---
Net Profit before Tax	11.34	3.09
Increase/ (Decrease) (%)	266.99	---
Less: Provision for Taxes-Income Tax	3.89	0.99
Net Profit After Tax & Before Extraordinary Items	7.46	2.11
Increase/ (Decrease) (%)	253.55	---

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2012 WITH FINANCIAL YEAR ENDED 31st MARCH, 2011

Sales: Our turnover for the financial year ended 31st March, 2012 was at Rs. 642.44 Lacs as against the total of Rs. 88.23 Lacs for the fiscal 2011 with an increase of 628.14 % and such increase was attributed to rise in sales of our products and fiscal 2012 being full year of operational.

Expenditure: Total purchases has accounted for 82.60% of income from operations during the financial year ended 31st March, 2012 at Rs. 550.70 Lacs as compared to 160.29 % of Income from operations at Rs. 145.16 Lacs for the fiscal 2011.

The administrative and selling expenses have registered an increase of 251.21 % at Rs. 15.98 Lacs in fiscal 2012 as compared to Rs. 4.55 Lacs for the fiscal 2011 and the Personnel Expenses have registered increase of 1248% at Rs. 10.11 Lacs in fiscal 2012 as compared to Rs. 0.75 Lacs in fiscal 2012. The rise in expenses in fiscal 2012 is basically due to fiscal 2012 being first full year operational.

Depreciation: Depreciation has accounted for Rs. 6.86 Lacs with an increase of 559.62% in fiscal 2012 as compared to Rs. 1.04 Lacs in the fiscal 2011. The increase is due to increase in the line of fixed assets in the fiscal 2012.

Financial Expenses: The financial expenses of Company has registered an increase of 1026.25 % for the financial year 2012 at Rs. 9.01 Lacs as against Rs. 0.80 Lacs for the financial year 2011 and such increase is due to additional cash credit limit availed by the Company to meet its working capital requirements.

Profits after Taxes (PAT): PAT of Company has recorded a jump of 253.55 % at Rs. 7.46 Lacs for fiscal 2012 as against Rs. 2.11 Lacs for fiscal 2011 due to higher base of revenue.

OTHER INFORMATION REQUIRED AS PER SEBI REGULATIONS

- ***Unusual or infrequent events or transactions***

There are no unusual or infrequent events or transactions that have significantly affected operations of the Company.

- ***Significant economic changes that materially affected or are likely to affect income from continuing operations***

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

- ***Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.***

Apart from the Risks disclosed under the section titled "Risk Factors" no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company's knowledge.

- ***Future changes in relationship between costs and revenues in case of events such as future increase in labour or material cost or prices that will cause material change.***

According to our knowledge, there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However increase in the cost of the products in which the Company deals, will affect the profitability of the Company if Company is not able to pass on the increase in prices of the product to the customers in full. This can be offset through cost reduction.

- ***The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices***

The increase in revenues is by and large linked to increases in volume of all the activities carried out by the Company.

- ***Total turnover of each major industry segment in which the Company operated***

The Company operates in only one segment.

- ***Status of any publicly announced new products or business segment***

The Company has not announced any new products or business segment.

- ***The extent to which our Company's business is seasonal.***

Our business is not seasonal.

- ***Any significant dependence on a single or few suppliers or customers***

Our business is not dependent on a single or few suppliers or customers.

- ***Competitive conditions***

Food industry in India with a highly fragmented structure that includes hundreds of thousands of retailers, wholesalers, restaurant, cafes, street vendors. Hence we face stiff competition from both organized as well as unorganized market. We compete with small, medium and large size outlets.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Promoters, our Directors or Promoter Group Companies.

I. CASES FILED BY OUR COMPANY

Civil Cases

There are no civil proceedings filed by our Company.

Criminal Cases

There are no criminal proceedings filed by our Company.

II. CASES FILED AGAINST OUR COMPANY

Civil proceedings

There are no civil proceedings filed against our Company.

Criminal Proceedings

There are no criminal proceedings filed against our Company.

III. INDIRECT TAX PROCEEDINGS INVOLVING OUR COMPANY

NIL

IV. LITIGATIONS INVOLVING OUR PROMOTER

(i) Proceedings of Civil nature

(a) By the promoters

NIL

(b) Against the promoters

NIL

(ii) Proceedings of a Criminal nature-

(a) By the promoters

NIL

(b) Against the promoters

NIL

V. LITIGATIONS INVOLVING DIRECTORS OF OUR COMPANY

(i) Proceedings of Civil nature

- (a) By the Directors of our Company

NIL

- (b) Against the Directors of our Company

NIL

(ii) Proceedings of a Criminal nature-

- (a) By the Directors of our Company

NIL

- (b) Against the Directors of our Company

NIL

VI. LITIGATIONS INVOLVING OUR GROUP COMPANIES

(i) Proceedings of Civil nature

- (a) By our Group Companies

NIL

- (b) Against our Group Companies

NIL

(ii) Proceedings of a Criminal nature-

- (a) By our Group Companies

NIL

- (b) Against our Group Companies

NIL

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last audited financial statements disclosed in this Draft Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or value of assets or our ability to pay material liabilities within the next twelve (12) months.

GOVERNMENT & OTHER APPROVALS

We have received all the necessary consents, licenses, permissions and approvals from the government and various government agencies/ private certification bodies for our present businesses and no further approvals are required for carrying on the present businesses except as stated in this Draft Prospectus.

APPROVALS FOR THE ISSUE

1. The Board of Directors has, pursuant to resolution passed at its meeting held on 10th July, 2012, authorized the Issue.
2. The shareholders of our Company have, pursuant to a resolution 13th July, 2012, authorized the Issue.

INCORPORATION DETAILS

1. Certificate of incorporation 29th September, 2010 issued by Registrar of Companies, Tamil Nadu, Chennai, in the name of RCL Retail Private Limited.
2. Fresh Certificate of Incorporation dated 5th April, 2011 issued by the by the Registrar of Companies, Tamil Nadu, Chennai consequent upon change of name on conversion to Public Limited Company.
5. The Company Identification Number (CIN) is U52330TN2010PLC077507.

CORPORATE APPROVALS OF OUR COMPANY

1. Permanent Account Number (AAECR9840C) under the Income Tax Act, 1961.
2. Tax Deduction Account Number (CHER11727C) under the Income Tax Act, 1961.
3. Professional Tax Registration Number 07-102-PE-0053 dated 14^h December, 2011.
4. Certificate of importer exporter code no. 0410044075 dated 17th February, 2011 issued by foreign trade development officer, Government of India, Ministry of Commerce.
5. CST no. 1005375 dated 24th December, 2010 issued by Sales Tax Officer under Central Sales Tax (Registration and Turnover) Rules, 1957.
6. VAT no. 33080483641 dated 13th January, 2011 issued by Commercial tax department, Tamil Nadu under Tamil Nadu Value Added Tax Act, 2006.
7. Registration certificate of establishment no. R.DIS 26/2012 under Tamil Nadu Shops & Establishments Act, 1948 for our Registered Office.
8. Registration certificate of establishment no. R.DIS 182/2011 under Tamil Nadu Shops & Establishments Act, 1948 for our Retail Store#1.
9. Registration certificate of establishment no. R.DIS 75/2012 under Tamil Nadu Shops & Establishments Rules, 1948 for our Retail Store#2.
10. ISIN Number is INE892L01019.

APPROVALS TO BE OBTAINED FOR THE OBJECTS OF THE ISSUE

Sr. No.	Licenses & Approval
Approval required for setting up processing unit:	
1.	Municipal corporation approval seeking permission to construct building of

Sr. No.	Licenses & Approval
	processing unit
2.	Approval from Inspector of Factory under Factories Act, 1948 for erection of machines and lay out
Approval required for setting up Retail Stores	
3.	Approval from municipal corporation under Tamil Nadu Shop & Establishment Act

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The shareholders of RCL Retail Limited had approved the present Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, 1956 passed at the Extra Ordinary General Meeting of our Company held on 13th July, 2012.

Our Board has approved this Draft Prospectus at its meeting held on 31st July, 2012.

We have received approval from BSE vide letter dated [●] to use the name of BSE in this offer document for listing of our Equity Shares on SME Platform of BSE. BSE is the Designated Stock Exchange.

PROHIBITION BY SEBI

The Company, its Promoters, its Directors or any of the Company's Associates or Group Companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

PROHIBITION BY RBI

Our Company, our Promoters, Promoting Companies, their relatives, Group Concerns and Associate Companies have not been detained as willful defaulters by the RBI or any other government authorities.

ELIGIBILITY FOR THE ISSUE

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations; and this Issue is an "Initial Public Offer" in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 106(M) (1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital does not exceed ten crores rupees shall issue its specified securities in accordance with provisions of chapter XB Issue of specified securities by small and medium enterprises] of ICDR regulations. (in this case being the "SME Platform of BSE").

We confirm that:

a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to "General Information - Underwriting" on page 30 of this Draft Prospectus.

b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 73 of the Companies Act.

c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Issue.

For further details of the arrangement of market making please refer to “General Information - Details of the Market Making Arrangements for this Issue” on page 31 of this Draft Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, GUINNESS MERCHANT BANKERS PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, GUINNESS MERCHANT BANKERS PRIVATE LIMITED HAS FURNISHED, A DUE DILIGENCE CERTIFICATE DATED 31st July, 2012 WHICH READS AS FOLLOWS:

- 1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;
- 2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - (A) THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (C) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- 3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- 4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

- 5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
- 6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.
- 7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.
- 8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- 9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
- 10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
- 11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- 12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:
- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- 13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- 14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

- 15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- 16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS, AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR.-NOT APPLICABLE AS THIS BEING THE FIRST ISSUE OF MERCHANT BANKER
- 17) THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

- (1) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
- (3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.-NOTED
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS. - NOT APPLICABLE
- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 110[106P] AND 111[106V] OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.
- (7) WE CONFIRM THAT THE ISSUER HAS REDRESSED AT LEAST NINETY FIVE PER CENT OF THE COMPLAINTS RECEIVED FROM THE INVESTORS TILL THE END OF THE QUARTER IMMEDIATELY PRECEDING THE MONTH OF THE FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES. - NOT APPLICABLE

DISCLAIMER CLAUSE OF BSE

BSE Limited ("BSE") has given vide its letter dated [●], permission to this Company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of

deciding on the matter for granting the aforesaid permission to this company. BSE does not in any manner:-

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
- iii. 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 BSE. Every person who desires to apply for or otherwise acquires any securities in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER FROM OUR COMPANY AND THE LEAD MANAGER

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

This being the first public issue managed by Lead Manager hence the disclosure with regard to details regarding the track record of the Lead Manager to the Issue is not applicable.

CAUTION

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the Lead Manager and our Company dated 12th July, 2012, the Underwriting Agreement 19th July, 2012 entered into among the Underwriters and our Company and the Market Making Agreement dated 19th July, 2012 entered into among the Lead Manager, Market Maker and our Company.

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

Note:

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Draft Prospectus does not, however,

constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE UNDER RULE 144A OF THE U.S. SECURITIES ACT

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

FILING

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at the Corporate Finance Department, Plot No. C-4A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051. A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC situated at Block No. 6, B Wing, 2nd Floor, Shastri Bhawan, 26, Haddows Road, Chennai, Tamil Nadu -600034.

LISTING

Application shall be made to BSE Limited for obtaining permission for listing of the Equity Shares being offered and sold in the SME Platform of BSE. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

The BSE has given its approval for listing our shares vide its letter dated [●]. If the permission to deal in and for an official quotation of the Equity Shares is not granted by the SME Platform of BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest at the rate of 15% *per annum* on application money, as prescribed under Section 73 of the Companies Act. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Peer Review Auditors, Bankers to the Company; and (b) the Lead Manager, Escrow Collection Bankers, Registrar to the Issue, the Legal Advisors to the Issue, to act in their respective capacities, have

been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s. Vivekanandan Associates, Chartered Accountants, the Peer Review Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated 18th July, 2012 on restated financial statements. M/s Krishnan & Giri, Chartered Accountants, Statutory Auditors, of the Company have agreed to provide their written consent to the inclusion of statement of funds deployed dated 25th July, 2012 and statement of tax benefits dated 25th July, 2012 relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of the Draft Prospectus.

EXPERT OPINION

The Company has not obtained any opinions from an expert as per the Companies Act.

PUBLIC ISSUE EXPENSES

The Management estimates an expense of Rs. 50 Lacs towards Issue expense. The expenses of this Issue include, among others, underwriting and management fees, market making fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

No.	Particulars	Amount (Rs. In Lakhs)
1.	Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	30.00
2.	Printing & Stationery, Distribution, Postage, etc	10.00
3.	Advertisement & Marketing Expenses	7.00
4.	Regulatory & other expenses	3.00
Total		50.00

DETAILS OF FEES PAYABLE

Particulars	Amount (Rs. in Lakhs)	% of Total Issue Expenses	% of Total Issue Size
Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	30.00	60.00	5.18
Printing & Stationery, Distribution, Postage, etc	10.00	20.00	1.72
Advertisement & Marketing Expenses	7.00	14.00	1.21
Regulatory & other expenses	3.00	6.00	0.52
Total	50.00	100.00	8.63

FEES PAYABLE TO LEAD MANAGER TO THE ISSUE

The total fees payable to the Lead Manager will be as per the Engagement Letters from our Company and Lead Manager and Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, copy of which is available for inspection at the Registered Office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Underwriting Agreement amongst the Company and Underwriters. The underwriting commission shall be paid as set out in the Underwriting Agreement based on the Issue price and the amount underwritten in the manner mentioned on page 30 of this Draft Prospectus.

COMMISSION AND BROKERAGE PAID ON PREVIOUS ISSUES OF OUR EQUITY SHARES

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

CAPITAL ISSUE DURING THE LAST THREE YEARS

RCL Retail Limited and its Group Companies have not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

PREVIOUS PUBLIC OR RIGHTS ISSUE

There have been no public or rights issue by our Company during the last five years.

PREVIOUS ISSUES OF EQUITY SHARES OTHERWISE THAN FOR CASH

Except as stated in the section titled "Capital Structure" on page 32 of this Draft Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

PROMISE VIS-À-VIS PERFORMANCE

Our Company has not made any public or rights issue since its inception.

PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370(1) (B) OF THE COMPANIES ACT WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

There are no listed companies under the same management within the meaning of Section 370(1)(b) of the Companies Act that made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this Draft Prospectus.

STOCK MARKET DATA FOR OUR EQUITY SHARES

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company has appointed Cameo Corporate Services Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue, namely, Cameo Corporate Services Limited, will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non receipt of share certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Redressal of investors' grievance is given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialization/ rematerialization are handled by professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Mr. M Devendiran as Company Secretary and Compliance Officer and she may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Mr. M Devendiran,
Company Secretary & Compliance Officer,
84/85, Walltax Road, II Floor,
Chennai-600 003;
Tel: 91-44-2534 5283, Fax: 91-44-2534 5275
E-Mail: cs@rclretail.com

CHANGES IN AUDITORS

There has been no change in the auditors of our Company for the last three years.

CAPITALIZATION OF RESERVES OR PROFITS DURING LAST FIVE (5) YEARS

Our Company has not capitalized any reserve during last five (5) years.

REVALUATION OF ASSETS DURING THE LAST FIVE (5) YEARS

Our Company has not revalued its assets during the last five (5) years.

SECTION VII

ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009 our Memorandum and Articles of Association, the terms of the Draft Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please refer to the section titled “Main Provisions of the Articles of Association of the Company” on page 151 of this Draft Prospectus.

AUTHORITY FOR THE PRESENT ISSUE

The Issue has been authorized by a resolution of the Board passed at their meeting held on 10th July, 2012 subject to the approval of shareholders through a special resolution to be passed pursuant to section 81 (1A) of the Companies Act. The shareholders have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of the Company held on 13th July, 2012.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of this Draft Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note (“CAN”) and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, SME platform of BSE, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 1956. For further details, please refer to the section titled “Dividend Policy” on page 96 of this Draft Prospectus.

FACE VALUE AND ISSUE PRICE

The Equity Shares having a Face Value of Rs. 10/- each are being offered in terms of this Draft Prospectus at the price of Rs. 10/- per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled “Basis of Issue Price” on page 50 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

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

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.

MINIMUM APPLICATION VALUE; MARKET LOT AND TRADING LOT

As per the provisions of the Depositories Act, 1996, the shares of a body corporate can be in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

The investors have an option either to receive the security certificate or to hold the securities with depository.

The trading of the Equity Shares will happen in the minimum contract size of 10000 Equity Shares and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 10000 Equity Share subject to a minimum allotment of 10000 Equity Shares to the successful applicants.

MINIMUM NUMBER OF ALLOTTEES

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 15 days of closure of Issue.

JOINT HOLDERS

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

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

- to register himself or herself as the holder of the Equity Shares; or

- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

This Issue is not restricted to any minimum subscription level.

This Issue is 100% underwritten. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 73 of the COMPANIES Act, 1956.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The trading of the Equity Shares will happen in the minimum contract size of 10000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE.

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

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer to the section titled "*Main Provisions of the Articles of Association of the company*" on Page 151 of this Draft Prospectus.

OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM

The investors have an option either to receive the security certificate or to hold the securities with depository.

MIGRATION TO MAIN BOARD

Our Company may migrate to the main board of BSE from SME platform of BSE on a later date subject to the following:

a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than Promoter shareholders against the proposal and for which the Company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its main board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the main board.

OR

b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at

least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

MARKET MAKING

The shares offered through this Issue are proposed to be listed on the SME Platform of BSE, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME platform for a minimum period of three years from the date of listing of shares offered through this Draft Prospectus. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please refer to “*General Information - Details of the Market Making Arrangements for this Issue*” on page 31 of this Draft Prospectus.

NEW FINANCIAL INSTRUMENTS

The Issuer Company is not issuing any new financial instruments through this Issue.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- (i) The final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and
- (ii) The final RoC approval of the Draft Prospectus after it is filed with the RoC. In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Chennai, Tamil Nadu, India.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulations under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(1) of Chapter X-B of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, An issuer whose post-issue face value capital does not exceed ten crore rupees shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an Issue please refer the section titled “*Terms of the Issue*” and “*Issue Procedure*” on page 129 and 135 of this Draft Prospectus.

Following is the Issue structure:

Public Issue of 57,95,000 equity shares of Rs. 10/- each (the “Equity Shares”) for cash at a price of Rs. 10/- per Equity Share aggregating to Rs. 579.50 lacs (“the Issue”) by RCL Retail Limited (“RCL” or the “Company” or the “Issuer”).

The Issue comprises Promoter Contribution of 24,10,000 Equity Shares (Promoters Contribution Portion), reservation of 2,95,000 Equity Shares for subscription by the designated Market Maker (“the Market Maker Reservation Portion”) and Net Issue to Public of 30,90,000 Equity Shares (“the Net Issue”).

Particulars of the Issue	Promoters Contribution	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	24,10,000 Equity Shares	30,90,000 Equity Shares	2,95,000 Equity Shares
Percentage of Issue Size available for allocation	41.59% of the Issue Size	53.32% of the Issue size	5.09% of the Issue size
Basis of Allotment	Firm Allotment	Proportionate subject to minimum allotment of 10000 Equity Shares and further allotment in multiples of 10000 Equity Shares each. For further details please refer to the section titled “ <i>Issue Procedure - Basis of Allotment</i> ” on page 140 of this Draft Prospectus.	Firm Allotment
Mode of Application	One day prior to Issue Opening date	For QIB and NII Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	24,10,000 Equity Shares	For QIB and NII: Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value exceeds Rs. 2,00,000/- For Retail Individuals: 5,000 Equity Shares	6,00,000 Equity Shares
Maximum Application Size	24,10,000 Equity Shares	For QIB and NII: Such number of equity shares in multiples of 10,000 Equity Shares such that the Application Size does not	6,00,000 Equity Shares

		exceed 30,90,000 Equity Shares. For Retail Individuals: Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value does not exceed Rs. 2,00,000/-.	
Mode of Allotment	Dematerialized Form or Physical Form, at the option of the applicant	Dematerialized Form or Physical Form, at the option of the applicant	Dematerialized Form or Physical Form, at the option of the applicant
Trading Lot	10000 Equity Shares	10000 Equity Shares	10,000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at least one day prior to Issue opening date.	The entire Application Amount will be payable at the time of submission of the Application Form.	

*50 % of the shares offered are reserved for applications below Rs. 2 lakh and the balance for higher amount applications.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time after the Issue Opening Date but before Allotment. If our Company withdraws the Issue, our Company will issue a public notice within two days, providing reasons for not proceeding with the Issue. The LM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

ISSUE OPENING DATE	[●]
ISSUE CLOSING DATE	[●]

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

FIXED PRICE ISSUE PROCEDURE

The Issue is being made under Regulation 106(M)(2) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit to them the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialization form as the issue size is less than Rupees ten Crores as per Section 68B of the Companies Act, 1956.

APPLICATION FORM

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. Upon completing and submitting the Application Form to the Bankers, the Applicant is deemed to have authorized our Company to make the necessary changes in the Draft Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Applicant.

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

WHO CAN APPLY?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". applications by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares under their respective constitutional and charter documents;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- Limited Liability Partnerships (LLPs) registered in India and authorised to invest in equity shares;

- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 25 Crores and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 25 Crores and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India

As per the existing regulations, OCBs cannot participate in this Issue.

The information below is given for the benefit of the applicants. Our Company and the Lead Manager do not accept responsibility for the completeness and accuracy of the information stated. Our Company and the Lead Manager is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the limits prescribed under laws or regulations.

PARTICIPATION BY ASSOCIATES OF LM

The LM shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the LM may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue and the collection Centers of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE limited i.e. www.bseindia.com.

OPTION TO SUBSCRIBE IN THE ISSUE

- Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialization form.
- The equity shares, on allotment, shall be traded on Stock Exchange in demat segment only.
- A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of Gol, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued there under.

While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Subscription by Non Resident Indian and Foreign Institutional Investors (NRIs/FIIs)

Under the extant Consolidated FDI Policy, April 2011, FDI in Indian companies carrying on business in Indian retail and trading sector is prohibited, except “Single Brand Product” retailing. Therefore, foreign investment in the Multi Brand Retail Sector is prohibited under the automatic route and also under the approval route. As per the existing policy of the Government of India, OCBs cannot participate in this Issue. Non-residents including FIIs, FVCIs as well as foreign multilateral and bilateral development financial institutions are also not eligible to invest in this Issue.

In this regard, it is pertinent to note that the corollary changes to the foreign exchange control regulations promulgated by the Reserve Bank of India under the Foreign Investment Management Act, 1999 have not been notified.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction.

The above information is given for the benefit of the Investors. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRIS APPLYING ON NON REPATRIATION

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and not in the names of Minors, trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

APPLICATION BY MUTUAL FUNDS

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

APPLICATIONS BY LIMITED LIABILITY PARTNERSHIPS

In case of applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

APPLICATIONS BY INSURANCE COMPANIES

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, *i.e.* 26th December, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

APPLICATION BY PROVIDENT FUNDS/ PENSION FUNDS

In case of applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs. 2,500 lac, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

APPLICATION UNDER POWER OF ATTORNEY

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a). With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (b). With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (c). With respect to applications made by provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along

with the Application Form . Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form , subject to such terms and conditions that our Company , the lead manager may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

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

MAXIMUM AND MINIMUM APPLICATION SIZE

(a) For Retail Individual Applicants

The Application must be for a minimum of 10,000 Equity Shares and in multiples of 10,000 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs. 2,00,000.

(b) For Other Applicants (Non Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 200,000 and in multiples of 10,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion.

Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.

INFORMATION FOR THE APPLICANTS:

- a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- b) The LM will circulate copies of the Prospectus along with the Application Form to potential investors.
- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office or from the registered office of the LM.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the LM or their authorized agent(s) to register their Applications.
- e) Applications made in the Name of Minors and/or their nominees shall not be accepted.
- f) Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form.

In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Chennai.

APPLICANT'S DEPOSITORY ACCOUNT AND BANK DETAILS

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the LM or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form. These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue. By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

BASIS OF ALLOTMENT

Allotment will be made in consultation with BSE Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 10,000 equity shares the allotment will be made as follows:
 - a) Each successful applicant shall be allotted 10,000 equity shares; and
 - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 10,000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 10,000 equity shares subject to a minimum allotment of 10,000 equity shares.

5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 10,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.

6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

- a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
- b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
- c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/- Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

REFUNDS

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The

Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

Non-residents including FIIs, FVCIs as well as foreign multilateral and bilateral development financial institutions are not eligible to invest in this Issue.

TERMS OF PAYMENT / PAYMENT INSTRUCTIONS

The entire Issue Price of Rs. 10/- per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co operative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of QIB: "RCL Retail Limited -Public Issue -QIB".
 - In case of Resident Retail and Non-Institutional Bidders- "RCL Retail Limited -Public Issue -QIB".
2. Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay In Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
3. On the Designated Date and no later than 12 days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

PAYMENT BY STOCK INVEST

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

Don'ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
 - Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

No separate applications for demat and physical is to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

PERMANENT ACCOUNT NUMBER OR PAN

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (“PAN”) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

RIGHT TO REJECT APPLICATIONS

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

GROUND FOR REJECTIONS

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 10,000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant’s identity (DP ID) and the beneficiary’s account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;
- Non-residents including FIIs, FVCIs as well as foreign multilateral and bilateral development financial institutions
- Applications not duly signed by the sole applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 5.00 pm on the Issue Closing Date;

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

(a) Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

SIGNING OF UNDERWRITING AGREEMENT

Vide an Underwriting agreement dated 19th July 2012 this issue is 100% Underwritten.

FILING OF THE PROSPECTUS WITH THE ROC

The Company will file a copy of the Prospectus with the RoC in terms of Section 56 and Section 60 of the Companies Act.

PRE-ISSUE ADVERTISEMENT

Subject to Section 66 of the Companies Act, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

The Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 12 days of the Issue Closing Date.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any.

Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 12 working days of closure of Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

PAYMENT OF REFUND

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

- 1) **ECS (Electronic Clearing System)** - Payment of refund would be done through ECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
- 2) **Direct Credit** - Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
- 3) **RTGS (Real Time Gross Settlement)** - Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ` 10.00 lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- 4) **NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- 5) **For** all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within twelve (12) days of the Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 12 (twelve) days of the Issue Closing Date;
- 2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 10 (ten) days of the Issue Closing Date would be ensured; and
- 3) The Company shall pay interest at 15% p.a. for any delay beyond the 7 (seven) days time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (twelve) days time.

UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within twelve days of Issue Closing Date;
- 3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 5) That the certificates of the securities/ refund orders to the non resident Indians shall be dispatched within specified time; and
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.
- 7) The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

UTILIZATION OF ISSUE PROCEEDS

Our Board certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 73 of the Companies Act;
- 2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;

- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the LM reserves the right not to proceed with the Issue at anytime, including after the Issue Closing Date but before the Board meeting for Allotment, without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- (a) Agreement dated 11th February, 2011 between NSDL, the Company and the Registrar to the Issue;
(b) Agreement dated 23rd February, 2011 between CDSL, the Company and the Registrar to the Issue;
The Company's shares bear an ISIN No. INE892L01019

- An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis à vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

COMMUNICATIONS

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip. Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants

are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

ASBA PROCESS

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant (“ASBA Account”) is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the LM. ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

Who can apply?

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB. Application Amount paid in cash, by money order or by postal order or by stockinvest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue. The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if

any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

SECTION VIII

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or Debentures and / or on their consolidation /splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized / defined terms herein have the same meaning given to them in the Articles of Association.

Table 'A'

- I. Table A not to apply The regulations contained in Table A, Schedule, to the Companies Act, 1956, shall not apply to the company except so far as the same are reproduced or contained in or expressly made applicable by these Articles or the Act. The regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the Company's power to modify, alter or add to its regulations, be such as are contained in these articles.

- II. Definitions In the interpretation of these Articles, the following words and expressions shall have the following meanings assigned thereunder, unless repugnant to the subject matter or content thereof.

“Beneficial Owner”

“Beneficial Owner” shall have the meaning assigned thereto by Section 2 (1)(a) of the Depositories Act, 1996.

“Depository”

“Depository” shall have the meaning assigned thereto by Section 2 (1)(e) of the Depositories Act, 1996.

“Depositories Act 1996”

“Depositories Act 1996” shall mean Depositories Act 1996, and include any Statutory modification or re-enactment thereof for the time being in force.

“Member”

“Member” means the duly registered holder from time to time of the Shares of the Company of any class and includes the subscriber(s) of the Memorandum of the Company and every person whose name is entered as the beneficial owner of any share in the records of Depository, but does not include the bearer of a share warrant of the Company, if any, issued in pursuance of Articles of Association of the Company.

“Securities & Exchange Board of India”

“Securities & Exchange Board of India” or SEBI means the Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.

“Security”

“Security” means such security as may be specified by SEBI from time to time.

“Singular number”

Words importing the “Singular number” include, where the context admits or requires, the plural number and vice versa.

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles. The marginal notes used in these Articles shall not affect the construction thereof.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

CAPITAL

2. The Authorised Share Capital of the Company is as per clause V of the Memorandum of Association of the Company with all rights to the Company to alter the same in any way it thinks fit.

INCREASE OF CAPITAL BY THE COMPANY AND HOW CARRIED INTO EFFECT

3. The Company in General Meeting may by Ordinary Resolution, from time to time increase the capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increase capital shall be issued upon such terms and conditions and with such rights and privileges attached thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with 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 this Article, the Directors shall comply with the provisions of Section 97 of the Act.

4. The shares in the capital shall be distinguished by its appropriate number, provided that nothing in this section shall apply to the shares held with a depository.

SHARES AT THE DISPOSAL OF THE DIRECTORS

5. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.

POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES

6. In addition to and without derogating from the powers for the purpose conferred on the Board under Article 5 & 8 the Company in General Meeting may subject to the Provisions of Section 81 of the Act, determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted any class of shares of the Company either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions, whatsoever for the issue, allotment or disposal of any shares.

INCREASE OF CAPITAL

7. The Company in General Meeting may from time to time increase its share capital by the creation of further shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, the

further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Board shall determine.

FURTHER ISSUE OF SHARES

8. 1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

- a. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

- d. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.

2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof in any manner whatsoever.

- a. If a special resolution to that effect is passed by the Company in General Meeting, or
- b. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposed by members, so entitled and voting and Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

3. Nothing in sub-clause (c) of (1) hereof shall be deemed:

- a. To extend the time within which the Offer should be accepted; or
- b. To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made had declined to take the shares comprised in the renunciation.

Nothing in the Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- i. To convert such debentures or loans into shares in the Company; or
- 1. To subscribe for shares in the Company whether such options is conferred in these Articles or otherwise.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term;

- a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or in conformity with the rules, if any, made by that Government in this behalf;
- b. In the case of debentures or loans or other than debentures issued or loans obtained from Government or any Institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in general meeting before the issue of debentures or raising of the loans.

POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES

9. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.

APPLICATION OF PREMIUM RECEIVED ON SHARES

11. 1. Where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.

2. The security premium account may, notwithstanding anything in clause (1) thereof be applied by the Company.

- a. In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;
- b. In writing off the preliminary expenses of the Company;
- c. In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company; or
- d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

POWER TO OFFER SHARES/OPTIONS TO ACQUIRE SHARES

12. (i) Without prejudice to the generality of the powers of the Board under any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not),

whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.

(ii) In addition to the powers of the Board under Article 12 (i), the Board may also allot the Shares referred to in Article 12 (i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees (including by way of options, as referred to in Article 12 (i) in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

The Board, or any Committee thereof duly authorized for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 12 (i) and (ii) above.

REDEEMABLE PREFERENCE SHARES

13. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, are liable to be redeemed and the resolution authorizing such issues shall prescribe the manners, terms and conditions of redemption.

PROVISIONS APPLICABLE IN CASE OF REDEEMABLE SHARES

14. On the issue of redeemable preference shares under the provisions of Article 13 hereof, the following provisions shall take effect.

- a. No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
- b. No such shares shall be redeemed unless they are fully paid.
- c. The premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company's share Premium Account, before the shares are redeemed; and
- d. Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares to be redeemed and the provisions of the Act relating to the reduction of the share capital of a Company shall, except as provided under Section of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

NEW CAPITAL SAME AS ORIGINAL CAPITAL

15. Except so far as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares shall be considered part of the initial capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments; transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

RESTRICTION OF PURPOSE BUY COMPANY OF ITS OWN SHARES

16. (1) The Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanction in accordance with Article 18 and in accordance with Sections 100 to 104 or Section 402 or other applicable provisions (if any) of the Act.

This Article is not to delegate any power which the Company would have if it were omitted.

- (2) Except to the context permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise any financial assistance for the purchase of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.

- (3) Nothing in this Article shall affect the right of the Company to redeem any redeemable preference shares issued under these Articles or under Section 80 or other relevant provisions (if any) of the Act.

17. Notwithstanding anything contained in these Articles and in accordance with the provisions of the Sections 77A, 77AA and 77B of the Companies Act, 1956 the Company may, when and if thought fit by the Board of Directors, buy back, acquire or hold its own shares or other specified securities (as may be notified by the Central Government from time to time under section 77A of the Act) whether or not they are redeemable and on such terms and conditions and up to such limits as may be prescribed by law from time to time provided that nothing herein contained shall be deemed to affect the provisions of section 100 to 104 and 402 of the Act, in so far as and to the extent they are applicable.

REDUCTION OF CAPITAL

18. The Company may, subject to the provisions of Section 78, 80 and 100 to 105 and other applicable provisions (if any) of the Act, from time to time by special resolution, reduce its capital and any capital redemption reserve account or any share premium account in any manner for the time being authorized by law and in particular, capital may be paid off on the footing that it may be called up again or otherwise.

CONSOLIDATION AND DIVISION OF CAPITAL

19. The Company may in general meeting alter the conditions of its Memorandum of Association as follows:

- a. Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.
- b. Sub-divide its shares or any of them into shares of smaller amount so however that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived.
- c. Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled, a cancellation of shares in pursuance of this sub-clause, shall not be deemed to be reduction of share capital within the meaning of the Act.

MODIFICATION OF RIGHTS

21. Whenever the capital, by reason of the issue of preference shares or otherwise, 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 varied, 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 at least three-fourths in nominal value of the issued shares of the class or is confirmed by a resolution passed by the votes of not less than three-fourths of the votes of the holders of the shares of that class at a separate general meeting of the holders of shares of that class and all the provisions contained in these Articles to its general meetings shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power, the Company would have if this Article were omitted.

ISSUE OF FURTHER SHARES ON PARI PASSU BASIS

22. The rights conferred upon the holders of shares of any class issued with preferred or other rights, not unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

NO ISSUE WITH DISPROPORTIONATE RIGHTS

23. The Company shall not issue any shares (not being preference shares) which carry voting right or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares (not being preference shares).

24. a. Power to Company to dematerialize and rematerialize

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares, debentures and other securities and rematerialize its such shares, debentures and other securities held by it with the Depository and/ or offer its fresh shares and debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed there under if any.

b. Dematerialization of Securities

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialized form, the Company shall enter into an agreement with the depository to enable the investor to dematerialize the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

c. Intimation to Depository

Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such Securities.

d. Option for Investors

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. A beneficial owner of any security can at any time opt out of a Depository, if permitted by law, in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

e. The Company to recognize under Depositories Act, Interest in the Securities other than that of Registered holder.

The Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with Depository in electronic form and the certificates in respect thereof shall be, dematerialized in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996.

f. Securities in Depositories and Beneficial Owners

All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

g. Rights of depositories and Beneficial Owners.

a. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

b. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository.”

h. Depository to furnish information

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

SHARES AND CERTIFICATES

REGISTER AND INDEX OF MEMBERS

25. The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in physical and dematerialized forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or country.

SHARES TO BE NUMBERED PROGRESSIVELY

26. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned, no share shall be sub-divided.

DIRECTORS MAY ALLOT SHARES FULLY PAID-UP

27. Subject to the provisions of the Act and of these Articles, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid up shares.

APPLICATION OF PREMIUM

28. 1. Where the Company issue shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account to be called Share Premium Account and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this clause, apply as if the share premium account were paid up share capital of the Company.

2. The share premium account may, notwithstanding sub-clause (1) hereof, be applied by the Company;

- a. In paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
- b. In writing off the preliminary expenses of the Company;
- c. In writing off the expenses of or the commission paid or discount allowed on any issue of shares or debenture of the Company or
- d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

INSTALLMENTS OF SHARES

29. If by the terms of issue of any shares or otherwise, the whole or any part of the amount or issue price thereof shall be payable by installments at a fixed time, every such installments shall when

due, be paid to the Company by the person who, for the time being and from time to time, is the registered holder of the shares of his legal representatives.

ACCEPTANCE OF SHARES

30. Subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these articles and every person who thus or otherwise accept any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share shall be applied for or allotted to a minor, insolvent or person of unsound mind.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATE

33. The Company shall, unless the conditions of issue otherwise provide, within three months after the allotment of any of its shares or debentures and within one month after the application for the transfer of any such shares or debentures, complete and have ready for delivery the certificates of all shares and debentures allotted or transferred.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

34. Every members shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to all such holder.

ISSUE OF NEW CERTIFICATE IN PLACE OF DEFACED, LOST OR DESTROYED

35. If any certificate be worn out, defaced mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fees shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

SWEAT EQUITY

42. Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for

consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.

DECLARATIONS BY PERSON NOT HOLDING BENEFICIAL INTEREST IN ANY SHARES

43. 1. Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act.

2. A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.

3. Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.

4. Notwithstanding anything contained in the Act and Articles 50, 51 and 52 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Register with regard to such declaration.

FUNDS OF COMPANY NOT TO BE APPLIED IN PURCHASE OF SHARES OF THE COMPANY

44. No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

ISSUE OF SHARES WITHOUT VOTING RIGHTS

45. In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as through fit and as may be permitted by law.

UNDERWRITING AND BROKERAGE

COMMISSION MAY BE PAID

49. The Company may, subject to the provisions of Section 76 and other applicable provisions, if any, of the Act any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures, or partly in the one way and partly in the other.

BROKERAGE MAY BE PAID

50. The Company may pay a reasonable sum for brokerage on any issue of shares and debentures.

COMMISSION TO BE INCLUDED IN THE ANNUAL RETURN

51. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

52. Where any shares are issue for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, at the rate and subject to the conditions and restrictions contained in Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of the plant.

CALLS

DIRECTORS MAY MAKE CALLS

53. The Board of Directors may from time to time by a resolution passed at meeting of the Board (and not by circular resolution) make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board of Directors. A call may be made payable by installments.

CALLS ON SHARES OF THE SAME CLASS TO BE MADE ON UNIFORM BASIS

54. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

NOTICE OF CALLS

55. One month notice at least of every call payable otherwise than on allotment shall be given by the Company specifying the time and place of payment and to whom such call shall be paid. Provided that the Board may, at its discretion, revoke the call or postpone it.

CALLS TO DATE FROM RESOLUTION

56. A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of the Board of Directors and may be made payable by the members on the Register of Members on a subsequent date to be fixed by the Board.

DIRECTORS MAY EXTEND TIME

57. The Board of Directors may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such times as to all or any of the members, who from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension save as a matter of grace and favour.

CALL TO CARRY INTEREST AFTER DUE DATE

58. If any member fails to pay a call due from him on the day appointed for payment thereof or any such extension thereof as 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 of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member.

PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

60. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until he same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debenture of the Company.

FORFEITURE, SURRENDER AND LIEN

IF CALL OR INSTALLMENT NOT PAID, NOTICE MAY BE GIVEN

61. If any member fails to pay any call or installment of a call in respect of any shares on or before the day appointed for the payment of the same, the Board may at any time hereafter during such time as the call or installment remains unpaid, serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

FORM OF NOTICE

62. The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call or installment and such interest and expenses as aforesaid is to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the calls was made or installment was payable, will be liable to be forfeited.

IN DEFAULT TO PAYMENT SHARES TO BE FORFEITED

63. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before all the calls or installments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture.

NOTICE OF FORFEITURE

64. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.

FORFEITED SHARES TO BECOME PROPERTY OF THE COMPANY

65. Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot otherwise dispose off the same in such manner as it thinks fit.

POWER TO ANNUAL FORFEITURE

66. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof as a matter of grace and favour but not as of right upon such terms and conditions as it may think fit.

ARREARS TO BE PAID NOTWITHSTANDING FORFEITURE

67. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate not exceeding fifteen per cent per annum as the Board may determine and the Board may enforce the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.

EFFECT OF FORFEITURE

68. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights, incidental to the share except only such of those rights as are by these Articles expressly saved.

DECLARATION OF FORFEITURE

70. a. A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

b. The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof any may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.

c. The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.

d. Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.

e. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.

71. The declaration as mentioned in Article 82 of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

TITLE OF PURCHASER AND ALLOTTEE OF FORFEITED SHARES

72. The Company may received the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off and the person to whom such share is sold, re-allotted or disposed off may be registered as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement to the contrary) be liable to pay any calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment, nor shall be entitled (unless by express agreement to contrary) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any; nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, re-allotment or disposal of the share.

PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE

73. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

THE PROVISIONS OF THESE ARTICLES AS TO FORFEITURE TO APPLY IN CASE OF NON-PAYMENT OF ANY SUM

74. The provisions of these Articles as to forfeiture shall apply to the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the Shares or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

BOARD MAY ACCEPT SURRENDER OF SHARES

75. The Board may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering the same on such terms as the Board may think fit.

COMPANY'S LIEN ON SHARE/DEBENTURES

76. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

BOARD OF DIRECTORS MAY ISSUE NEW CERTIFICATES

80. Where an shares under the powers in that behalf herein contained are sold by the Board of Directors after forfeiture or for enforcing a lien, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting member) stand cancelled and become null and void and of no effect and the Board of Directors may issue a new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from the certificate or certificates previously issued in respect of the said shares.

EXECUTION OF TRANSFER

84. Subject to the Provisions of the Act and these Articles, the transfer of shares in or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate if in existence or along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

INSTRUMENT OF TRANSFER

85. The instrument of transfer shall be in writing and all the provisions of section 108 of the Act and any statutory modification thereof, for the time being, shall be duly complied with in respect of all transfers of shares and of the registration thereof.

86. (i) Every holder of the share(s) in, and / or debenture(s) of the Company, may at any time nominate, in the manner prescribed under the Act, a person to whom his share(s) in, and/or debenture(s) of the Company, shall vest in the event of his death.

(ii) Where the share(s) in, and/or debenture(s) of the Company, are held by more than one person jointly, all the joint-holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in these Articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, and/or debenture(s) of the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, and/or debenture(s) of the Company, the nominee shall, on the death of the shareholder and/or debenture-holders concerned or on the death of all the joint-holders, as the case may be, become entitled to all the rights in relation to such share(s) in and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.

(iv) Where the nominee is a minor, the holder of the share(s) in, and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in, and/or debenture(s) of the Company, in the event of his death, during the minority.

(v) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provisions of Article 86, upon the production of such evidence as may be required by the Board and subject as herein after provided, may elect either;

1. to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or
2. to make such transfer of the share(s) and/or debenture(s), as the case may be, as the deceased shareholder and/or debenture-holder, as the case may be, could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the share(s) and/or debenture(s) himself, he shall deliver or send to the Company, a notice in writing duly signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder and/or debenture-holder, as the case may be.

(vi) All the limitations, restrictions and provisions of the Act, relating to the right to transfer and the registration of transfer of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder/debenture holder had not occurred and the notice or transfer were a transfer signed by that shareholder and/or debenture-holder as the case may be.

(vii) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered a member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that, the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

NO TRANSFER TO A PERSON OF UNSOUND MIND

87. No transfer shall be made to a minor or a person of unsound mind.

TRANSFER OF SHARES

88. 1. An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.

2. Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
3. For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instruments of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
4. **DIRECTORS MAY REFUSE TO REGISTER TRANSFER**
Subject to the Provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.
5. If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within one month from the date on which instrument of transfer or the intimation of transmission, as the case may be, was delivered to the Company, sends notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.
6. Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.
7. **NO FEE ON TRANSFER OR TRANSMISSION**
No fee shall be charged for registration of transfer, transmission, Probate, Succession, Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

TITLE TO SHARES OF DECEASED HOLDER

93. Subject to Article 93 the heir, executor or administrator of a deceased shareholder shall be the only person recognized by the Company as having any title to his shares and the Company shall not be bound to recognize such heir, executor or administrator unless such heir, executor or administrator shall have first obtained letters of administration or succession certificate.

THE COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF TRANSFER

99. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or transmission of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer any may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

A. NOMINATION

- (i) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- (ii) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the act.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholders or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority.

“OPTION OF NOMINEE

- (i) A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-(a) to register himself as holder of the share or debenture, as the case may be; (b) or to make such transfer of the shares and/or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee elects to be registered as holder of the shares or debentures, himself, as the case may be, he shall deliver or send to the Company, notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder, as the case may be.

- (ii) A nominee shall be entitled to the share dividend/interest and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to the meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.

B. TRUST NOT RECOGNISED

Save as herein otherwise provided, the Company shall be entitled to treat the person whose names) appears on the Register of Members/Debentures as the holder of any Shares/Debentures in the records of the Company and/or in the records of the Depository as the absolute owner thereof and accordingly shall not (except as may be ordered by a Court of competent jurisdiction or as may be required by law) be bound to recognize any benami trust or equitable, contingent, future or other claim or interest or partial interest in any such shares/debentures on the part of any other person or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto on the part of any other person whether or not it shall have express or implied notice thereof, but the Board shall be at liberty and at its sole discretion decided to register any share/debenture in the joint names of any two or more persons or the survivor or survivors of them.

C. TRANSFER OF SECURITIES

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of depository.

D. NOTICE OF APPLICATION WHEN TO BE GIVEN

Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

E. REFUSAL TO REGISTER NOMINEE

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

F. PERSON ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS A MEMBER

A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.

SHARE WARRANTS

102. (i) Power to issue Share Warrants.

The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

(ii) Deposit of Share Warrants.

- (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.
- (b) Not more than one person shall be recognized as depositor of the Share warrant
- (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

(iii) Privileges and Disabilities of the holders of Share Warrants.

- (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.
- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

(iv) Issue of New Share Warrants Coupons

The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

MEETING OF MEMBERS

105 (a) Subject to Section 166 of the Act, the Company shall in each year hold, in addition to any other meetings, a General Meeting as its Annual General Meeting and shall specify the meeting as

such in the notices calling it and not more than fifteen months shall elapse between the date of the Annual General Meeting of the Company and that of the next, subject however to the right of the Registrar, under the Act, to extend the time within which any Annual General Meeting may be held.

(b) Every Annual General Meeting shall be called for at a time during business hours on a day that is not a public holiday and shall be held either at the Registered Office of the Company or at some other place within the city or town or village in which the Registered Office of the Company is situated.

106. The Company shall in accordance with Section 159 of the Act, within 60 day from the day on which the Annual General Meeting is held, prepare and file with the Registrar a return in the form set out in part II of Schedule V to the Act or as near thereto as the circumstance shall admit and containing the particulars specified in part I of the said Schedule V together with three copies of the Balance Sheet and the Profit and Loss Account laid before the Annual General Meeting in accordance with Section 220 of the Act.

Distinction between Annual General Meeting and Extra-ordinary General Meeting

107. The General Meeting referred to in Article 106 shall be called and styled as an Annual General Meeting and all meetings other than the Annual General Meeting shall be called Extra-ordinary General Meetings.

Calling of Extra-ordinary General Meeting

108. The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting of the Company and it shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid forthwith proceed to convene an Extra-Ordinary General Meeting of the Company and in the case of such requisition, the provision of Section 169 of the Act shall apply. No shareholder or shareholders shall call a meeting of the Company except by or upon a requisition as herein provided.

Length of notice for calling meeting

109. (1) A General Meeting of the Company may be called giving not less than twenty one days notice in writing.

(2) A General Meeting may be called after giving shorter notice than the specified in sub-clause (1) hereof, if consent is accorded thereof.

- i. in the case of an Annual General Meeting, by all the members entitled to vote thereat: and
- ii. in the case of any other meeting, by members of the Company holding not less than ninety five per cent of such part of the paid up share capital of the Company as gives a right to vote at that meeting.

Provided that where any members of the Company are entitled to vote on some resolution to be moved at the meeting and not on the others, those members shall be taken into the account for the purpose of this sub-clause in respect of the former resolution or resolutions and not in respect of the later.

Contents and manner of services of notices and person on whom it is to be served

110. (1) Every notice of the meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(2) Notice of every meeting of the Company shall be given:

- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act.
- (ii) to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of

- representatives of the deceased or assignee of the insolvent or by any like description at the address if any, in India supplied for the purpose by the persons claiming to so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred: and
- (iii) To the auditor or auditors for the time being of the Company in any manner authorised by Section 53 of the Act, in the case of any member or members of the Company.
 - (iv) Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of section 53 of the Act, the statement of material facts referred to in Section 173 of the Act, need not be annexed to the notice as required by that section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.
- (3) The accidental omission to give notice to or non receipt of notice by any member or other person to whom it should be given shall not, invalidate the proceedings at the meeting.
- (4) Every notice convening a meeting of the Company shall state in that a member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and that a proxy need not be a Member of the Company.

Special Business

111. All business to be transacted at an Annual General Meeting with the exception of businesses relation to (i) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors, (ii) the declaration of the Dividend, (iii) the appointment of Directors in place of those retiring and (iv) the Appointment of and the Remuneration of Auditors and all business to be transacted at any other meetings of the Company shall be deemed Special.

Explanatory Statement to be annexed to notice

112. Where any items of business to be transacted at any meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of meeting an explanatory statement setting out all material facts concerning each item of business including in particular the nature and extend of the interest, if any, therein, of every Director and of the Manager and specifying where any item of business consists of the according of approval to any document by the meeting, the time and place, where the document can be inspected.

Provided that where any such item of special business at the meeting of the Company related to or affects any other company, the extent of shareholding interest in that other company of every Director of the Company, shall also be set out in the statement, if the extent of such shareholding interest is not less than 20 per cent of the paid up share capital of that other company.

Meeting not competent to discuss or transact any business not mentioned in notice

113. No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice or notices upon which it is convened.

Quorum

114. Five members entitled to vote and present in person shall be a quorum for a General Meeting. When more than one of the joint holders of a share is present not more than one of them shall be counted for determining the quorum. Several executors or administrators of a deceased person in whose sole name a share stands shall, for the purpose of this Article, be deemed joint holders thereof. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India, or the Governor of a State being member of the Company shall be deemed to be personally present if he is represented in accordance with Section 187A of the Act.

Presence of quorum

115. No business shall be transacted at any General Meeting unless the requisite quorum shall be present at the commencement of the business.

If Quorum not present, meeting to be dissolved and when to be adjourned

116. If within half an hour from the time appointed for holding the meeting a quorum is not present, the meeting, if called upon the requisition of members shall stand dissolved but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or if that day is a public holiday, or to such other day, time and place as the Board may determine.

117. If at the adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting the members present shall be a quorum and may transact the business for which the meeting was called.

Resolution passed at adjourned meeting

118. Where a resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

Power of adjourn General Meeting

119. (1) The Chairman of the General Meeting may adjourn the same from time to time and from place to place, but not business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(3) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

Chairman of General Meeting

120. The Chairman of the Board shall, if willing, preside as Chairman at every General Meeting, Annual or Extra-ordinary, if there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or being present declined to take the Chair, the Directors present may choose one of their members to be Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Director present be willing to take the Chair, members shall, on a show of hands elect one of their numbers to be Chairman, of the meeting, if a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles and the Chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected chairman as a result of the poll, he shall be the Chairman for the rest of the meeting.

Business confined to election of Chairman while chair vacant

121. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.

Resolution must be proposed and seconded

122. No resolution submitted to a meeting, unless proposed by the Chairman of the meeting shall be discussed nor put to vote until the same has been proposed by a member present and entitled to vote at such meeting and seconded by another member present and entitled to vote at such meeting.

Postal Ballot

123. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.

How question to be decided at meetings

124. At any General Meeting, a resolution put to the vote of the meeting, shall be, decided on a show of hands unless the poll is demanded as provided in these Articles.

Declaration of Chairman to be conclusive

125. A declaration by the Chairman that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

126. (1) Before or on the declaration of the result of the voting on any resolution on a show hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on demand made in that behalf by the person or persons specified below, that is to say by any member or members present in person or by proxy and holding shares in the Company:

- I. which confer a power to vote on the resolution not being less than one-tenth to the total voting power in respect of the resolution or
- II. on which an aggregate sum of not less than fifty thousand has been paid up.

(2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking Poll

127. Any poll duly demanded on the question of adjournment shall be taken forthwith, a poll demanded on any other question shall be taken at such time not exceeding 48 hours from the time when the demand was made, as the Chairman of the meeting may direct.

Scrutineers at Poll

128. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him, the Chairman shall have power, at any time, before the result of the poll is declared to remove a scrutineer from office and to fill vacancies of the office of scrutineer arising from such removal or from any other cause of the two scrutineers so to be appointed, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and is willing to be appointed.

Business may proceed notwithstanding demand for Poll

129. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Chairman's casting vote

130. In the case of equality of votes, the Chairman shall, both on a show of hands and on a poll, have a second or casting vote in addition to the vote or votes to which he may be entitled as a member.

Manner of taking poll and result thereof

131. (a) Subject to the provisions of the Act the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

132. Requisitionists' meeting

(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-

(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.

(2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or

(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.

(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.

(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:

(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.

(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.

(ii) the case of any other requisition, not less than two weeks before the Meeting, and

(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

Provided That if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.

Extra-ordinary General Meeting by Board and by Requisition.

133. (a) The Directors may whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.

- (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

Contents of requisition, and number of requisitionists required and the conduct of Meeting

134. (1) In case of requisition the following provisions shall have effect:

- (a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.
 - (b) The requisition may consist of several documents in like form each signed by one or more requisitionists.
 - (c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.
 - (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clauses are fulfilled.
 - (e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for consideration of those matters on a day not later than forty-five days from the date of the date deposit of the requisition, the Meeting may be called:
 - (i) By the requisitionists themselves; or
 - (ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (1) whichever is less, Provided that for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.
- (2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:
- (a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but
 - (b) shall not be held after the expiration of three months from the date of deposit of the requisition. Provided that nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.
- (3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.

(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

VOTES OF MEMBERS

Votes may be given by proxy or attorney

135. Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate, also by a representative duly authorised under section 187 of the Act and Article 137.

Votes of members

136. Subject to the provision of the Act and these Articles, every member not disqualified by Article 140 shall be entitled to be present in person and holding any equity share capital therein, shall have one vote and upon a poll the voting right of every such member present in person or by proxy shall be in proportion to his share of paid up equity share capital of the Company.

Provided, however, if any preference share holder be present at any meeting of the Company, save as provided in Clause (b) of sub-section (2) of Section 84 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

Right of member to use his votes differently

137. On a poll being taken at meeting of the Company, a member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Representation of Body Corporate

138. A body corporate whether a Company within meaning of the Act or not may, if it is a member or creditor of the Company including being a holder of debentures, may authorize such person by a resolution of its Board of Directors, as it thinks fit, to act as its representative at any meeting of creditors of the Company.

Restriction on exercise of voting right by members who have not paid calls

139. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and/or has exercised its right of lien.

No voting by proxy on show of hands

140. No member not personally present shall be entitled to vote on a show of hands, unless such member is a body corporate present by a representative duly authorized, under Section 187 of the Act in which case such representative may vote on a show of hands as if he were a member of the Company. A proxy who is present at a meeting shall not be entitled to address the meeting.

How member non-compos mentis and minor may vote

141. If any member be a lunatic or non-compos mentis, the vote in respect of his share or shares shall be his committee or other legal guardian provided that such evidence of the authority of the person claimed to vote as shall be acceptable by the Board shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

Instrument of proxy

142. The instrument appointing a proxy shall be in writing and signed by the appointer or his attorney duly authorized in writing or if the appointer is a body corporate be under its seal or be signed by an office or attorney duly authorized by it.

Instrument of proxy to be deposited at office

143. 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 of attorney or authority shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the meeting or adjourned 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 proxy shall be valid after the expiration of twelve months from the date of its execution.

When vote by proxy valid though authority revoked

144. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the vote is given. Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjournment meeting at which the proxy is used.

Form of proxy

145. Every instrument of proxy, whether for specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form set out in Schedule IX of the Act.

Time for objection to vote

146. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be so tendered and every vote whether given personally or by proxy and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of any Meeting to be the judge of validity of any vote

147. The Chairman of any meeting shall be sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Votes of Members of unsound mind

148. A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.

Member paying money in advance not be entitled to vote in respect thereof.

149. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.

Remuneration of Directors

156. (1) Subject to the provisions of the Act, a Managing Director or any other Director, who is in the Whole time employment of the Company may be paid remuneration either by way of a monthly

payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(2) Subject to the provisions of the Act, a Director who is neither in the Whole-time employment not a Managing Director may be paid remuneration.

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government: or

(ii) by way of commission if the Company by a special resolution authorizes such payments.

(3) The fees payable to Director (including a Managing or whole-time Director, if any) for attending a meeting of the Board or Committee shall be decided by the Board of Directors from time to time, however the amount thereof shall not exceed limit provided in the Companies Act, 1956 and rules, if any, framed there under.

(4) if any Director be called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as member of any committee formed by the Directors), the Board may arrange with such Directors for such special remuneration for such extra services or special exertions or either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

Travelling Expenses incurred by a Director not a bonafide resident or by Director going out on Company's Business

157. The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board or committee thereof are ordinarily held and who shall come to a such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses, incurred in connection with business of the Company.

Directors may act notwithstanding any vacancy

158. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as the number is reduced below the quorum fixed by the Act or by these Articles for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company but for no other purpose.

Disclosure of interest of Directors

159. (1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in any contract or arrangement or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors.

(2) (a) In case of a proposed contract or arrangement the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if a Director was not at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.

(b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(3) (a) For the purpose of clauses (1) and (2) hereof, a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.

(b) Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice in the last month of the financial year in which would it otherwise have expired.

(c) No such general notice and no renewal thereof shall be effective unless either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between two companies when any of the Directors of the Company or two of them together holds or hold not more than two per cent of the paid up share capital in the other company.

Interested Director not to participate or vote on Board's proceedings

160. No Director of the Company shall, as Director, take any part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any way whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote his vote shall be void, provided however that Directors may vote on any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company.

Board's sanction to be required for certain contracts in which particular Director is interested

161. A Director of the Company or his relative, a firm in which such Director or relative is partner, any other partner in such firm or a private company of which the Director is a member of Director shall not enter into any contract with the Company, except to the extent and subject to the provisions of Section 297 of the Act.

Directors' sitting fees

165. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such as may be prescribed by the Central Government for each of the meetings of the Board or A committee thereof and adjournments thereto attended by him. The directors, Subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.

Directors and Managing Director may contract with Company

166. Subject to the provisions of the Act the Directors (including a Managing Director and Whole Time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any Company or Partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such director holding that office or of the fiduciary relation thereby Established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.

Disqualification of the Director

167. A person shall not be capable of being appointed Director of the Company if:-
- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
 - (b) he is an undischarged insolvent;
 - (c) he has applied to be adjudged an insolvent and his application is pending;
 - (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five months and a period of five years has not elapsed from the date of expiry of the sentences;
 - (e) he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or
 - (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.

RETIREMENT AND ROTATION OF DIRECTORS

Retirement of Directors by rotation

170. (1) At every Annual General Meeting, one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number to one third shall retire from office. The Debenture Directors and Nominee Directors, if any, shall not be subject to retirement under clause and shall not be taken into account in determining the retirement by rotation or the number of Directors to retire.

(2) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who became Directors on the same day those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot.

(3) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director who shall be eligible for reappointment or some other person thereto.

(4) If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that is a public holiday, till the next succeeding day which is not a public holiday at the same time and place. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless.

- (i) at the meeting or at the previous meeting, a resolution for the re-appointment of such Director has been put to the vote and lost;
- (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
- (iii) he is not qualified or is disqualified for;
- (iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any of the provisions of the Act.

Appointment of Director to be vote individually

171. (1) No motion at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.

(2) A resolution moved in contravention of clause (1) shall be void whether or not objection was taken at the time of its being so moved; provided that where a resolution so moved is passed, no provision for the automatic re-appointment shall apply.

(3) For the purpose of this clause, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as motion for his appointment.

172. (1) A person who is not a retiring Director shall, subject to the provisions of the Act, be eligible for appointment to the office of Director at any General Meeting if he or some member intending to propose him has not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying candidature for the office of Director or the intention or such member to propose him as a candidate for that office as the case may be, "along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director.

(2) The Company shall inform its member of the candidature of a person for the office of Director or the intention of a member to propose such person as a candidate for that office, by serving individual notice on the members not less than seven days before the meeting.

Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the Marathi language.

(3) Every person proposed as a Candidate for the office of Director shall sign and file with the Company his consent to act as a Director.

Resignation of Director

173. A Director may at any time give notice in writing of his intention to resign by addressing it to the Board of Directors of the Company and delivering such notice to the Secretary or leaving the same at the Registered Office of the Company and thereupon his office shall be vacated.

REMOVAL OF DIRECTORS

176. (1) The Company may, by ordinary resolution, remove a Director not being a Nominee Director appointed under Article 154 or a Debenture Director appointed under Article 155 and not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of this period of office.

(2) Special notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this Article the Company shall forthwith send a copy thereof to the Director concerned and the Director shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representation in writing to the Company (not exceeding a reasonable length) and request its notification to members of the Company and shall unless the representations are received by it too late for it to do so.

(a) in any notice of resolution given to the members of the Company, state the fact of the representations having been made; and

(b) send a copy of the representation to every member of the Company to who notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representation is not sent as aforesaid because it was received too late or because

of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representation shall be readout at the meeting' provided that copies of the representation need not be sent out and the representation need not be read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, a court of competent jurisdiction is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board under Article 153 hereof, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(6) If the vacancy is not filled up under the clause (5) hereof, it may be filled as a casual vacancy in accordance with the provisions, so far as they may be applicable to Article 153 hereof and all the provisions of that Article, shall apply accordingly. Provided that the Director who is removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

(7) Nothing in this Article shall be taken:

- (a) as depriving a person removed there under of any compensation or damages payable to him in respect of any appointment terminating with that as Director; or
- (b) as derogating from any power to remove a Director which may exist apart from this Article.

Power to Borrow

190. Subject to the provisions of Sections 292 and 293 of the Act, the Board may, from time to time at its discretion and by means of resolutions passed at its meeting accept deposits from members either in advance of calls or otherwise and generally, raise or borrow or secure the payment or any sum or sums of money for the purposes of the Company.

191. All the provisions applicable to nomination facility available to shareholder(s) and debentureholder(s) enumerated in Article 86 of these Articles shall equally apply to depositholder(s).

The payment or repayment of moneys borrowed

192. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

DIVIDENDS

214. The profits of the Company which it shall from time to time determine, subject to the provisions of Section 205 of the Act, to divide in respect of any year or other period, shall be applied first in paying the fixed, preferential dividend on the capital paid up on the preference shares if any and secondly in paying a dividend declared for such year or other period on the capital paid upon the equity shares.

Division of profits

215. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if any so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares.

(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

Dividend to joint holders

216. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

Amounts paid in advance of calls not to be treated as paid up capital

217. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of Article 220 as paid up on the share.

Declaration of Dividends

219. The Company in General Meeting may, subject to the provisions of Section 205 of the Act, declared a dividend to be paid to the members according to their right and interests in the profits and may fix the time for payment.

Dividend out of profits only and not to carry interest

221. (1) No dividend shall be payable except out of the profits of the Company arrived at as stated in Section 205 of the Act.

What is to be deemed net profits?

(2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

222. The Board of Directors may from time to time pay the members such interim dividends as in its judgement the position of the Company justifies.

Unpaid or Unclaimed Dividend

230. Where the Company has declared a dividend but which has not been paid or claimed within 30 from the date of declaration to any shareholder entitled to the payment of dividend, the Company shall, within 7 days of the date from expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "RCL Retail Limited Unpaid Dividend Account" and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.

Any money transferred to the unpaid dividend account of the Company which remain unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the Company to the Fund established under Section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

Capitalisation of reserves

231. (a) Any General Meeting may, upon the recommendation of the Board resolve that any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of any of the profit and loss account or any capital redemption reserve fund or in hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund shall not be paid in cash but shall be applied subject to the provisions contained in clause (b) hereof on behalf of such shareholders in full or towards:

(1) Paying either at par or at such premium as the resolution may provide any unissued shares or debentures or debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or

(2) Paying up any amounts for the time being remaining unpaid on any shares or debentures or debenture-stock held by such members respectively; or

(3) Paying up partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2) and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.

(b) (1) Any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of share premium account; and

(2) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may, by resolution of the Company be applied only in paying up in full or any shares then remaining unissued to be issued to such members of the Company as the General Meeting may resolve upto an amount equal to the nominal amount of the shares so issued.

(c) Any General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.

(d) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution of payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, share, debentures, debenture-stock, bonds or other obligation in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as it may think fit.

(e) If and whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act and these Articles and to the directions of the Company in General Meeting, if any, sell the shares which members hold in fractions for the best reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof, for the purpose of giving effect to any such sale, the Board may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or of invalidity in the proceedings with reference to the sale.

(f) Where required; a proper contract shall be delivered to the Registrar for registration in accordance with section 75 of the Companies Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.

SECTION IX: OTHER INFORMATION

LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this Draft Prospectus), which are or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under material documents below all of which have been attached to the copy of this Draft Prospectus and have been delivered to the SME platform of BSE Limited and may be inspected at the Registered Office of the Company situated at 84/85, Walltax Road, II Floor, Chennai-600 003 between 9:30 am to 5:30 pm on any working day from the date of this Draft Prospectus until the date of closure of the subscription List.

MATERIAL CONTRACTS

1. Engagement Letter dated 10th July, 2012 appointing Guinness Merchant Bankers Private Limited as Lead Manager to the Issue.
2. Memorandum of Understanding dated 12th July, 2012 between our Company and the Lead Manager to the Issue.
3. Memorandum of Understanding dated 2nd June, 2012 entered into with Cameo Corporate Services Limited to appointing them as the Registrar to the Issue.
4. Copy of tripartite agreement dated 11th February, 2011 between NSDL, our Company and Cameo Corporate Services Limited.
5. Copy of tripartite agreement dated 23rd February, 2011 between CDSL, our Company and Cameo Corporate Services Limited.
6. Escrow Agreement dated [●] between our Company, Lead Manager, Escrow Collection Banks and the Registrar to the issue.
7. Market Making Agreement dated 19th July, 2012 between our Company, Lead Manager and Market Maker.
8. Underwriting Agreement dated 19th July, 2012 between our Company and Underwriters.

DOCUMENTS FOR INSPECTION

9. Memorandum and Articles of Association of our Company as amended from time to time.
10. Copy of the resolution passed at the meeting of the Board of Directors held on 10th July, 2012 approving the issue.
11. Copy of the resolution passed by the shareholders of our Company under section 81 (1A) at the Extra Ordinary General Meeting held on 13th July, 2012.
12. Copy of members resolution dated 28th June, 2011 appointing Mr. Nitesh Lodha as the Managing Director of our Company for a period of five years w.e.f. 1st June, 2012 and approving their remuneration and terms.
13. Consents of the Directors, Company Secretary/Compliance Officer, Auditors, Lead Manager to the Issue, Bankers to the Company, Legal Advisors to the Issue, Advisors to the Company and Registrars to the Issue, to include their names in the Draft Prospectus to act in their respective capacities.
14. Copies of Annual Reports of our Company since incorporation i.e for the financial years viz 2010-11, and 2011-12.

15. Audit report and restated financial information issued by our peer review auditors i.e. M/s. Vivekanandan & Associates, Chartered Accountants, dated 18th July, 2012 included in the Draft Prospectus.
16. Letter dated 25th July, 2012 from the statutory Auditors of our Company, M/s. Krishnan & Giri, Chartered Accountants, detailing the tax benefits.
17. Copy of certificate from the statutory Auditors of our Company, M/s. Krishnan & Giri, Chartered Accountants, dated 25th July, 2012 regarding the sources and deployment of funds as on 30th June, 2012.
18. Board Resolution dated 31st July, 2012 for approval of Draft Prospectus.
19. Due Diligence Certificate dated 31st July, 2012 to be submitted to SEBI from Lead Manager viz. Guinness Merchant Bankers Private Limited along with the filing of the Prospectus.
20. Copy of approval from BSE vide letter dated [•] to use the name of BSE in this offer document for listing of Equity Shares on SME Platform of BSE.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time, if so required, in the interest of our Company or if required by 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, 1956 and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued, as the case may be. We further certify that all statements in this Draft Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr. Nitesh Lodha

Mr. Shreyans Lodha

Mr. Vimal Chand Chordia

Mr. Pramod Kumar Agarwal

SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. M Devendiran

Date: 31.07.2012

Place: Chennai