

# K E Y N O T E

## I P O N O T E

### Lovable Lingerie Ltd.

March 8, 2011

<b>Price Band</b>	: ₹195-205 per share
<b>Minimum Bid Lot Size</b>	: 30 Equity Shares
<b>Maximum Bid Lot Size</b>	: 960 Equity Shares
<b>IPO Open During</b>	: Mar. 8-11, 2011 (for QIBs issue closes on Mar. 10, 2011)
<b>Book Running Lead Managers</b>	: Anand Rathi Advisors Ltd.
<b>To List On</b>	: NSE & BSE
<b>IPO Grading</b>	: 3 / 5 (CARE)
<b>PE</b>	: 22.41x (based on base price)*
	: 23.56x (based on cap price)*
<b>Market Cap Post-Listing</b>	: ₹344Cr or \$76.53mn (based on the cap price)
<b>Market Cap of Free Float</b>	: ₹113.78Cr or \$25.28mn (based on the cap price)

\* based on FY10EPS

IPO of 4.55mn equity shares of ₹10 each, aggregating to ₹93.28Cr or \$20.73mn (at the cap price).

### Shareholding Pattern

Shareholder Categories	Pre-Issue		Post-Issue	
	No. of Shares	% Holding	No. of Shares	% Holding
Promoters	11,250,000	91.84%	11,250,000	66.96%
Pre-IPO Investors	1,000,000	8.16%	1,000,000	5.95%
QIBs excl. Mutual Funds	0	0.00%	2,161,250	12.86%
Mutual Funds	0	0.00%	113,750	0.68%
Non-Institutional Investors	0	0.00%	682,500	4.06%
Public	0	0.00%	1,592,500	9.48%
<b>Total</b>	<b>12,250,000</b>	<b>100.00%</b>	<b>16,800,000</b>	<b>100.00%</b>

### Executive Summary

- Lovable Lingerie Ltd. (LLL) is one of India's leading women's innerwear manufacturers. Its products include brassieres, panties, slips / camisoles, homewear, shapewear, foundation garments and sleepwear products. The flagship brands of the company are 'Lovable' and 'Daisy Dee'.
- The company has three manufacturing facilities of which two are situated at Kanakapura road in Bengaluru and one is situated in Roorkee, Uttarakhand.
- In order to keep up with consumer tastes and fashion cycles, the company has set up an in house design studio for developing innerwear products and creating styles to meet the global standards.
- LLL's 'Lovable' brand is one of the key brands in the premium and super premium women's innerwear segment and currently sold in 1,425 stores across the country.
- LLL has invested in modern technology and equipment across all areas of its operations. The company has installed Computer Aided Designing ('CAD') machines, imported moulding machines and sewing assembly lines across all its plants.
- The company's operations are integrated across the value chain from raw material procurement to cutting, moulding, stitching, and dispatch. This in turn has enabled it to meet the time, quantity and quality requirement of its customers.

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### Our View

IPO of LLL priced at 20.5x on the annualised earnings basis makes it inexpensive vis-à-vis its competitor Page Industries, which trades at 25.2x on annualised basis. Looking into the sustained margins and expected reasonable growth in future, investors may subscribe the issue.

### Company Background

Lovable Lingerie Ltd. (LLL) was incorporated as Hybo Knit Private Ltd. in September 1987. The name of the company was subsequently changed to Lovable Lingerie Private Ltd. in November 1995. Further, the company went public in February 2010 and changed its name to Lovable Lingerie Ltd. in August 2010. On December 26, 1995, the company was licensed the brand “Lovable” from Lovable World Trading Company, USA. Subsequently, by an agreement dated December 23, 2000, it acquired the brand “Lovable” from Lovable World Trading Company, USA on an exclusive basis for the territories of India, Nepal, Sikkim and Bhutan. The innerwear products manufactured under the brand “Lovable” cater to the premium segment market in India.

As part of its growth strategy, LLL has diversified its portfolio of brands and acquired brands like “Daisy Dee” from Maxwell Industries Limited in March 2004 to cater the mid segment market in India and also acquired the brand “College Style” from Levitus Trading Limited, Hong Kong in March 2009 to cater to the young segment of India.

### Promoters and Management

**Mr. L. Vinay Reddy** is the Chairman and Managing Director of LLL and he has been with company since its inception. He has over 20 years of experience in the innerwear industry. He was instrumental in obtaining license of “Lovable” brand for the company. He has vast experience in the areas of management, marketing strategies and overall administration control and supervision. He also supervises overall day to day affairs and management decisions of the company.

**Mr. G. Ashok Reddy** is the Wholetime Director of the company and has 34 years of experience in the innerwear industry. He has previously worked as a production executive in Hybo Hindustan and Maxwell Industries Limited. He looks after the day to day management of its manufacturing and marketing operations located at Bengaluru. He has created a dedicated manufacturing and sales team to market the company’s innerwear products across the country.

**Mr. L. Jaipal Reddy** is the Executive Director of the company. He was the co-founder of Maxwell Industries Ltd. He is a pioneer of the branded innerwear industry in India and he has conceptualized and established leading brands such as VIP, Frenchie etc. He guides the company and its management at all the stages of its development and strategic decisions.

### Industry Overview

#### Overview of the Indian Innerwear Industry

The overall innerwear market (excluding kids) in India was worth ₹1,1913Cr in CY 2009. It has grown at a Compounded Annual Growth Rate (CAGR) of 15.8% over the last four years. The growth can be attributed to the rising disposable incomes, growing consumer class and advent of international brands in the Indian markets.

In volume terms, the men’s innerwear market constitutes 48% of the total innerwear

market in India. The share has remained range bound over the last four years. The women lingerie segment holds a 52% share. In value terms, the women lingerie segment enjoys 66% share of the total lingerie market. Larger value share and a smaller volume share depict higher Average Selling Price (ASP) as compared to the men's innerwear market.

## **Overview of the Lingerie industry in India**

In value terms the lingerie industry in India was worth ₹7,897Cr in CY2009. It has grown at a robust 16.8% over the last four years (2006-09). The growth can be attributed to the rising disposable income and growing preference for lifestyle products. Over the last decade lingerie has grown from an optional part of the wardrobe to essential clothing for women. It constituted 5.1% of the total Indian apparel market and 15.8% of the overall women apparel market during 2009. In volume terms the lingerie industry grew at a rate of 9.4% over the last four years. The lingerie sales grew from 4,980 Lacs pieces in 2006 to 6,520 Lacs pieces in 2009. In volume terms it constitutes 9.4% of the overall apparel market and 31.9% of the women apparel market.

The lingerie market grew at a faster pace in terms of value as compared to volumes during the 2006-2009 period. This signifies a jump in the average selling price which grew from ₹100 in 2006 to ₹121 in 2009. It grew at a CAGR of 6.7% during the same period.

The lingerie industry in India is characterized by a high degree of fragmentation with almost two-third of the market controlled by the unbranded and unorganized regional players and the balance one-third share goes to the few big organized and branded players. The advent of some international brands in the Indian market place has brought about some realignment in the fragmented lingerie market. The companies have started advertising boldly through advertisements, fashion shows etc., to catch up with the consumers to understand their preferences.

## **Segment-wise lingerie market**

The lingerie market in India can be divided into five segments based on the price points at which they sell in the market. They are classified in super-premium, premium, mid-market and economy & low-market segment. Approximately, 75% of the market share is held by the mid-market and economy segment, in both, value and volume terms. The super-premium and premium segments are relatively smaller but fast-growing segments. In volume terms, the economy segment accounts for the maximum share in the lingerie market. The volume-wise share of different segments has remained more or less stable over the last four years. All segments except the low market segment have grown in the volume terms over the last four years. The maximum growth in volume terms was experienced by the super-premium segment followed by the premium segment. This indicates the growing penetration level in these segments. The super-premium and premium segments grew at a CAGR of 18.9% and 16.6% respectively. This can be attributed to the surge in international brands entering India, rising income levels, changing demographics, growing brand awareness and the willingness amongst the people to spend on lifestyle products. The key brands in the premium and super-premium category are Marks & Spencer, Triumph, Enamor, Lovable and La Senza. The key brands in the economy and mid-segment are Groversons, Bodycare, Bodyline, Daisy Dee and Teenager.

### **Demand drivers for the organised lingerie market**

1. Continuous shift in consumer demand pattern from basic necessity to spend on lifestyle products
2. Soaring income levels
3. Growing consumer class
4. Rising percentage of working women
5. Growing awareness levels amongst the Indian population
6. Rising percentage of youth in India's population structure
7. Increasing urbanization
8. Growing organized retail

### **Outlook on the Lingerie industry in India**

The lingerie industry in India is expected to grow at a CAGR of 18.3% over the period 2009-2014. It is currently estimated at ₹7,898Cr and is expected to be worth ₹18,324.60Cr in 2014. This growth would be led by the super-premium, premium and mid-market segment.

The super-premium and premium segment contributed 15.8% to the total lingerie market in 2009. This share is expected to grow to approximately 28% by 2014. This can primarily be attributed to the advent of international brands in India, growing brand awareness and brand loyalty amongst the Indian consumer. Mid-market segment is the largest segment of the lingerie market and is expected to remain the largest over the next five years. It currently contributes 43% (2009) to the total lingerie market. This share is expected to increase to 46.3% in 2014. This segment is expected to grow at a CAGR of approximately 20% over the next five years. The growth in this segment can be attributed to the growing urbanization and increasing number of working women. On the other hand, the economy and low segments are expected to grow at a pace slower than the overall lingerie market, thereby, losing its share in the overall pie.

### **SWOT Analysis**

#### **Strengths**

1. Huge potential owing to the huge population size
2. Rising disposable incomes
3. Increasing number of working women

#### **Weaknesses**

1. Highly fragmented market
2. Low degree of customers' loyalty to the brand
3. Highly price-sensitive market
4. Poor perception of quality of Indian lingerie

## **Opportunities**

1. Continuous shift in consumer demand from an optional clothing to a necessary clothing
2. Continuous shift in consumer demand pattern from basic necessity to spend on lifestyle product
3. Explosion in potential for the organized sector to grow by making inroads into the share of the unorganized sector

## **Threats**

1. Advent of international brands in the Indian markets.
2. Rise in imports from other countries

## **Business Operations**

Lovable Lingerie Ltd. (LLL) is one of India's leading women's innerwear manufacturers. Its products include brassieres, panties, slips / camisoles, homewear, shapewear, foundation garments and sleepwear products. The flagship brands of the company are 'Lovable' and 'Daisy Dee'.

The company has three manufacturing facilities of which two are situated at Kanakapura road in Bengaluru and one is situated in Roorkee, Uttarakhand. Two manufacturing facilities situated in Bengaluru, Karnataka commenced operations in the year 1995 and 2005, respectively and have a total installed capacity of 30 lacs pieces each per annum to manufacture brassiere and panties. The manufacturing unit situated at Roorkee, Uttarakhand commenced operation in February, 2010 and has an installed capacity of 7.5 lacs pieces per annum to manufacture brassieres and panties. Going forward, the company proposes to implement a project for modernization and integration at a new location in Uttarhalli Hobli, Bengaluru which will result in increase in capacity and value-addition by 25 lacs pieces per annum.

In order to keep up with consumer tastes and fashion cycles, the company has set up an in house design studio for developing innerwear products and creating styles to meet the global standards. The design studio is located at Bengaluru, Karnataka with the latest equipments and a team of designers. The design studio is equipped with latest software with requisite hardware like digitiser, pattern grader, sampling, sewing machines and sample analyser.

In order to market its products and increase the retail sales of LLL has undertaken the concessionaire retailing model. In this model, the company procures dedicated retail space in leading high-traffic retail outlets like large format stores / department stores, in which its brand "Lovable" makes the arrangement for stocking, displays and visual merchandising in the form of its "shop-in-shop" modules and its display fixtures. Unlike a multi-branded display, in this model the dedicated retail space stocks only the company's products, reflects its brands visuals and is manned by its sales representative. Currently, the company has 127 counters in stores like Westside, Shoppers Stop, Lifestyle amongst others in 21 cities, all over India.

LLL's core competency lies in understanding the prevailing trends in the women's innerwear market and the buying preferences of the customers and accordingly manufacturing quality innerwear garments to assure its customers of product quality

and fit consistency in trendy women's innerwear. In addition, its competency also lies in identifying the gaps and foraying into the untapped women's innerwear market segments with unique products.

### **Strengths**

#### **Entrenched and long-standing market presence**

LLL's 'Lovable' brand is one of the key brands in the premium and super premium women's innerwear segment and currently sold in 1,425 stores across the country. The number of retailers selling LLL's innerwear brands has grown steadily over the years from 100 in the year 1996 to 1,425 in the year 2010 due to the service that has been provided by its sales and marketing teams. The other brand, 'Daisy Dee' also has a significant national presence. 'Daisy Dee' is one of the leading brands in the mid market segment which was launched at a time when moulded / seamless brassiere technology was at nascent stages in the mass market in India. 'Daisy Dee' innerwear products offer such technology at attractive price catering to the mid market segment of India.

#### **Usage of modern equipment and technology**

LLL has invested in modern technology and equipment across all areas of its operations. The company has installed Computer Aided Designing ('CAD') machines, imported moulding machines and sewing assembly lines across all its plants. The advance technology ensure minimal labour requirement, which facilitates quick turnaround times, innovative finishes and flexibility to adapt to changing fashion trends, consistency in quality etc. Additionally, the company also keeps abreast with the latest changes in technology by attending various international fairs, seminars, expositions and benchmarking with various brands in the world.

#### **Integrated operations and economies of scale**

The company's operations are integrated across the value chain from raw material procurement to cutting, moulding, stitching, and dispatch. This in turn has enabled it to meet the time, quantity and quality requirement of its customers. It has in-house facilities for moulding, components assembly and lamination of fabrics. By virtue of its integrated operations, the company derives benefits of economies of scales and quality control. LLL is one of the few manufacturers of women's innerwear in India who run multiple production modules / production lines simultaneously which enable it to churn out a wide product range in varying batch sizes.

The total installed capacity of the company as on December 31, 2010 is 67.50 lacs pieces per annum and current capacity utilization is 74.64%, which provides advantages of economies of scale. The large volumes ensure bulk quantity discounts on purchases and wide amortization of overheads resulting in reduced cost per unit.

#### **Locational advantages**

LLL's plants are located at Bengaluru and Roorkee, which are well-connected by road and rail to the rest of the country. This facilitates the movement of raw material into the factory locations and finished products to the respective markets across the country. Bengaluru has one of the largest garment clusters in India and this accords the company many locational advantages like skilled managerial talent, skilled labour, vendor base, technical supports and low lead times from suppliers.

## **Strong distribution capabilities**

The distribution channel is one of the key strengths as the company retailed its products through 103 distributors in India. These distributors are segmented geographically and also on the basis of the product range. The company caters to approximately 1,425 retail outlets for its 'Lovable' brand and approximately 7,500 retail outlets for its 'Daisy Dee' brand. Retail outlets selling its products under the following three formats:

- Chain stores i.e. large format stores ("LFS");
- Multi Brand Lingerie Outlets ("MBOs"); and
- Hosiery products / innerwear stores.

Women's innerwear in India is largely sold through the MBOs, hosiery products outlets and LFS. The company has a well-established and a strong presence in MBOs and LFS serviced through its distributors or directly from its warehouses.

## **Product range and diversified customer base**

The company has varied product range cater to diversified customers. Its brand 'Lovable' caters to premium women's innerwear segment while 'Daisy Dee' caters to mid segment market. The company has organized its ranges through certain sub-brands to cater various diverse customers' needs. The company has a product range of approximately 50 styles under the 'Lovable' brand and a product range of approximately 100 styles under the 'Daisy Dee' brand.

## **Product design and development**

Design development and sampling forms an integral part of the company's operations and is considered as an effective tool for converting customer's need into a product. The company has developed a design studio at its plants in Bengaluru for developing products and styles which are based on unique customer insights. Its design studio also holds a knowledge bank of styles, innovations, customer salience, raw materials performance, fits and fits trials data, reasons for underperformance, etc. and it is invaluable in the development of its innerwear products. New designs are developed on a regular basis to add to its library of designs, concepts, features, fit patterns, material specifications and product specifications.

## **Globally successful brand**

'Lovable' is an 85-years old brand with global presence. 'Lovable's' international success is a derivative of its consumer centric strategies and commitment to quality and value. LLL had introduced the international "Lovable" brand in the Indian market and making it amongst the top three most preferred brand in women's innerwear in India.

## **Objects of the Issue**

The objects of the Issue are:

- Setting up of a manufacturing facility to create additional capacity at Bengaluru;
- Expenses to be incurred for Brand Building;
- Brand Development expenses for "College Style" brand;
- Investment in Joint Venture;

- Setting up of Exclusive Brand Outlets (“EBO’s”);
- Setting up of retail store modules for “shop-in-shop”;
- Upgradation of design studios;
- General corporate purpose; and
- Public issue expenses

#### Utilisation of Net Proceeds

Particulars	(₹Cr)
Setting up of manufacturing facility to create additional capacity at Bengaluru	22.85
Expenses to be incurred for Brand Building	18.00
Brand Development expenses for “College Style” brand	6.00
Investment in Joint Venture	25.00
Setting up of Exclusive Brand Outlets (“EBO’s”)	14.12
Setting up of retail store modules for “shop-in-shop”	3.61
Up gradation of design studios	7.60
General corporate purpose	[•]
Public Issue expenses	[•]

#### Fund Raising Programme

Particulars	(₹Cr)
Net proceeds of the Issue	[•]
Pre-IPO Placement	20.00
Term loan	16.33

#### Investment Risks

(Please refer to the RHP for a complete listing of risk factors)

- LLL is dependent on third party transportation providers for the supply of raw materials and delivery of its products and any disruption in their operations or a decrease in the quality of their services could affect its reputation and results of operations.
- LLL has applied for certain statutory and regulatory approvals, registrations and licenses, which are still pending with the relevant governmental or regulatory authorities. Further, any inability to renew or maintain statutory and regulatory permits and approvals required to operate the business would adversely affect the company operations and profitability.
- If LLL fail to anticipate and develop new products and enhance existing products in order to keep pace with rapid changes in customer preferences, it may affect the business and profitability of the company.
- LLL’s business is dependent on its manufacturing facilities, the majority of which are geographically located in one area. Any loss or shutdown of operations at any of its manufacturing facilities in Bengaluru may have an adverse effect on its business and results of operations.

## Restated Profit & Loss Statements

(₹Cr)

Year/Period ended on	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Dec-10
<b>Income</b>						
Sales of Products Manufactured	30.66	41.54	60.06	69.24	86.95	88.06
Sales of Products Traded	-	-	-	-	-	-
<b>Net Sales</b>	<b>30.66</b>	<b>41.54</b>	<b>60.06</b>	<b>69.24</b>	<b>86.95</b>	<b>88.06</b>
Other Income	0.05	0.04	0.12	0.11	0.10	0.85
Increase/(Decrease)In Inventories	1.19	3.81	2.90	-0.54	-0.27	-2.34
<b>Total (A)</b>	<b>31.90</b>	<b>45.39</b>	<b>63.08</b>	<b>68.82</b>	<b>86.79</b>	<b>86.57</b>
<b>Expenditure</b>						
Materials Consumed	13.90	22.13	27.23	28.06	40.15	36.15
Wages and Staff Costs	4.63	6.48	8.09	9.09	9.29	8.81
Other Manufacturing Expenses	1.28	1.82	2.17	2.70	2.78	3.39
Administrative Expenses	1.22	1.50	2.55	3.34	2.80	2.41
Selling and Distribution Expenses	5.70	7.92	15.57	17.00	15.52	18.29
<b>Total (B)</b>	<b>26.73</b>	<b>39.84</b>	<b>55.62</b>	<b>60.19</b>	<b>70.54</b>	<b>69.06</b>
<b>Profit before Interest, Depreciation and Tax</b>	<b>5.17</b>	<b>5.55</b>	<b>7.46</b>	<b>8.62</b>	<b>16.25</b>	<b>17.52</b>
Depreciation	0.17	0.21	0.28	0.39	1.31	1.02
<b>Profit Before Interest and Tax</b>	<b>5.00</b>	<b>5.34</b>	<b>7.18</b>	<b>8.23</b>	<b>14.94</b>	<b>16.49</b>
Financial Charges	0.55	0.25	0.64	1.37	0.93	0.44
<b>Profit After Interest and Before Tax</b>	<b>4.45</b>	<b>5.09</b>	<b>6.54</b>	<b>6.87</b>	<b>14.01</b>	<b>16.05</b>
Preliminary Expenses & Def. Exps.W/o	-	-	-	-	-	-
<b>Profit Before Taxation</b>	<b>4.45</b>	<b>5.09</b>	<b>6.54</b>	<b>6.87</b>	<b>14.01</b>	<b>16.05</b>
Provision for Taxation	1.57	1.81	2.27	1.13	3.04	3.25
Provision for Deferred Tax	-0.11	-0.06	-0.01	-0.37	0.42	0.19
Provision for FBT	0.07	0.04	0.11	0.08	-	-
Add/Less Adjustments of Prior Year	0.01	0.02	0.22	-	0.77	-
<b>Total</b>	<b>1.54</b>	<b>1.80</b>	<b>2.61</b>	<b>0.85</b>	<b>4.22</b>	<b>3.44</b>
<b>Profit After Tax but before Extraordinary Items</b>	<b>2.90</b>	<b>3.29</b>	<b>3.94</b>	<b>6.02</b>	<b>9.79</b>	<b>12.61</b>
Extraordinary Items	-	-	-	-2.54	-	-
Excess Provision for Gratuity	-	-	-	-	0.25	-
Impact of Material adjustments for Restatement in corresponding years	-0.02	-0.11	0.22	-0.62	0.51	-
<b>Net Profit after Adjustments</b>	<b>2.89</b>	<b>3.18</b>	<b>4.16</b>	<b>2.87</b>	<b>10.55</b>	<b>12.61</b>
Balance b/fd from prior years	1.73	4.59	5.18	8.51	11.10	16.76
Weighted average number of shares	10250000	10250000	10250000	11250000	11250000	11250000
<b>EBITDA margin (%) on Net Sales</b>	<b>16.86%</b>	<b>13.37%</b>	<b>12.42%</b>	<b>12.46%</b>	<b>18.69%</b>	<b>19.89%</b>
<b>EPS (₹)</b>	<b>2.83</b>	<b>3.21</b>	<b>3.84</b>	<b>5.35</b>	<b>8.70</b>	<b>11.21</b>
<b>Book Value (₹)</b>	<b>5.82</b>	<b>6.89</b>	<b>11.69</b>	<b>13.05</b>	<b>21.65</b>	<b>32.81</b>

## Restated Balance Sheets

(₹Cr)

Year/Period ended on	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09	31-Mar-10	31-Dec-10
<b>Fixed Asset</b>						
Gross Block	5.28	5.93	6.67	16.67	17.54	18.34
Less: Depreciation	2.59	2.80	3.08	3.48	4.75	5.77
Net Block	2.69	3.13	3.58	13.19	12.79	12.57
<b>Total Fixed Assets (A)</b>	2.69	3.13	3.58	13.19	12.79	12.57
<b>Investment(B)</b>	0.00	0.00	1.00	1.00	1.98	0.01
<b>Current Assets, Loans &amp; Advances:</b>						
Inventories	8.90	13.17	16.61	13.53	13.07	14.19
Receivables	4.39	5.45	6.09	8.71	13.64	17.63
Cash & Bank Balance	0.57	1.56	2.03	2.03	2.70	2.23
Loans & Advances	1.82	1.67	4.74	9.10	2.32	2.95
Deffered Tax Asset	-	0.04	0.04	-	-	-
<b>Total (C)</b>	15.67	21.89	29.52	33.36	31.72	36.99
<b>Total Assets (A+B+C)</b>	18.36	25.02	34.10	47.56	46.49	49.56
<b>Liabilities &amp; Provisions</b>						
Secured Loans	4.52	3.28	5.54	3.71	0.29	0.34
Unsecured Loans	-	3.00	1.50	2.68	0.04	-
11% Cumm.Redeemable Pref. Shares	0.50	0.50	-	-	-	-
Deffered Tax Liability	0.03	-	-	0.46	0.88	1.07
Current Liabilities	6.18	8.60	14.12	25.33	18.61	10.37
Provision for Taxes	1.14	2.22	0.28	0.16	1.18	0.55
Provision for Gratuity	-	0.36	0.53	0.38	0.38	0.32
Other Provisions	0.03	-	-	0.15	0.15	0.75
<b>Total Liabilities (D)</b>	12.40	17.96	22.12	32.88	22.14	12.65
<b>Net Worth ( A+B+C-D)</b>	5.97	7.06	11.99	14.68	24.36	36.91
<b>Represented by</b>						
Share Capital	0.50	0.50	1.50	1.50	7.50	11.25
<b>Total (A)</b>	0.50	0.50	1.50	1.50	7.50	11.25
Reserves & Surplus	5.47	6.56	10.49	13.18	16.86	25.71
<b>Total (B)</b>	5.47	6.56	10.49	13.18	16.86	25.71
Less: Misc. Exp.to the extent non w/o	-	-	-	-	-	0.05
<b>Total (C)</b>	-	-	-	-	-	0.05
<b>Net Worth (A+B-C)</b>	5.97	7.06	11.99	14.68	24.36	36.91

**Keynote Capitals Ltd.**

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