

DRAFT INFORMATION MEMORANDUM

[For Listing on Institutional Trading Platform (ITP) of (NSE - EMERGE)]

Dated: May 29, 2015

[In accordance with Chapter XC of the SEBI (ICDR) Regulations on Listing and Issue of Capital by Small and Medium Enterprises on Institutional Trading Platform without Initial Public Offering]

BHALCHANDRAM CLOTHING LIMITED

(Formerly known as Bhalchandram Clothing Private Limited)

Bhalchandram Clothing Limited is a Company incorporated under the Companies Act, 1956 or Companies Act, 2013 wherein the Company was originally incorporated as a Private Limited Company on September 27, 2005 under the Companies Act, 1956 and subsequently converted into a public company as "Bhalchandram Clothing Limited" vide fresh certificate of incorporation dated December 11, 2014.

Registered Office: 2201, Dhavalgiri, August Kranti Marg, Nana Chowk,
Mumbai – 400036, Maharashtra
Corporate Office: 307, Arun Chambers, Tardeo Road,
Mumbai – 400034, Maharashtra
Tel: +91-22-40500100;
Fax: +91-22-40500150;
Website: www.bhalchadram.com
Contact Person: Mr. Umesh Lahoti
E-mail: investor@bhalchandram.com

Compliance Officer: Mr. Umesh Lahoti

No equity shares are proposed to be sold or offered pursuant to this information memorandum.

Promoters: Mr. Ujwal Lahoti and Mr. Umesh Lahoti

Draft Information Memorandum in terms of the SEBI (Listing of Specified Securities on Institutional Trading Platform) Regulations, 2013 for the purpose of listing of the Equity Shares of the Company on the Institution Trading Platform (ITP) of NSE Emerge.

Absolute Responsibility of Bhalchandram Clothing Limited

Bhalchandram Clothing Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Information Memorandum contains all information with regard to the Company, which is material, that the information contained in this Draft Information Memorandum 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 Information Memorandum as a whole or any of such information or the expression of any such opinions are intentions misleading in any material respect.

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SECTION I - GENERAL

1. DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Information Memorandum and references to any statute or regulations or policies shall include amendments thereto, from time to time:-

Term	Description
"Bhalchandram Clothing " or "BCL" or "the Company" or "our Company" or "we" or "us" or "our"	Bhalchandram Clothing Limited, a public limited company incorporated under the provisions of the Companies Act, 1956, having its registered office at 2201, Dhavalgiri, August Kranti Marg, Nana Chowk, Mumbai – 400036. Maharashtra, India.

General Terms

Term	Description
Articles/Articles of Association	Articles of Association of BCL
Accounting Standard	Accounting Standards, as issued by the Institute of Chartered Accountants of India
Auditor	The Statutory Auditors of BCL
Board / Board of Directors	Board of Directors of BCL
Chapter XC of the SEBI (ICDR) Regulations	Listing and Issue of Capital by Small and Medium Enterprises on Institutional Trading Platform without Initial Public Offering
Companies Act / Act	The Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections
Capital / Share Capital / Equity Share Capital	Equity Share Capital of BCL
DP	Depository Participant
Equity Share(s) or Share(s)	Equity Share of BCL having a face value of Rs.10/- unless otherwise specified in the context thereof.
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
ITP	Institutional Trading Platform
ITP Regulations	The SEBI (Listing of Specified Securities on Institutional Trading Platform) Regulations, 2013

Listing Agreement	Listing agreement to be entered into by our Company with the Stock Exchange(s)
Memorandum / Memorandum of Association/MOA	Memorandum of Association of BCL
NSE	National Stock Exchange of India Limited
NSE Emerge	SME Platform of National Stock Exchange of India Limited
Promoter(s)	Mr. Ujwal Lahoti and Mr. Umesh Lahoti
RBI	The Reserve Bank of India
ROC	Registrar of Companies
SEBI	Securities and Exchange Board of India
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto.
SIA	Secretariat of Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange(s)	Shall refer to NSE where the Equity Shares of BCL are proposed to be listed

ABBREVIATIONS

ABBREVIATION	FULL FORM
AS	Accounting standards issued by the Institute of Chartered Accountants of India
A.Y.	Assessment Year
B.Com	Bachelor of Commerce
B.Sc	Bachelor of Science
C.A.	Chartered Accountants
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
C.S.	Company Secretary
DP	Depository Participant
EPS	Earnings Per Share
FY / Fiscal	Financial Year
INR / Rs. / Indian Rupees, Rupees	The legal currency of the Republic of India
MBA	Master of Business Administration
NAV	Net Asset Value
No.	Number
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RPS	Renewable Purchase Specification
RoC/ Registrar of Companies	The Registrar of Companies, Mumbai, Maharashtra
TEXPROCIL	The Cotton Textiles Export Promotion Council

2. GENERAL INFORMATION

CORPORATE IDENTIFICATION NUMBER: U17120MH2005PLC156451

Date of Incorporation : 27th September, 2005

Date of conversion into Public Limited : 11th December, 2014

Registered Office of the company:

2201, Dhavalgiri, August Kranti Marg,
Nana Chowk, Mumbai – 400036,
Maharashtra, India

Tel: +91-22-40500100;

Fax: +91-22-40500150;

Website: www.bhalchandram.com

Contact Person: Mr. Umesh Lahoti

E-mail: investor@bhalchandram.com

Corporate Office of the company:

307, Arun Chambers, Tardeo Road,
Tardeo, Mumbai – 400034,
Maharashtra, India

Address of the Registrar of Companies, Mumbai:

100, Everest, Marine Drive
Mumbai- 400002, Maharashtra, India
Tel: +91-22-22812627 / 22020295 / 22846954
Fax: +91-22-22811977
Email: roc.mumbai@mca.gov.in

Board of Directors:

Our board of Directors comprise of the following :

Name	Designation	DIN	Address
Mr. Ujwal Lahoti	Managing Director	00360785	2201, Dhavalgiri, August Kranti Marg, Nana Chowk, Mumbai – 400036, Maharashtra
Mr. Umesh Lahoti	Executive Director	00361216	3401, ERA-IV, Marathon Nextgen, Off. G.K. Marg, Lower Parel, Mumbai – 400013, Maharashtra
Mr. Prakash Bang	Non Executive Independent Director	00088837	459, Sindh Housing Society,, Aundh, Pune - 411007, Maharashtra
Mr. Mahesh Bhattad	Non Executive Independent Director	00564107	C-3, Kasliwal Pushpa, Nageshwarwadi, Aurangabad – 431001, Maharashtra

For further details of Management of our Company, please refer to section titled "Our Management" on page 36 of this Draft Information Memorandum.

Compliance Officer:

Mr. Umesh Lahoti
307, Arun Chambers, Tardeo Road,
Mumbai – 400 034
Tel: 022 -40500100

Chief Financial Officer:

Mr. Saurabh Lahoti
307, Arun Chambers, Tardeo Road,
Mumbai – 400 034
Tel: 022 -40500100

Statutory Auditor

M/s S. R. Marda & Co.
Chartered Accountants,
1st Floor, Siddheshwar Cloth Market,
Chatti Galli, Solapur – 413 002
Tel: +91-0217- 2324034
Email: srmarda@yahoo.com; srmarda@gmail.com
Firm Registration No.: FRN114092W

Registrar & Transfer Agents:**Sharepro Services (India) Pvt. Ltd.**

13 A-B, Samitha Warehousing complex,
2nd Floor, off Andheri Kurla Road,
Sakinaka Telephone Exchange Lane,
Sakinaka, Andheri (East),
Mumbai -400072, Maharashtra, India
Tel: +91-22-67720300
Fax: +91-22-28591568
Contact Person: Mr. Nilesh Bhandare
Email: Nileshb@shareproservices.com
Website: www.shareproservices.com

Authority for listing of Equity Shares

The listing of equity shares has been duly authorized by the board of directors of the company in their meeting held on May 4, 2015. The member of company in their meeting held on May 19, 2015 has also granted their consent to list the equity shares of the company on Emerge Institutional Trading Platform of National stock exchange of India.

3. ELIGIBILITY CRITERIA

We are an unlisted company as on date and we propose to list our Equity Shares on Institution Trading Platform (ITP) of NSE Emerge in terms of the Chapter XC of the SEBI (ICDR) Regulations, 2009. Our Company is eligible for listing in terms of 106 Y and other provisions of Chapter XC of the SEBI (ICDR) Regulations, 2009.

We Confirm that:

1. The name of our company, our promoters, any of our group companies or directors do not appear in the willful defaulters list of Reserve Bank of India as maintained by Credit Information Bureau (India) Limited;
2. There is no winding up petition against the company that has been admitted by a competent court;
3. Our company, group companies have not been referred to the Board for Industrial and Financial Reconstruction for a period of five years prior to the date of application for listing;
4. No regulatory action has been taken against the company, its promoters or directors, by the Board, Reserve Bank of India, Insurance Regulatory and Development Authority or Ministry of Corporate Affairs within a period of five years prior to the date of application for listing;
5. Our Company has been incorporated on September 27, 2005 and thus not completed more than ten years after incorporation and our revenues have not exceeded Rupees One Hundred Crores in any of the previous financial years.
6. The paid up capital of our company has not exceeded Rupees Twenty Five Crores in any of the previous financial years;
7. Having being incorporated in the FY 2005-06, we have more than one year of audited financial statements at the time of making listing application;
8. In accordance with Regulation 106 ZB of Chapter XC of the SEBI (ICDR) Regulations, 2009, our promoter group i.e. M/s Kirti Stock Brokers Pvt. Ltd. and M/s Thakurji Textile Trading Pvt. Ltd. have given their consent to lock- in 56,000 equity shares each aggregating to 1,12,000 equity shares representing 20% of the post listing Capital of our Company, for a period of three years from the date of listing.
9. In accordance with Regulation 106Y(h)(ii) of SEBI (ICDR) Regulations, 2009, M/s Reliance Commercial Company Limited (member of Investor Association Angel Investor Group) has invested a sum of Rs. 51,00,000 on May 26, 2015 thereby purchasing 60,000 Equity Shares of Rs. 10/- each of our Company at a price of Rs. 85/- per share (including premium of Rs. 75/- per share).

We further confirm that in terms of Regulation 106ZC of SEBI (ICDR) Regulations, 2009:

- (i) All Equity Shares of our Company shall be in dematerialized form upon listing on Institutional Trading Platform.
- (ii) Our Company is in the process of entering into tripartite agreement with CDSL and NSDL along with our Registrar and for facilitating trading in dematerialized mode. We further confirm that we shall have connectivity with at least one depository at all times.
- (iii) The minimum trading lot on Institutional Trading Platform shall be Rs. 10.00 Lacs

4. FORWARD LOOKING STATEMENTS

We have included statements in this Information Memorandum, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates and liquidity conditions;
- Changes in laws and regulations in India;
- Change in tax benefits and incentives and other applicable regulations, including various tax laws;
- Changes in political conditions in India; and
- Changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause our actual results to differ, see the section titled "Risk Factors" of this Information Memorandum. 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. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Industry Overview" and "Our Business".

We 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.

SECTION II - RISK FACTORS

This is only a summary. Investors should read the following summary with the Risk Factors mentioned and the more detailed information about us and our financial statements included elsewhere in this Information Memorandum. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. The risks described herein below may not be the only risks we face. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. If any of the events or circumstances described in the risks actually occurs, our business, results of operations or financial conditions could suffer. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Risk factors for our Textiles Project:

- Our business shall dependent on the availability/supply and cost of raw materials which we source from domestic suppliers. Any significant increase in the prices of these raw materials or decrease in the availability of the raw materials, could adversely affect our results of operations.
- Our business is subject to regulation by several authorities, which could have an adverse effect on our business and our results of operations.
- We are heavily dependent on our Promoters and the loss of their guidance and services may adversely affect our business or results of operations.
- Our business shall dependent on our production facilities and the loss of or shutdown of operations of the production facilities could adversely affect our business or results of operations.
- Change in Government of India's Economic Liberalization policies may hinder prices of our equity shares
- Change in Tax laws in India (i.e. central tax, service tax and income tax) may increase tax liabilities of the company inversely affecting PAT
- Slowdown in the Indian economy may inverse effect in our profit
- Any Natural calamities, terrorist attack on India may hinder our profit
- Change in economic regulations and laws may also effect the company adversely

Risk factors for our Solar Project:

The risks affecting solar projects appear throughout the entire project lifetime, but vary greatly in character. Here are some examples:

- Risk of property damage or liability stemming from errors during the building of new projects.
- Risk affecting the viability of the project developer, for example, risks related to key personnel, financial solidity and technical ability to execute on plans.
- Risk of environmental damage caused by the solar park including any liability following such damage.
- Risk of insufficient access to investment and operating capital.
- Risk of a cost increases for key input factors such as labor or modules, or rate decreases for electricity generated.
- Risk of unscheduled plant closure due to the lack of resources, equipment damages or component failures.
- Risk of components generating less electricity over time than expected.
- Risk of a change in policy that may affect the profitability of the project, for example changes in levels of tax credit or RPS targets. Also, this includes changes in policy as related to permitting and interconnection.
- Risk of changes in electricity generation due to lack of sunshine or snow covering solar panels for long periods of time.
- Risk that all or parts of the solar park will be subject to sabotage, terrorism or theft and thus generate less electricity than planned.

SECTION III - INDUSTRY OVERVIEW

The information in this section is derived from government publications and other industry sources. Neither we, nor any other person is connected with this issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Overview of Textiles Industry:

Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country. It contributes about 14% to the industrial production, 4% to the GDP and 11% to the country's export earnings. The textile sector is the second largest provider of employment after agriculture.

The Indian textiles industry is extremely varied, with the hand-spun and hand woven sector at one end of the spectrum, and the capital intensive sophisticated mill sector at the other. The decentralized power looms/ hosiery and knitting sector form the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison to the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The major sub sectors that comprise the textiles sector include

- The Organized Cotton / Man-Made Fiber Textiles Mill Industry
- The Man-Made Fiber / Filament Yarn Industry
- The Wool and Woollen Textiles Industry
- The Sericulture and Silk Textiles Industry
- Handlooms, Handicrafts, the Jute and Jute Textiles Industry
- Textiles Exports

Growth rate of Textiles and Wearing Apparel

During the year, the Ministry of Textiles has given the required policy and financial support to the sector through its various schemes and as a result, there has been a significant improvement in textiles production inspite of slowdown in demand, high raw material prices etc. As per the Index of Industrial Production data (IIP) (Base: 2004 – 05) =100) during the year 2013 – 14 (Apr – Mar), Textiles and Wearing apparel; dressing and dyeing of fur have registered a growth rates of 4.2% and 22.6% respectively over the corresponding period of the previous year.

(Source: Annual Report 2013-14, Ministry of Textiles)

Textile Exports

The share of textiles export in the Indian Export Basket significantly increased from 11.63% to 12.58% during 2013-14. While overall Indian export had a growth of 4%, Textiles export grew to 13% in US\$ terms during 2013-14.

India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17) envisages India's exports of Textiles and Clothing at US\$ 64.41 billion by the end of March, 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for 12% share of the country's total exports basket. India is major exporting country as far as textile sector is concerned and not dependent on import. Majority of import takes place for re-export or special requirement. In the global exports of clothing, India ranked as the ninth largest exporter as per WTO data – 2012, with China, EU and Hong Kong occupying first three slots. In the global exports of Textiles, India ranked as the third largest exporter, trailing China and EU.

Textiles (including handicrafts, coir & jute) exports during 2013-14 has registered a growth of 13% in US\$ terms and 26% in Rupee terms. Textiles (including handicrafts, coir & jute) exports have touched US\$ 39.31 billion in 2013-14 as against US\$ 34.93 billion 2012-13. In Rupee terms, it is 238422.87 crore in 2013-14 against 189940.65 crore in 2012-13. Readymade Garments registered a growth of 16% Cotton Textiles 11% man-made textiles 13% in US\$ terms.

(Source: Annual Report 2013-14, Ministry of Textiles)

India's textile exports at a glance (Principal Commodities)

(₹ in Crore)

Item	2010-11	2011-12	2012-13	2013-14
Readymade Garment	50,180.69	62,686.67	67,452.48	87,059.80
RMG of cotton incl. accessories	39,032.14	46,097.93	45,826.50	54,870.44
RMG of Man-made fibre	6,729.19	10,561.82	13,712.34	18,925.70
RMG of other textile material	4,419.36	6,026.92	7,913.64	13,263.66
Cotton Textiles	39,521.31	54,236.17	61,223.10	76,162.25
Cotton raw including waste	13,160.47	21,624.20	20,276.51	22,248.48
Cotton yarn, fabrics & madeups	26,360.84	32,611.97	40,946.59	53,913.77
Man-made textiles	21,410.56	27,047.12	27,451.16	34,517.98
Manmade staple fibres	1,920.18	2,752.68	2,772.55	3,491.40
Manmade yarn, fab. & madeups	19,490.38	24,294.44	24,678.61	31,026.58
Wool & Woollen textiles	2,012.13	2,379.89	2,266.10	2,573.38
RMG of Wool	1,510.93	1,654.69	1,601.81	1,888.67
Woollen yarn, fabrics & madeups	501.20	725.20	664.29	684.71
Silk	2,874.13	2,270.12	2,197.72	2,409.51
RMG of Silk	1,169.26	1,270.78	1,288.80	1,453.85
Natural silk yarn, fab. & madeups	1,660.80	949.57	845.95	856.37
Silk waste	44.07	49.77	62.97	99.29
Handloom Product	1,574.95	2,623.96	2,812.04	2,232.83
Carpets	4,718.34	4,071.29	5,374.22	6,271.49
Carpets (excluding silk) handmade	4,706.65	4,051.21	5,353.08	6,255.84
Silk carpets	11.69	20.08	21.14	15.65
Jute	2,092.07	2,226.07	2,124.24	2,296.38
Floor covering of jute	337.83	260.71	289.61	383.29
Other jute manufactures	499.56	737.52	736.79	926.33
Jute yarn	531.81	282.01	221.16	143.58
Jute hessian	722.87	945.83	876.68	843.18
Coir and Coir Manufacturers	726.49	1,018.45	1,069.47	1,394.83
Total Textile & Clothing	125,110.67	158,559.74	171,970.53	214,918.45
Handicrafts (EPCH Data)	-	-	17,970.12	23,504.42
Total T&C including Handicrafts	125,110.67	158,559.74	189,940.65	238,422.87
% Textile Exports	10.95%	10.82%	11.63%	12.59%
India's overall exports	1,142,921.92	1,465,959.40	1,633,634.81	1,894,181.95

(Source: Annual Report 2013-14, Ministry of Textiles)

SECTION IV – BUSINESS OVERVIEW

1. OUR BUSINESS AND OPERATIONS

Bhalchandram Clothing was founded in 2005 with an intention to put up a textile weaving project. Initially Bhalchandram Clothing invested into securities. Bhalchandram Clothing had started the business of domestic as well as international trading of Raw Cotton and Cotton Yarns in 2010-2011.

Bhalchandram Clothing at present is engaged in domestic as well as international trading of cotton yarn and fabric business. Bhalchandram Clothing is also intends to expand into manufacturing of cotton fabric for exports by putting up textile weaving plant and as well to grow in the area of non conventional energy by putting up solar and wind power generation plant.

Products:



Yarns



Fabrics

Types of Yarns and Fabrics:

At present, Bhalchandram Clothing trades into different types of yarns and fabrics. The range of includes the followings

1) Yarns:

➤ Cotton Yarns

Category	Counts	Specifications
Open end yarns.	Ne 2/1 to Ne 20/1	Carded for weaving & knitting uses. We can supply multifold yarns like 2 ply, 3 ply up to 10 ply. We can also supply 'AUTOCORO' yarns with latest 'COROLAB' technology. We can also supply with various strengths with virgin cotton and also waste mixed.
Ring spun carded yarns.	Ne 6/1 to Ne 40/1	Autoconed spliced & non-autoconed 'EYC' yarns of different grades for knitting & weaving uses. We can supply multifold yarns and yarns made from Indian, Australian and other imported raw cotton also. Also possible in Organic cotton and BCI cotton. Also the yarns are contamination controlled.
Ring spun combed yarns.	Ne 16/1 to Ne 100/1	Yarns manufactured out of best quality raw cotton, with special emphasis on contamination and evenness control. All yarns are autoconed spliced/SIRO cleared by 'YARN MASTER' and with 'VISION SHIELD' technology, to minimize contamination, for knitting and weaving uses. We can supply yarns out of Indian, Australian, Egyptian, American West African cotton, Organic cotton and BCI cotton.
Compact spun Yarn.	Ne 20/1 to Ne 120/1	Compact Spun Yarns made from 100% cotton for weaving and knitting use produced from best of the machines. We can also offer compact yarns from Indian cotton, Organic cotton, Pima cotton, Supima cotton, Giza cotton. Compact yarn with high RKM is also possible.
Double and Multifold yarns.	Ne 20/2 to Ne 120/2	Cotton yarns for weaving or knitting with 2 or multi fold. We can supply the double or multifold yarns made on TFO or ring double wet spliced as per customers need.
Specialty cotton yarns.	Ne 20/1 to Ne 100/1	We can supply gassed, mercerized yarns and the double steam set, heat set yarns for 'Vellore fabrics. We can also supply 'Compact Spun' yarns made out of Indian long staple as well as Egyptian 'GIZA' and American 'PIMA' cotton.

➤ Melange Yarns

Category	Counts	Specifications
Ring spun yarns	Ne 16/1 to Ne 40/1	Mélange yarns made from cotton for knitting. Different shades of mélange is possible also with different blends like 100% cotton, cotton/poly, cotton/viscose, etc as per customers requirement.

➤ Synthetic Yarns

Category	Counts	Specifications
Polyester/Cotton	Ne 16 To Ne 60	Polyester/Cotton Yarns for the end use of weaving and knitting. Different blends are possible 52/48 Polyester/cotton, 50/50 Polyester/cotton, 65/35 Polyester/cotton, 40/60 Polyester/cotton (CVC). Single or multi fold is also possible.

100% Viscose/Rayon	Ne 16 to Ne 40	100% Viscose yarns made for knitting or weaving use. The yarn is made with top quality Karach viscose fibre. Possible to offer viscose yarns which are Ring Spun and also Open End.
Polyester/Viscose	Ne 20 to Ne 40	Polyester/ Viscose yarns for end use of knitting and weaving. Various blends are possible like 65/35 Polyester/ Viscose, 60/40 Polyester/ Viscose, 50/50 Polyester/Viscose. Single or multi fold is also possible.
100% Polyester	Ne 20 to Ne 40	Yarns made from 100% polyester fiber for weaving or knitting use. Single or multi fold polyester yarns are possible.
100% Polyester Texturised	75/36 to 150/72	Various deniers and filaments are possible for polyester filament yarns also known as DTY or PTY.

➤ **Flex Yarns (cotton/linen)**

Category	Counts	Specifications
Ring spun yarns.	Ne 16/1 to Ne 40/1	Possibility to supply of various blends of cotton/(linen) yarns as per requirements.

2) Fabrics:

- Grey Fabrics – Woven
- Grey Fabrics – Knitted

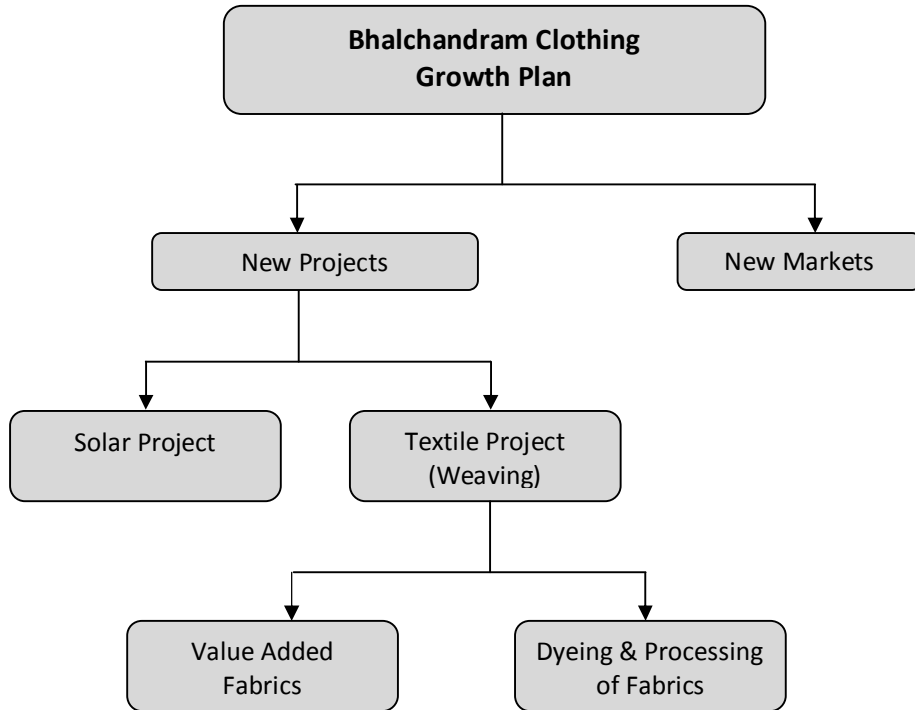
Sources and availability of raw material

Bhalchandram Clothing will source components from domestic vendors for manufacturing of fabrics. Due to large cotton crop in India, the raw material will be available.

Strengths:

- 1) Local availability of raw material. Advantage due to large cotton crop in India.
- 2) Yarn spinning industry is very much settled. It has sufficient production to satisfy local markets and has excess production for exports.
- 3) The company is professionally managed with an experienced management team possessing extensive industry experience.
- 4) Government has incentivised the textile sector.
- 5) Government of Maharashtra have special scheme to promote weaving sector.
- 6) Abundant Labour
- 7) Abundant Technical skills.

Our Strategy:



➤ **Solar Project**

Bhalchandram Clothing plans to put up a Grid Connected Solar Project to produce energy from non conventional and green energy source. The power produced from such project will be sold to the respective Electricity Boards and also partially will be used for its own textile product plants. Solar project has preferential tariffs from all the state discoms' and as such are very viable project for the investment to be made. Further usage of the power for its own consumption will reduce the cost of power which is a major cost in the textile weaving industry. This also will help the company to reduce its manufacturing cost and be highly competitive in the market.

➤ **Textile Project (Weaving)**

Bhalchandram Clothing wants to set up a manufacturing facility consisting of high tech and most modern wide width looms to manufacture cotton fabrics. The facility will have full fledged machineries consisting of warping, sizing and doubling of yarns. It will make the entire back processing in-house to facilitate smooth production. The plant will produce international quality products mainly targeted for exports to USA, Europe and other markets. Bhalchandram Clothing also will use its expertise and marketing techniques to do domestic and international trading of Cotton yarns and fabrics for value added products like fabrics, new specialty fabrics considering the abundance of Raw Cotton and Cotton yarns in India.

➤ **Value Added Fabrics**

There is tremendous market potential for exports of Value Added fabrics such as Dobby, High Thread Count Bed Sheet fabrics, Technical Textiles etc and Bhalchandram Clothing will strive towards becoming a major player in this market and eventually also will set up its dyeing and processing facilities to give fully value added product to its customers.

➤ **Dyeing & Processing of Fabrics:**

The company would like to set up its own dyeing and processing facility for fabrics. It will be much value added item for exports.

➤ **New Markets:**

Bhalchandram Clothing currently exports cotton yarns and fabrics to Hong Kong and China.

As detailed in the Table – 1, China has had the major market share for Cotton Yarn during 2013-14 with a share of 41.89%. Exports of cotton yarn to China registered a growth rate of 65% in 2013-14 as compared to exports in 2012-13. Bangladesh was another important market for cotton yarn with a share of 11.71%. Egypt, South Korea, Hong Kong, Portugal, Pakistan, Vietnam were other leading markets.

Bhalchandram Clothing now plans to increase its marketing efforts to drive sales through a combined value proposition of cost and quality. The Company will focus on expanding its reach to other leading markets namely Egypt, Bangladesh, South Korea, Portugal, Pakistan and Vietnam.

Table – 1: Exports of Cotton Yarns

Rank	Partner Country	Million US \$			% Share			% Change
		2011-12	2012-13	2013-14	2011-12	2012-13	2013-14	
1	China	561.15	1,156.24	1,908.07	18.77	32.70	41.89	65.02
2	Bangladesh	529.79	545.30	533.37	17.72	15.42	11.71	(2.19)
3	Egypt	221.05	125.26	177.12	7.39	3.54	3.89	41.40
4	Korea South	208.75	201.44	176.58	6.98	5.70	3.88	(12.34)
5	Hong Kong	74.51	137.23	139.24	2.49	3.88	3.06	1.46
6	Portugal	100.25	118.89	137.20	3.35	3.36	3.01	15.40
7	Pakistan	17.51	74.34	118.75	0.59	2.10	2.61	59.74
8	Peru	97.33	100.91	110.83	3.26	2.85	2.43	9.83
9	Colombia	99.86	93.24	91.48	3.34	2.64	2.01	(1.89)
10	Vietnam	35.33	47.67	87.89	1.18	1.35	1.93	84.37
	TOTAL	2,990.31	3,535.47	4,503.34	100.00	100.00	100.00	

(Source: TEXPROCIL Annual Report 2013-2014)

As detailed in Table – 2, Bangladesh was leading the market for cotton fabrics during 2013-14 with share of 17.92% followed by Sri Lanka and UAE with shares of 11.71% and 6.32% respectively. Although, Bangladesh was the leading market, its share declined by 0.44% from 19.41% in 2012-13 to 17.92% in 2013-14. However, the market share for cotton fabrics in Sri Lanka and UAE in 2013-14 increased by 5.15% and 18.01% respectively as compared to 2012-13. Togo and USA were other leading markets.

Bhalchandram clothing will export its manufactured cotton fabrics to leading markets namely Bangladesh, Sri Lanka, UAE and Togo.

Table – 2: Exports of Cotton Fabrics

Rank	Partner Country	Million US \$			% Share			% Change
		2011-12	2012-13	2013-14	2011-12	2012-13	2013-14	
1	Bangladesh	164.77	395.77	394.03	8.44	19.41	18.48	(0.44)
2	Sri Lanka	249.34	233.46	245.48	12.77	11.45	11.51	5.15
3	UAE	111.89	117.67	138.86	5.73	5.77	6.51	18.01
4	Togo	88.31	75.03	110.95	4.52	3.68	5.20	47.87
5	USA	135.27	110.40	110.83	6.93	5.42	5.20	0.39
6	Senegal	54.44	66.81	63.16	2.79	3.28	2.96	(5.46)
7	Italy	71.39	51.65	56.81	3.66	2.53	2.66	9.99
8	Benin	37.18	29.97	44.82	1.90	1.47	2.10	49.55
9	Saudi Arabia	55.73	57.84	40.86	2.85	2.84	1.92	(29.36)
10	Sudan	30.59	36.93	40.60	1.57	1.81	1.90	9.94
	TOTAL	1,952.14	2,038.54	2,132.04	100.00	100.00	100.00	

(Source: TEXPROCIL Annual Report 2013-2014)

2. FINANCIAL INFORMATION

The audited financial information of the company comprising of the Balance sheet, Profit & Loss Account and Cash Flow Statement along with notes to accounts for the fiscal 2014-2015 is provided below;

A. Balance Sheet as at 31st March, 2015

(Amount in Rupees)

	Particulars	Note No	Fiscal 2014-15	Fiscal 2013-14
A	EQUITY AND LIABILITIES			
1	Shareholder's Funds			
	(a) Share capital	1	50,00,000	50,00,000
	(b) Reserves and surplus	2	3,70,78,989	3,52,39,957
2	Current Liabilities			
	(a) Trade payables	3	39,68,856	88,542
	(b) Other current liabilities	4	12,961	2,500
	(b) Short-term provisions	5	3,39,360	NIL
	Total		4,64,00,166	4,03,30,999
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets		NIL	NIL
	(b) Other non-current assets	6	25,000	25,000
2	Current assets			
	(a) Current investments	7	NIL	39,52,646
	(b) Inventories		NIL	NIL
	(c) Trade receivable	8	1,18,05,056	NIL
	(d) Cash and cash equivalents	9	24,01,005	1,82,58,539
	(e) Short-term loans and advances	10	3,17,25,158	1,80,94,814
	(f) Other current assets	11	4,43,947	NIL
	Total		4,64,00,166	4,03,30,999

B. Statement of the Profit and Loss for the period ended 31st March, 2015.

(Amount in Rupees)

Particulars	Note No	Fiscal 2014-15	Fiscal 2013-14
Continuing Operations			
Income			
Revenue from operations	12	1,22,10,916	37,98,710
Other Income	13	23,71,331	44,68,381
Total Income		1,45,82,247	82,67,091
Expenses			
Purchase of Stock-in-Trade		1,13,76,288	39,49,722
Other expenses	14	5,44,597	1,32,231
Total Expenses		1,19,20,885	40,81,953
Earnings before interest, tax , depreciation and amortization (EBITDA)		26,61,362	41,85,138
Finance costs		NIL	NIL
Depreciation and amortization expense		NIL	NIL
Profit / (loss) before tax		26,61,362	41,85,138
Tax expense:			
Current tax		8,22,360	10,34,096
Deferred tax		NIL	NIL
Total Tax Expense		8,22,360	10,34,096
Profit/(Loss) for the year from continuing operations (A)		18,39,002	31,51,042
Discontinuing Operations			
Profit/(Loss) before tax from discontinuing operations		NIL	NIL
Tax expense of discounting operations		NIL	NIL
Profit/(Loss) from discontinuing operations (B)		NIL	NIL
Profit/(Loss) for the year (A+B)		18,39,362	31,51,042
Earnings per share:			
Basic		3.68	6.30
Diluted		3.68	6.30

C. Cash Flow Statement for the period ended 31st March, 2015

(Amount in Rupees)

Particulars	Fiscal 2014-15	Fiscal 2013-14
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Exceptional items	26,61,362	41,85,138
<i>Adjustments for:</i>		
Depreciation	NIL	NIL
(Profit)/Loss on sale/ redemption of Investments	(20,03,244)	(9,71,020)
Interest Received	(3,30,000)	(34,37,464)
Dividend Received	NIL	(47,310)
Operating Profit before working capital change	3,28,118	(2,70,656)
<i>Adjustments for:</i>		
Trade Receivables	(1,18,05,056)	NIL
Short-term loans and advances	(1,36,30,344)	1,12,42,282
Other current assets	(4,43,947)	NIL
Trade Payables	38,80,314	78,300
Other current liabilities	10,461	(278,779)
Cash Generated from operation	(21,660,454)	10,771,147
Direct tax (paid) / refund	(4,82,970)	(10,47,226)
Cash Flow from Operating Activities (A)	(2,21,43,424)	97,23,921
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale/(Purchase) of Investments	59,55,890	47,79,388
Interest Received	3,30,000	34,37,464
Dividend Received	NIL	47,310
Cash Flow from Investing Activities (B)	62,85,890	82,64,162
(C) CASH FLOW FROM FINANCING ACTIVITIES :	NIL	NIL
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	(1,58,57,534)	1,79,88,083
Cash and Cash Equivalents at beginning of the year	1,82,58,539	2,70,456
Cash and Cash Equivalents at the end of the year	24,01,005	1,82,58,539

D. Notes to Financial statements**1. Share Capital****(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
	Authorized, Issued, Subscribed and paid up share capital		
1	Authorized share capital		
	6,00,000 Equity Shares of Rs.10/- each	60,00,000	50,00,000
2	Issued, Subscribed and paid up share capital		
	5,00,000 Equity Shares of Rs.10/- each Fully Paid-up	50,00,000	50,00,000
	Total	50,00,000	50,00,000

- (a) The number of shares and amount outstanding at the beginning and at the end of the reporting year is same.
- (b) The Company has one class of equity shares having a face value of Rs.10/- per share. Each holder of equity share is entitled to same right based on the number of shares held.
- (c) Details of shares in the company held by each shareholder holding more than 5% shares

Sr. No.	Particulars	Fiscal 2014-15		Fiscal 2013-14	
		Number	%	Number	%
	Equity Shares of Rs.10/- each Fully Paid-up				
1	M/s Thakurji Textile Trading Pvt. Ltd.	61,100	12.22	61,300	12.26
2	M/s Kirti Stockbrokers Pvt. Ltd.	80,800	16.16	81,000	16.20
3	M/s Hind Commerce Ltd.	92,500	18.50	92,500	18.50
4	M/s Billion Way Garment Ltd.	2,40,200	48.04	2,40,200	48.04

2. Reserves & Surplus**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	Securities Premium Account		
	Opening Balance	2,38,75,597	2,38,75,597
	Closing Balance	2,38,75,597	2,38,75,597
2	Surplus in the statement of Profit & Loss		
	Opening Balance	1,13,64,360	82,13,318
	Add: Profit for the Year	18,39,002	31,51,042
	Add: Excess Provision reversed	30	NIL
	Closing Balance	1,32,03,392	1,13,64,360
	Total	3,70,78,989	3,52,39,957

3. Trade Payable**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	For Goods	37,92,096	NIL
2	For Expenses	1,76,760	88,542
	Total	39,68,856	88,542

4. Other Current Liabilities**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	Other Payables - Statutory Dues	12,961	2,500
	Total	12,961	2,500

5. Short Term Provisions**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	Provision for Tax (Net of Advance Tax & TDS)	339,360	NIL
	Total	3,39,360	NIL

6. Other Non Current Assets**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	Balances with Government Authorities		
	Deposit with Sales Tax	25,000	25,000
	Total	25,000	25,000

7. Current Investments**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	In Unquoted Mutual fund	NIL	39,52,646
	Total	NIL	39,52,646

8. Trade Receivables**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
	Unsecured considered good	NIL	NIL
2	Other Trade receivables		
	Unsecured considered good	1,18,05,056	NIL
	Total	1,18,05,056	NIL

9. Cash and Cash Equivalent**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	Cash on hand	6,922	7,222
2	Balances with Banks - In Current Accounts	23,94,083	1,82,51,317
	Total	24,01,005	1,82,58,539

10. Short Term Loans & Advances**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
(a)	Advances to Related Parties		
	Unsecured, considered good (Refer Note No. 16)	3,16,40,000	1,80,32,294
(b)	Prepaid expenses		
	Unsecured, considered good	23,508	NIL
(c)	Advance Income tax	61,650	62,520
	Total	3,17,25,158	1,80,94,814

11. Other Current Assets**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	Others - Export Incentive Receivable	4,43,947	NIL
	Total	4,43,947	NIL

12. Revenue from operations**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
(i)	Sale of Products		
	Traded goods	1,17,66,969	37,98,710
(ii)	Other operating revenues		
	Duty Drawback	4,43,947	NIL
	Total	1,22,10,916	37,98,710

13. Other Income**(Amount in Rupees)**

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
1	Dividend Income	NIL	47,310
2	Interest Income	3,30,000	34,37,464
3	Gain on exchange rate difference	38,037	NIL
4	Net gain on sale / redemption of		
	Long Term Investments	NIL	8,33,228
	Current Investments	20,03,244	1,50,380
	Total	23,71,331	44,68,381

14. Other Expenses

(Amount in Rupees)

Sr. No.	Particulars	Fiscal 2014-15	Fiscal 2013-14
(a)	Office & Administrative expenses:		
	Auditor's Remuneration:		
	For Audit	6,742	6,742
	For Tax Audit	6,742	NIL
	Bank Charges	3,280	4,052
	Compliance certificate filling fees	2,000	2,000
	Domain Hosting Charges	5,618	NIL
	Filing Fees	22,020	5,000
	Foreign Bank charges	NIL	1,526
	Insurance Premium	555	NIL
	Legal & Professional Charges	13,118	7,090
	Loss on exchange rate difference	NIL	5,816
	Membership Fees	14,607	5,618
	Minute Writing Charges	1,000	1,000
	Miscellaneous Expenses	11,518	NIL
	Net Loss on sale of - Current Investments	NIL	12,587
	Postage & Courier Expense	335	NIL
	Printing & Stationery Expense	2,051	NIL
	Professional Tax	2,500	2,500
	Stamp Duty	2,000	NIL
(b)	Selling and Distribution expenses		
	Ocean Freight	3,61,494	18,351
	Local Freight & other Shipment cost	89,017	59,949
	Total	5,44,597	1,32,231

Notes forming Part of accounts**15. Segment Reporting**

The Company is engaged solely in trading activity during the year and all activities of the Company revolve around this activity. As such there are no reportable segments as defined by Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

16. Related party transactions**i) The Company has identified following parties for the purpose of Related Party Disclosure:****Key Managerial Person (KMP)**

Shri Umesh Lahoti - Director

Entities in which KMP / relative of KMP have significant influence

Lahoti Overseas Limited

Garudvahak Textiles Pvt. Ltd.

Pawansoot Textiles Pvt. Ltd.

Trilokinath Textiles Pvt. Ltd.

Yashodanandan Textiles Pvt. Ltd.

ii) Transaction with Related Parties during the year :-		
	2014-15	2013-14
	Amt (Rs.)	Amt (Rs.)
(a) Key Management Personnel		
<u>Shri Umesh Lahoti</u>		
Short term advance given for capital expenditure	2,00,00,000	NIL
(b) Entities in which KMP / relative of KMP have significant influence		
<u>(i) Lahoti Overseas Ltd. (Loan)</u>		
Short term loan given	NIL	3,55,00,000
Short term loan returned back	(63,92,294)	(4,99,68,520)
Interest received	3,30,000	34,37,464
<u>Lahoti Overseas Ltd. (Advance to suppliers)</u>		
Advances given for purchase of goods	1,10,00,000	NIL
Advance returned on cancellation of purchase contract	(1,10,00,000)	NIL
(ii) Garudvahak Textiles Pvt. Ltd. - Short Term Loan Given	NIL	15,000
(iii) Pawansoot Textiles Pvt. Ltd. - Short Term Loan Given	NIL	15,000
iii) Balance outstanding at the year end is as under :		
	As At	As At
	31.03.2015	31.03.2014
	Amt (Rs.)	Amt (Rs.)
Key Management Personnel		
<u>Short Term Loans & Advances Receivable</u>		
Shri Umesh Lahoti	2,00,00,000	NIL
Entities in which KMP / relative of KMP have significant influence		
<u>Short Term Loans & Advances Receivable</u>		
Lahoti Overseas Ltd.	NIL	6,392,294
Garudvahak Textiles Pvt. Ltd.	17,75,000	1,775,000
Pawansoot Textiles Pvt. Ltd.	8,65,000	865,000
Trilokinath Textiles Pvt. Ltd.	8,00,000	800,000
Yashodanandan Textiles Pvt. Ltd.	82,00,000	8,200,000
17. Earnings Per Share		
	2014-15	2013-14
i) Weighted Average Number of Equity Shares outstanding during the year	5,00,000	5,00,000
ii) Net Profit after tax available for Equity Shareholders (Rs.)	18,39,362	31,51,042
iii) Basic and Diluted Earnings Per Share (Rs.)	3.68	6.30
iv) Nominal Value Per Share (Rs.)	10	10
The Company does not have any outstanding dilutive potential equity shares.		
18. Earnings in Foreign Currency		
	2014-15	2013-14
CIF value of Exports (Rs.)	1,17,66,969	37,98,710

19. Summary of significant accounting policies:

a. Basis of Accounting:

The financial statements are prepared on accrual basis of accounting with the generally accepted accounting principles in India., provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211(3C) of the Act, read with Companies (Accounting Standards) Rules, 2006. Accounting Policies not referred to otherwise are consistent with Generally Accepted Accounting Principles and are consistent with those used in the previous year.

b. Investments:

Long term investments are stated at cost after deducting provision made for permanent diminution in the value, if any. Current investments are stated at lower of cost & fair market value.

c. Loans and Advances:

Loans & Advances are stated after making adequate provision for doubtful advances.

d. Taxation:

Income-tax expense comprises current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax asset on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of deferred tax asset is reviewed to reassure realization.

e. Revenue Recognition:

- Export sales are accounted for on the basis of the date of bill of lading / airways bill / LET export date.
- Export benefits available under the Export Import policy of the Government of India are accounted on accrual basis in the year of export, to the extent measurable.

f. Inventories:

Inventories are valued at lower of cost and net realizable value after providing for obsolescence, if any. Cost includes purchase price as well as incidental expenses. Cost formula used is either 'Specific Identification' or 'FIFO'.

g. Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of the transaction. Monetary items denominated in Foreign currency at the yearend are translated at year end rates. The exchange differences arising on settlement/translation are recognized in the revenue accounts.

20. The previous year figures have been reclassified / regroup wherever necessary to confirm to this year's classification.

3. CAPITAL STRUCTURE

The share capital of the Company and the related information as at the date of this Draft Information Memorandum is set forth below

Sr. No.	Particulars	Amount (Rs.)
A	Authorised capital	
	6,00,000 Equity Shares of face value of Rs.10/- per share	60,00,000
B	Issued, Subscribed and paid up share capital	
	5,60,000 Equity Shares of face value of Rs.10/- fully paid up	56,00,000
		56,00,000

The securities premium account of the Company is set forth as under:

Date	Particulars	Share Premium	Cumulative Share premium
28.10.2008	25,000 equity shares of Rs.10/- each issued at a premium of Rs. 90/- per share	22,50,000	22,50,000
24.11.2008	2,40,200 equity shares of Rs.10/- each issued at a premium of Rs. 90/- per share	2,16,25,597	2,38,75,597
27.05.2015	60,000 equity shares of Rs.10/- each issued at a premium of Rs. 75/- per share	45,00,000	2,83,75,597

Notes to Capital Structure:

(I) Details of Capital Structure of the Company since inception are as follows:

Date of Allotment	Nos of shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, bonus, consideration other than cash)	Nature of Allotment (Bonus, Swap etc.)	Cumulative no. of equity share	Cumulative paid up capital (Rs.)	Cumulative share premium (Rs.)
7.10.2005	10,000	10	10	Cash	Cash	10,000	1,00,000	NIL
30.3.2006	45,000	10	10	Cash	Cash	55,000	5,50,000	NIL
28.10.2008	25,000	10	100	Cash	Cash	80,000	8,00,000	22,50,000
24.11.2008	2,40,200	10	100	Cash	Cash	3,20,200	32,02,000	2,38,75,597
31.3.2009	1,79,800	10	10	Cash	Cash	5,00,000	50,00,000	2,38,75,597
27.05.2015	60,000	10	85	Cash	Cash	5,60,000	56,00,000	2,83,75,597

(II) Shareholding of our Promoters and Promoter Group:

Date of Allotment / Transfer	Consideration Issue	Nos of Equity Shares	Face Value per Share (Rs.)	Acquisition / Transfer Price	Nature of Transactions	Shareholding %
Mr. Ujwal Lahoti						
8.11.2014	Cash	100	10	85	Transfer	0.02 %
Mr. Umesh Lahoti						
8.11.2014	Cash	100	10	85	Transfer	0.02 %
M/s Janaksuta Textile & Yarns Pvt. Ltd.						
15.3.2010	Cash	10,000	10	10	Transfer	1.79 %

M/s Mast Mast Textile Trading Pvt. Ltd.						
17.3.2010	Cash	15,000	10	10	Transfer	2.68 %
M/s Thakurji Textile Trading Pvt. Ltd.						
31.3.2009	Cash	61,100	10	10	Allotment	10.91 %
M/s Kirti Stockbrokers Pvt. Ltd.						
31.3.2009	Cash	80,800	10	10	Allotment	14.43 %
M/s Hind Commerce Ltd.						
31.3.2009	Cash	92,500	10	10	Allotment	16.52 %

(III) Statement showing Share Holding Pattern of Bhalchandram Clothing Limited as per clause 34 of Listing on Institutional Trading Platform

Category code (I)	Category of Shareholder (II)	Number of Share holders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares	Shares Pledged or otherwise encumbered	
					As a % of(A+B) (VI)	Number of shares (VII)	As a % (VIII) = (VII)/(IV) *100
(A)	Promoter and Promoter Group						
(1)	Indian						
(a)	Individuals/ Hindu Undivided Family	2	200	-	0.04		
(b)	Central Government/ State Government(s)	-	-	-	-	-	-
(c)	Bodies Corporate	5	259,400	-	46.32	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-
	Sub Total(A)(1)	7	259,600		46.36	-	-
(2)	Foreign						
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-
(d)	Any Other (Specify)	-	-	-	-	-	-
	Sub Total(A)(2)	-					
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	7	259,600	-	46.36	-	-

(B)	Public shareholding						
(1)	Institutions						
(a)	Mutual Funds/ UTI	-	-	-	-	-	-
(b)	Financial Institutions / Banks	1	60,000	-	10.71	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-
(d)	Alternate Investment Funds / Venture Capital Funds	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-
(h)	Any Other - Merchant Banker	-	-	-	-	-	-
	Sub-Total (B)(1)	1	60,000	-	10.71	-	-
(2)	Non-institutions						
(a)	Bodies Corporate	1	2,40,200	-	42.89	-	-
(b)	Individuals	2	200	-	0.04	-	-
(c)	Qualified Foreign Investors	-	-	-	-	-	-
(c)	Any Other	-	-	-	-	-	-
	Sub-Total (B)(2)	3	2,40,400	-	42.93	-	-
	Total Public Shareholding (B)= (B)(1)+(B)(2)	4	300,400	-	53.64	-	-
	TOTAL (A)+(B)	11	560,000	-	100.00	-	-

(IV) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of shareholder	Details of Share held	Shares Pledged or otherwise encumbered
1	Mr. Ujwal Rambilas Lahoti	100	-
2	Mr. Umesh Rambilas Lahoti	100	-
3	M/s Janaksuta Textile & Yarns Pvt. Ltd.	10,000	-
4	M/s Mast Mast Textile Trading Pvt. Ltd.	15,000	-
5	M/s Thakurji Textile Trading Pvt. Ltd.	61,100	-
6	M/s Kirti Stockbrokers Pvt. Ltd.	80,800	-
7	M/s Hind Commerce Ltd.	92,500	-

(V) Statement showing Shareholding of persons belonging to the category "Public" and holding more than 1 % of the total number of shares

Sr. No.	Name of shareholder	Number of Shares	Shares as a % of total number of shares
1	Billion Way Garment Ltd.	240,200	42.89 %
2	Reliance Commercial Company Ltd.	60,000	10.71 %

(VI) Statement showing details of locked-in shares

Sr. No.	Name of shareholder	Number of locked-in Shares	Locked-in shares as a percentage of total number of shares
1	M/s Kirti Stockbrokers Pvt. Ltd.	56,000	10 %
2	M/s Thakurji Textile Trading Pvt. Ltd.	56,000	10 %

The above shares shall be locked-in for a period of 3 years from the date of listing.

3. PROPERTY

At present our company has no investments in property.

**SECTION V – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND
MANAGEMENT**

The following table sets forth certain information concerning the beneficial ownership of our shares of by each person known by us to be the beneficial owner (In case different from registered owner) of the issued and subscribed capital.

Class / Type of Securities	Name and Address of Beneficial Owner	Amount and nature of beneficial ownership	Percent
Equity Shares	Nil	N.A.	N.A.

SHAREHOLDERS AGREEMENTS

Our Company has not entered into any shareholders agreement as on date of this Information Memorandum.

SECTION VI – OUR PROMOTERS

Details of the Promoters:

The details of the Promoters are given below:

Name:	Mr. Ujwal Rambilas Lahoti
Address	2201, Dhavalgiri, August Kranti Marg, Nana Chowk, Mumbai – 400 036, Maharashtra, India
PAN No.	AAEPL9500C
Profile	Mr. Ujwal R. Lahoti, 56, is a Managing Director of our Company. He is one of the Core Promoters of the Company. He has done his graduation in Commerce from Pune University. He has more than 32 years of experience in the business of yarn and cloth trading and exports. He is handling day to day activities of the company which includes cloth trading, share trading, Leasing and Bill Discounting. He is responsible for overall operations of the company.

Name:	Mr. Umesh Rambilas Lahoti
Address	3401, ERA-IV, Marathon Nextgen, Off. G.K. Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India
PAN No.	AAFPL2888N
Profile	Mr. Umesh R. Lahoti, 50, is a Executive Director of our Company. He is one of the Core Promoters of the Company. He has done his graduation in Commerce from Shivaji University, Solapur. After completing his graduation, he has joined family business of wholesale cloth trading. He has more than 28 years of experience in the business of yarn and clothing trading. He has been associated with various family businesses and has experience in the field of construction, textile, spinning and exports of cotton yarns. Presently, He is looking after day to day operations and management of the company.

SECTION VII – OUR MANAGEMENT

The Board of Directors of the Company comprises of Four Directors whose designation is as detailed below. The Composition of the Board of Directors is in compliance with the Companies Act, 2013 and the Listing Agreement which the Company proposes to enter into by our Company with the Stock Exchange (NSE – Emerge ITP) and in compliance with the norms of the code of corporate governance as applicable to listed companies in India.

Board of Directors

As on the date of this Draft Information Memorandum, our Board of Directors comprises of:

Name, DIN No., PAN No., Age, & Address	Date of assuming office in the Company	Tenure	Designation	Directorship in other Companies
Mr. Ujwal Lahoti, 00360785 AAEPL9500C 56 Years 2201, Dhavalgiri, August Kranti Marg, Nana Chowk, Mumbai-400 036, Maharashtra	20.10.2014	Retirement by rotation	Managing Director	1) Hind Commerce Ltd. 2) Bauble Investment Pvt. Ltd. 3) Kirti Stockbrokers Pvt. Ltd. 4) Psware Information Pvt. Ltd. 5) Lahoti Overseas Ltd. 6) G. Varadan Ltd. 7) Webservice Technologies Ltd. 8) Lahoti Spintex Ltd. 9) The Cotton Textiles Export Promotion Council 10) Janaksuta Textile And Yarns Pvt. Ltd. 11) Crystal Tradecom Ltd. 12) Elementary Realtors Pvt. Ltd.
Mr. Umesh Lahoti 00361216 AAFPL2888N 50 Years 3401- ERA-IV, Marathon Nextgen, Off. G.K. Marg, Lower Parel, Mumbai – 400013, Maharashtra	20.10.2014	Retirement by rotation	Executive Director	1) Hind Commerce Ltd. 2) Kalyani Forge Ltd. 3) Kirti Stockbrokers Pvt. Ltd. 4) Lahoti Overseas Ltd. 5) G. Varadan Ltd. 6) Lahoti Spintex Ltd. 7) Janaksuta Textile And Yarns Pvt. Ltd. 8) Crystal Tradecom Ltd. 9) Elementary Realtors Pvt. Ltd. 10) Madhya Pradesh Stock Exchange Ltd. 11) Indrayani Biotech Ltd.

Mr. Prakash Bang, 00088837 AARPB9078N 58 Years 459, Sindh Housing Society,, Aundh, Pune - 411007, Maharashtra	20.10.2014	Two Years	Non Executive Independe nt Director	1) Hind Commerce Ltd. 2) Millennium-Fusion Food And Hotels Pvt. Ltd. 3) Websource Technologies Ltd. 4) Lahoti Overseas Ltd. 5) Rooms XML Solutions Ltd. 6) Indrayani Biotech Ltd.
Mr. Mahesh Bhattad 00564107 AAYPB1893N 44 Years C-3, Kasliwal Pushpa, Nageshwarwadi, Aurangabad - 431001, Maharashtra	20.10.2014	Two Years	Non Executive Independe nt Director	1) Rashyp Impex Pvt. Ltd.

Brief Profile of the Directors:

1. Mr. Ujwal Lahoti

A brief profile of Mr. Ujwal Lahoti is provided under the section titled 'Our Promoters' beginning on the page no. 35 of this Draft Information Memorandum

2. Mr. Umesh Lahoti

A brief profile of Mr. Umesh Lahoti is provided under the section titled 'Our Promoters' beginning on the page no. 35 of this Draft Information Memorandum

3. Mr. Prakash Bang

Mr. Prakash R. Bang, aged 58 years, is an Independent Director of our Company. He has completed his B.Sc and MBA in Marketing and MIMA from Pune. He has over 38 years of experience in the field of Finance and Marketing. He was also the past President of the Lions Club of Pune. He is the promoter of two proprietary concerns M/s Quiksel Communications and M/s. Prakash Bang's Personal Mart. He is the author of the critically acclaimed book "Your Enterprise Isn't Dead, Yet". He is also regular speaker at various management institutions and Professional Bodies.

4. Mr. Mahesh Bhattad

Mr. Mahesh Bhattad, aged 44 years, is an Independent Director of our Company. He has completed his graduation in commerce. He has more than 20 years experience in the business of trading in pharmaceuticals.

NATURE OF FAMILY RELATIONSHIP AMONG DIRECTORS

Mr. Umesh Lahoti and Mr. Ujwal Lahoti are Brothers.

TERMS OF APPOINTMENT OF OUR DIRECTORS

Mr. Ujwal Lahoti is the Managing director and Mr. Umesh Lahoti is the Executive director in our Company. They shall retire by rotation as per the requirements of the Companies Act, 2013 and the Articles of Association.

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

The Company will be paying sitting fees to the Independent Directors within the limit as prescribed by the Companies Act, 2013.

Corporate Governance:

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealing with the stakeholders, and emphasize on communication and transparent reporting. We are required to comply with the applicable provisions of the Companies Act, 2013 read with rules thereunder and the Listing Agreement to be executed with the Stock Exchange and the SEBI Regulations and such other applicable provisions, rules and regulations, in respect of corporate governance including constitution of the Board of Directors and Committees thereof.

The Board of Directors of the Company is constituted in compliance with the Companies Act, 2013 and the Listing Agreement with best practices in corporate governance. The Board of Directors will be functioning in full and as well as through various committees as and when constituted for specific operational purpose.

The Company also has a system of periodical review of the Independent and Non-Independent Directors as required under the Companies Act, 2013.

Audit Committee

Our Company has constituted the Audit committee ("Audit Committee"), as per the provisions of Clause 42 of the Listing Agreement to be entered with Stock Exchange, vide resolution passed in the meeting of the Board of Directors held on May 19, 2015.

The terms of reference of Audit Committee complies with the requirements of Clause 42 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The committee presently comprises of the following:

Composition of Audit Committee

Names of the Director	Designation in the Committee	Nature of directorship
Mr. Prakash Bang	Chairman	Independent Director
Mr. Mahesh Bhattad	Member	Independent Director
Mr. Ujwal Lahoti	Member	Executive 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 information is correct, sufficient and credible.
6. Recommending to the Board of Directors, 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 of Directors for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Director'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 arising out of audit.
 - 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 half-yearly financial statements before submission to the Board of Directors for approval.
10. Reviewing, with the management, the statement of uses / application of funds raised through an issue.
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 of Directors.
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 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.

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

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Our Company has constituted a Shareholders/Investors Grievance committee ("Shareholders/Investors Grievance Committee"), as per the provisions of Clause 42 of the Listing Agreement to be entered with Stock Exchange, vide resolution passed in the meeting of the Board of Directors held on May 19, 2015.

The terms of reference of Shareholders / Investors Grievance Committee complies with requirements of Clause 42 of the Listing Agreement, proposed to be entered into with Stock Exchange in due course. Mr. Mahesh Bhattad is the Chairman of Shareholders / Investors Grievance Committee. The committee presently comprises of following directors:

Names of the Director	Designation in the Committee	Nature of directorship
Mr. Mahesh Bhattad	Chairman	Independent Director
Mr. Prakash Bang	Member	Independent Director
Mr. Umesh Lahoti	Member	Executive Director

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

Some of our Directors also hold Equity Shares in our Company and are interested to the extent of any dividend payable to them in respect of the same.

Sr. No.	Name of the Director	Number of Shares held as on date
1.	Mr. Ujwal Lahoti	100
2.	Mr. Umesh Lahoti	100

Changes in our Board during the last three years

Sr. No.	Name of the Director	Date of Appointment	Cessation Date of	Reasons, if any
1.	Mrs. Jayashri Lahoti	25.9.2008	25.10.2014	-
2.	Mrs. Manjushri Lahoti	11.10.2008	25.10.2014	-
3.	Mr. Ujwal Lahoti	22.10.2014	-	-
4.	Mr. Umesh Lahoti	22.10.2014	-	-
5.	Mr. Prakash Bang	22.10.2014	-	-
6.	Mr. Mahesh Bhattad	22.10.2014	-	-

SECTION VIII – RELATED PARTY TRANSACTIONS

Transaction with related party as identified by the management in accordance with Accounting Standard 18 "Related party disclosures" issued by The Institute of Chartered Accountants of India are as follows:

i) List of Related Parties:

Key Managerial Person (KMP)

Shri Umesh Lahoti - Director

Entities in which KMP / relative of KMP have significant influence

Lahoti Overseas Limited

Garudvahak Textiles Pvt. Ltd.

Pawansoot Textiles Pvt. Ltd.

Trilokinath Textiles Pvt. Ltd.

Yashodanandan Textiles Pvt. Ltd.

ii) Related Party Transactions

	<u>2014-15</u> <u>Amt (Rs.)</u>	<u>2013-14</u> <u>Amt (Rs.)</u>
(a) Key Management Personnel		
<u>Shri Umesh Lahoti</u>		
Short term advance given for capital expenditure	2,00,00,000	NIL
(b) Entities in which KMP / relative of KMP have significant influence		
(i) Lahoti Overseas Ltd. (Loan)		
Short term loan given	NIL	3,55,00,000
Short term loan returned back	(63,92,294)	(4,99,68,520)
Interest received	3,30,000	34,37,464
<u>Lahoti Overseas Ltd. (Advance to suppliers)</u>		
Advances given for purchase of goods	1,10,00,000	NIL
Advance returned on cancellation of purchase contract	(1,10,00,000)	NIL
(ii) Garudvahak Textiles Pvt. Ltd. - Short Term Loan Given	NIL	15,000
(iii) Pawansoot Textiles Pvt. Ltd. - Short Term Loan Given	NIL	15,000

SECTION IX - LEGAL PROCEEDINGS

There are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Group Companies 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 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

SECTION X - DECLARATION

All relevant provisions of the Companies Act, and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Draft Information Memorandum is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be. We further certify that all the statements in this Draft Information Memorandum are true and correct.

Signed by all the Directors

Sd/-

**UJWAL LAHOTI
(MANAGING DIRECTOR)**

Sd/-

**UMESH LAHOTI
(EXECUTIVE DIRECTOR/COMPLIANCE OFFICER)**

Sd/-

**PRAKAS BANG
(INDEPENDENT DIRECTOR)**

Sd/-

**MAHESH BHATTAD
(INDEPENDENT DIRECTOR)**

Sd/-

**SAURABH LAHOTI
(CHIEF FINANCIAL OFFICER)**

Date: May 29, 2015

Place: Mumbai