



apollo microsystems

## APOLLO MICRO SYSTEMS LIMITED

Our Company was incorporated as "Apollo Micro Systems Private Limited" on March 3, 1997 in Hyderabad as a private limited company, under the Companies Act, 1956 and was granted a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company became a public limited company with effect from April 1, 2017 and a fresh certificate of incorporation consequent upon conversion was issued by Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad. For details in connection with the change in the registered office of our Company, refer to the chapter "History and Certain Corporate Matters" on page 141 of this Prospectus.

**Registered Office:** Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad- 500076, Telangana, India

**Contact Person:** Vitta Chaitanya Siva Shankar, Company Secretary and Compliance Officer;

**Telephone:** +91 40 27167000 – 99; **Facsimile:** +91 40 2715 0820;

**E-mail:** cs@apollo-micro.com; **Website:** www.apollo-micro.com; **Corporate Identity Number:** U72200TG1997PLC026556

Prospectus

Dated: January 16, 2018

(Please read Section 32 of the Companies Act, 2013)

Book Built Offer

### OUR PROMOTER: KARUNAKAR REDDY BADDAM

**PUBLIC ISSUE OF 57,63,886<sup>^</sup> EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF APOLLO MICRO SYSTEMS LIMITED (OUR "COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ 275\* PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 265 PER EQUITY SHARE, AGGREGATING UP TO ₹ 15,600.00 LACS (THE "ISSUE"). THE ISSUE AND THE NET ISSUE SHALL CONSTITUTE 27.76% AND 27.66%, RESPECTIVELY OF THE FULLY DILUTED POST-ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE ISSUE WILL COMPRISE THE NET ISSUE (DEFINED BELOW) OF UP TO 57,43,886<sup>^</sup> EQUITY SHARES AND THE EMPLOYEE RESERVATION PORTION OF UP TO 20,000<sup>^</sup> EQUITY SHARES.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE ISSUE PRICE IS 27.50 TIMES THE FACE VALUE OF THE EQUITY SHARES.**

\*A discount of ₹ 12/- on the Issue Price was offered to Retail Individual Investors ("Retail Discount") and to Eligible Employees Bidding in the Employee Reservation Portion ("Employee Discount")

<sup>^</sup> subject to finalization of basis of allotment

Pursuant to Rule 19(2) (b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"), this Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), through the Book Building Process wherein 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), provided that our Company in consultation with the BRLM may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price, in accordance with the SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Further, up to 20,000 Equity Shares may be offered for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received from them at or above the Issue Price. All potential investors, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") to participate in the Issue. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. Specific attention of investors is invited to the chapter titled "Issue Procedure" on page 272 of this Prospectus.

### RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Issuer, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 each and the issue price is 27.50 times of the face value. The Issue Price (as determined and justified by our Company in consultation with the BRLM), as stated in the chapter titled "Basis for Issue Price" on page 94 of this Prospectus should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page 18 of this Prospectus.

### COMPANY'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters both dated October 13, 2017. For the purposes of the Issue, the Designated Stock Exchange shall be BSE Limited. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts which were made available for inspection from the date of the Red Herring Prospectus up to Bid/ Issue Closing Date, see "Material Contracts and Documents for Inspection" on page 339 of this Prospectus.

### BOOK RUNNING LEAD MANAGER



**ARYAMAN**  
FINANCIAL SERVICES LTD

**ARYAMAN FINANCIAL SERVICES LIMITED**  
60, Khatau Building, Alkesh Dinesh Modi Marg,  
Fort, Mumbai – 400 001,  
Maharashtra, India  
Tel No.: +91 – 22 – 62166999  
Fax No.: +91 – 22 – 22630434  
Email: info@afsl.co.in  
Website: www.afsl.co.in  
Investor Grievance Email: feedback@afsl.co.in  
Contact Person: Deepak Biyani  
SEBI Registration No. INM000011344

### REGISTRAR TO THE ISSUE



**BIGSHARE SERVICES PRIVATE LIMITED**  
1st Floor, Bharat Tin Works Building,  
Opposite Vasant Oasis Makwana Road, Marol,  
Andheri (East), Mumbai – 400 059. Maharashtra, India  
Tel No.: +91 – 22 – 62638200  
Fax No.: +91 – 22 – 62638299  
Email: ashok@bigshareonline.com;  
Website: www.bigshareonline.com  
Investor Grievance Email: investor@bigshareonline.com;  
Contact Person: Ashok Shetty  
SEBI Registration No.: INR000001385

### BID / ISSUE PROGRAMME

**BID/ISSUE OPENING DATE : WEDNESDAY, JANUARY 10, 2018\***

**BID/ISSUE CLOSING DATE : FRIDAY, JANUARY 12, 2018**

\*The Anchor Investor Bid/Issue period was January 09, 2018.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline or policy shall be to such legislation, act, regulation, rule, guideline or policy, as amended, supplemented or re-enacted from time to time.*

*The words and expressions used in this Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made there under. If there is any inconsistency between the definitions given below and the definitions contained in the General Information Document (defined hereinafter), the following definitions shall prevail.*

#### General Terms

Term	Description
“we”, “our”, “the Company”, “our Company”, “the Issuer” or “Apollo”	Apollo Micro Systems Limited, a company incorporated under the Companies Act, 1956, having its registered office at Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad, Telangana 500 076, India.

#### Company Related Terms

Term	Description
“Articles” or “Articles of Association” or “AoA”	The Articles of Association of our Company, as amended.
Audit Committee	The committee of the Board of Directors as described in the chapter “ <i>Our Management</i> ” on page 146 of this Prospectus.
“Auditor” or “Statutory Auditor”	The statutory auditors of our Company, being M/s. S. T. Mohite & Co., Chartered Accountants.
“Board” or “Board of Directors” or “our Board”	The Board of Directors of our Company, as duly constituted from time to time including any committees thereof.
CCDs	10,00,000 unrated, unlisted, unsecured, compulsorily convertible debentures of ₹ 200 each, issued by our Company to OHM Commodity Broker Private Limited and OHM Equity Solution India Private Limited, which got converted into 10,00,000 Equity Shares of ₹ 10/- each on November 24, 2017
CSR Committee	The corporate social responsibility committee of our Board, as described in the chapter “ <i>Our Management</i> ” on page 146 of this Prospectus.
Excluded Promoter Group	A member of the promoter group namely Baddam Jaipal Reddy with whom our Individual Promoter has disassociated himself. For further details, please refer to the chapter titled “ <i>Our Promoters and Group Companies</i> ” on page 160 of this Prospectus.
Director(s)	Unless the context requires otherwise, the director(s) of our Company
Equity Shares	Equity shares of our Company of ₹ 10 each, fully paid up
IPO Committee	The committee constituted by our Board for the Issue, as described in the chapter “ <i>Our Management</i> ” on page 146 of this Prospectus.
“Key Managerial Personnel” or KMP	The personnel listed as key managerial personnel in the chapter “ <i>Our Management</i> ” on page 146 of this Prospectus.
“Memorandum” or “Memorandum of Association” or “MoA”	The Memorandum of Association of our Company, as amended.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in the chapter “ <i>Our Management</i> ” on page 146 of this Prospectus.
Promoter	Karunakar Reddy Baddam

<b>Term</b>	<b>Description</b>
Promoter Group	The persons and entities constituting our promoter group pursuant to Regulation 2(1) (zb) of the SEBI ICDR Regulations.
Registered Office	Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad, 500076, Telangana, India
Registrar of Companies/RoC	Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad
Restated Financial Statements	The audited financial statements of our Company as of and for the fiscal years ended March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016 and March 31, 2017 and for six months period ended September 30, 2017 and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act, and restated in accordance with the SEBI ICDR Regulations.
Shareholders	Shareholders of the Company
Stakeholders' Relationship Committee	The stakeholders' relationship Committee of our Board, as described in the chapter "Our Management" on page 146 of this Prospectus.

### Issue Related Terms

<b>Term</b>	<b>Description</b>
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the ASBA Form
"Allot" or "Allotment" or "Allotted"	The allotment of Equity Shares pursuant to the Issue
Allotment Advice	The note or advice or intimation of Allotment of the Equity Shares sent to the Bidders who have been or are to be allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom Allotment is made.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least ₹ 1,000 lacs.
Anchor Investor Bid / Issue Period	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investor shall be completed
Anchor Investor Issue Price	The price at which Allotment will be made to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price, which will be decided by our Company in consultation with the BRLM
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus.
Anchor Investor Portion	Up to 60% of the QIB Portion which, may be allocated by our Company in consultation with the BRLM, to Anchor Investors, on a discretionary basis. One third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price
Anchor Investor Pay-in Date	The Anchor Investor Bidding Date and in the event the Anchor Investor Allocation Price is lower than the Issue Price, not later than two Working Days after the Bid / Issue Closing Date.
"ASBA" or "Application Supported by Blocked Amount"	An application, whether physical or electronic, used compulsorily by all the Bidders (except Anchor Investors) authorizing the SCSBs to block the Bid Amount in their specified bank account maintained with the SCSB.
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/ Applicant.
ASBA Bidder	A Bidder, other than Anchor Investors in this Issue, who Bids through ASBA process.
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus.
Bankers to the	Banks which are clearing members and registered with SEBI as banker to an issue with

<b>Term</b>	<b>Description</b>
Issue/Escrow Collection Bank(s)	whom the Escrow Account will be opened, in this case being HDFC Bank Limited.
Basis of Allotment	Basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in the chapter “ <i>Issue Procedure</i> ” on page 272 of this Prospectus.
Bid	An indication to make an offer during the Bidding Period by a Bidder (other than an Anchor Investor), or on the Anchor Investor Bid/Issue Period by an Anchor Investor, to subscribe or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permissible under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form.
Bid Amount	The highest value of optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder/blocked in the ASBA Account on submission of a Bid in the Issue, less the Retail Discount and the Employee Discount, if applicable.
Bid cum Application Form	The form used by a Bidder, including an ASBA Bidder, to make a Bid and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Bid Lot	50 Equity Shares.
Bid Price	The prices indicated against each optional Bid in the Bid cum Application Form.
Bid / Issue Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, and which shall be notified in all editions of the English national newspaper Business Standard, all editions of the Hindi national newspaper Business Standard and the Hyderabad edition of the Telugu newspaper Nava Telangana (Telugu being the regional language of Telangana, where the Registered Office of our Company is situated), each with wide circulation and in case of any revision, the extended Bid Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. Our Company in consultation with the BRLM, may decide to close the Bidding by QIBs one Working Day prior to the Bid/Issue Closing Date, which shall also be notified in an advertisement in the same newspapers in which the Bid/Issue Opening Date was published.
Bid/Issue Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, and which shall be notified in all editions of the English national newspaper Business Standard, all editions of the Hindi national newspaper Business Standard and the Hyderabad edition of the Telugu newspaper Nava Telangana (Telugu being the regional language of Telangana, where the Registered Office of our Company is situated), each having wide circulation and in case of any revision, the extended Bid / Issue Opening Date also to be notified on the website and terminals of the Syndicate Members.
Bid/Issue Period	Except in relation to Anchor Investors, the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of such date and the Bid Opening Date) during which prospective Bidders, other than Anchor Investors, can submit their Bids, inclusive of any revision thereof. Provided however that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form, including an Anchor Investor unless stated or implied otherwise
Bidding	The process of making a Bid.
Bidding Centre	Broker centres notified by the Stock Exchanges, where Bidders can submit the Bid cum Application Forms i.e., Designated Branches of SCSBs, Specified Locations for members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building	The book building route as provided under Schedule XI of the SEBI ICDR Regulations

<b>Term</b>	<b>Description</b>
Process/Method	in terms of which the Issue is being made.
Book Running Lead Manager or BRLM	Book running lead manager to this Issue, being Aryaman Financial Services Limited.
Broker Centre	Broker Centres notified by the Stock Exchanges, where Bidders can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band and any revisions thereof, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Client ID	Client identification number maintained with one of the Depositories in relation to demat account.
CDP or Collecting Depository Participant	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Cut-Off Price	Issue Price, as finalized by our Company in consultation with the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Depository	NSDL and CDSL or any other depository registered with the SEBI under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time read with the Depositories Act, 1996.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant or DP	A depository participant registered with the SEBI under the Depositories Act.
Designated Branches	Such branches of the SCSBs, which shall collect the Bid cum Application Form from ASBA Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from, time to time.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> , respectively) as updated from time to time.
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account, or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with RoC, following which the Board of Directors shall Allot the Equity Shares to successful Bidders in the Issue.
Designated Intermediary(ies)	Collectively, the Syndicate, Sub-Syndicate Members/ agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the ASBA Bidders in the Issue.
Designated Stock Exchange	BSE Limited
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> , respectively.
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus dated September 23, 2017 filed with SEBI, prepared and issued by our Company in accordance with the SEBI ICDR Regulations.
Eligible Employee	A permanent and full time employee of our Company (excluding such employees who

<b>Term</b>	<b>Description</b>
	are not eligible to invest in the Issue under applicable laws, rules, regulations and guidelines and the Promoter and his immediate relatives) as of the date of registration of the Red Herring Prospectus with the RoC and who continues to be an employee of our Company, as the case may be, until the submission of the ASBA Form and who is an Indian national, and is based, working and present in India as on the date of submission of the ASBA Form.
	An employee of our Company, who is recruited against a regular vacancy but is on probation as on the date of submission of the ASBA Form will also be deemed a “permanent and a full time employee”.
Eligible NRIs	NRIs from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares.
Eligible QFIs	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares issued thereby, and who have opened dematerialized accounts with SEBI registered qualified depository participants, and are deemed as FPIs under the SEBI FPI Regulations
Employee Discount	Discount of ₹ 12 to the Issue Price which may be given to Eligible Employees bidding in the Employee Reservation Portion
Employee Reservation Portion	Portion of the Issue being 20,000 Equity Shares aggregating up to ₹ 52.60 lacs available for allocation to Eligible Employees, on a proportionate basis, not exceeding 5% of our post – Issue paid – up Equity Share capital. Up to 20,000 Equity Shares are reserved for allocation and Allotment on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion.
Escrow Account(s)	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	The agreement dated December 11, 2017 to be entered among our Company, the Registrar to the Issue, the Escrow Collection Bank(s), Refund Bank(s), the BRLM and the Syndicate Members for the collection of Bid Amounts and where applicable, for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
First Bidder	Bidder whose name appears first in the Bid cum Application Form in case of a joint bid and whose name shall also appear as the first holder of the beneficiary account held in joint names or any revisions thereof.
Floor Price	The lower end of the Price Band, and any revisions thereof, below which the Issue Price will not be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Issue	The issue of 57,63,886 Equity Shares aggregating up to ₹ 15,600 lacs offered by our Company for subscription pursuant to the terms of this Prospectus.
General Information Document/GID	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI, suitably modified and updated pursuant to, <i>inter alia</i> , the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by SEBI and included in the chapter “ <i>Issue Procedure</i> ” on page 272 of this Prospectus.
Issue Agreement	The agreement dated September 1, 2017 entered into between our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Expense	Expenses in connection with the Issue (including the listing fees).
Issue Price	The price (net of Retail Discount and Employee Discount, if applicable), as determined by our Company in consultation with the BRLM on the Pricing Date, at which the Equity Shares will be issued and Allotted/transferred in terms of the Prospectus Unless otherwise stated or the context otherwise implies, the term Issue Price refers to the Issue

<b>Term</b>	<b>Description</b>
	Price applicable to investors other than Anchor Investors.
Issue Proceeds	The proceeds of this Issue available to our Company.
Listing Agreement	The listing agreement(s) to be entered into by our Company with the Stock Exchanges
Maximum RIB allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
Monitoring Agency	HDFC Bank Limited
Monitoring Agency Agreement	The agreement dated December 13, 2017 entered between our Company and HDFC Bank Limited
Mutual Fund Portion	56,536 Equity Shares or 5% of the Net QIB Portion (excluding the Anchor Investor Portion), available for allocation to Mutual Funds only.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Issue	The Issue less the Employee Reservation Portion, if any
Net Proceeds	The proceeds of the Issue less our Company's share of the Issue related expenses.
Net QIB Portion	QIB Portion less the Anchor Investor Portion.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for a cumulative amount more than ₹ 200,000. (but not including NRIs other than Eligible NRIs, QFIs other than Eligible QFIs and Eligible Employees Bidding in the Employee Reservation Portion (if any))
Non-Institutional Portion / Non-Institutional Category	The portion of the Net Issue being not less than 15% of the Net Issue consisting of 8,48,040 Equity Shares, available for allocation on a proportionate basis to Non-Institutional Bidders subject to valid bids received at or above the Issue Price.
Price Band	Price band between the Floor Price and Cap Price (both included), including any revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised in all editions of the English national newspaper Business Standard, all editions of the Hindi national newspaper Business Standard and the Hyderabad edition of the Telugu newspaper Nava Telangana (Telugu being the regional language of Telangana, where the Registered Office of our Company is situated) each with wide circulation at least five Working Days prior to the Bid/Issue Opening Date and all such advertisement(s) shall be available on the websites of the Stock Exchanges
Pricing Date	January 13, 2018, being the date on which the Issue Price is finalised by our Company, in consultation with the BRLM.
Prospectus	This Prospectus dated January 16, 2018 of our Company to be filed with the RoC for this Issue after the Pricing Date, with the provisions of Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	The bank account opened with the Bankers to the Issue by our Company under Section 40 (3) of the Companies Act, 2013 to receive money from the Escrow Accounts on the Designated Date, and into which the funds shall be transferred by the SCSBs from the ASBA Accounts.
QIBs or Qualified Institutional Buyers	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations.
QIB Portion /QIB Category	The portion of the Issue (including the Anchor Investor Portion) being 28,26,800 Equity Shares which shall be available for allocation to QIBs (including the Anchor Investor Portion).
Red Herring Prospectus or RHP	The Red Herring Prospectus dated December 19, 2017 to be issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.



<b>Term</b>	<b>Description</b>
Refund Account(s)	The account(s) opened by our Company, from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), shall be made.
Refunds through electronic transfer of funds	Refunds through NECS, NEFT, direct credit or RTGS, as applicable.
Refund Banks	Escrow Collection Banks with whom Refund Accounts will be opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being, HDFC Bank Limited
Registrar Agreement	The agreement dated September 1, 2017, entered between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and having terminals at any of the Broker Centres and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
RTAs or Registrar and Share Transfer Agents	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Registrar or Registrar to the Issue	Bigshare Services Private Limited
Retail Individual Bidders / RIB(s)	Bidders (including HUFs applying through their karta, Eligible NRIs and Resident Retail Individual Bidders) whose Bid Amount for Equity Shares in the Net Issue is not more than ₹ 200,000 in any of the Bidding options in the Net Issue.
Retail Discount	A discount of ₹ 12 on the Issue Price, which may be offered to Retail Individual Investors
Retail Portion	The portion of the Net Issue being not less than 35% of the Net Issue, consisting of 20,69,046 Equity Shares, available for allocation on a proportionate basis to Retail Individual Bidders.
Revision Form	The form used by the Bidders, including ASBA Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s).  QIB Bidders and Non-Institutional Investors are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion (if any) can revise their Bids during the Bid/ Issue Period and withdraw their Bids until the Bid/ Issue Closing Date
SEBI (Alternative Investment Funds) Regulations/SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA a list of which is available on website of SEBI <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> and updated from time to time
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available on the website of the SEBI ( <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised%20Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries</a> ) and updated from time to time
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLM and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Stock Exchanges	The BSE and the NSE.

<b>Term</b>	<b>Description</b>
Syndicate Agreement	The agreement dated December 11, 2017 to be entered into amongst the members of the Syndicate, our Company and the Registrar to the Issue in relation to the collection of Bids in the Issue (other than Bids directly submitted to the SCSBs under the ASBA process or to Registered Brokers at the Broker Centres)
Syndicate Bidders	ASBA ASBA Bidders submitting their Bids through the members of the Syndicate or Sub-Syndicate Members at the Syndicate ASBA Centres.
Syndicate Branches	ASBA Branches of SCSBs in the Syndicate ASBA Bidding Centres, which would accept the Bid cum Application Forms from the Syndicate ASBA Members.
Syndicate Members	ASBA Those members of the Syndicate who can procure Bid cum Application Forms (in relation to ASBA).
Syndicate Member	An Intermediary registered with the SEBI to act as a syndicate member and who are permitted to carry out activities as an underwriter, namely SMIFS Capital Markets Limited
Syndicate / members of the Syndicate	The BRLM and the Syndicate Member
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Underwriting agreement dated January 15, 2018 entered into between the Underwriters and our Company.
Wilful Defaulter	A company or a person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such.
Working Days	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) announcement of Price Band and the Bid/Issue Closing Date, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and (b) the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

### Industry Related Terms

<b>Abbreviation</b>	<b>Full Form</b>
A&D	Aerospace & Defence
ADAS	Advanced Driver Assistance Systems
ADS	Aerospace, Defence, Space
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
AoN	Acceptance of Necessity
API	Application Programming Interface
APU	Auxilliary Power Unit
ARM	Advanced RISC Machine
ASCON	Army Strategy Communication Network
AWAN	Army Wide Area Network
BCG	Boston Consulting Group
BE	Budget Estimate
BEL	Bharat Electronics Limited
BHEL	Bharat Heavy Electricals Limited
BMS	Battlefield Management System
BOM	Bill of material
BTP	Build to Print

<b>Abbreviation</b>	<b>Full Form</b>
CAD	Computer Aided Design
CAN	Controller Area Network
CCTV	Closed Circuit Television
CEMILAC	Center for Military Airworthiness and Certification
CFL	Compact Fluorescent Lamp
COTs	Commercially Off- The Shelf
Cpci	Compact Peripheral Component Interconnect
CSO	Central Statistical Office
CRPF	Central Reserve Police Force
DAC	Defence Acquisition Council
DC-DC	Direct current to Direct current
DOD	Department of Defence
DeitY	Department of Electronics and Information Technology
DFM	Design for Manufacturing
DGOF	Directorate General of Ordnance Factories
DGQA	Director General of Quality Assurance
DOP	Defence Offset Policy
DPSU	Department of Public Sector Undertakings
DPP	Defence Procurement Procedure
DRAM	Dynamic random-access memory
DRDO	Defence Research and Development Organization
ECM	Electronics Component Market
ECU	Environmental Control Units
EMC-EMI	Electromagnetic compatibility - Electromagnetic interference
EMS	Electronics Manufacturing Services
EP	Essential parameters
EPM	Electronics Product Market
EPP	Enhanced Performance Parameters
ERP	Enterprise Resource Planning
ERV	Exchange Rate Variation
ESD	Electro static discharge
ESDM	Electronic System Design & Manufacturing
FAT	Factory Acceptance Tests
FET	Field Evaluation requirements
FGFA	First Generation Fighter Aircraft
FICV	Future Infantry Combat Vehicle
FINSAS	Futuristic Infantry Soldier as System
FPGA	Field Programmable Gate Array
GIS	Geographical Information System
GPS	Global Positioning System
GSE	Ground support equipment
GVA	Gross Value Added
HAL	Hindustan Aeronautics Limited
HLS	Homeland Security
IDDM	Indigenously Designed Developed and Manufactured
Ind- Ra	India Ratings
INSAS	Indian Small Arms System
IMF	Indian Monetary Fund
IP	Intellectual Property
ISA	Industry standard architecture
ISIS	Islamic State of Iraq and Syria
IUWBA	Individual under Water Breathing Apparatus

<b>Abbreviation</b>	<b>Full Form</b>
L1	Lowest Bidder
L&T	Larsen & Toubro
LCA	Light Combat Aircraft
LCD	Compact Fluorescent Lamp
LRMR	Long Range Maritime Reconnaissance
MFD	Multi – Function Device
MoD	Ministry of Defence
MMRCA	Medium multi-role combat aircraft
MSME	Micro Small and Medium Enterprise
MMME	Mechanical Minefield Marking Equipment
MODBUS	Communication Protocol (Modicon )
MRB	Main Rotor Blades
MRO	Maintenance, repair and overhaul
NAND	Not And Gate
NFC	Near field communication
NPE	National Policy on Electronics
NRE	Non -recurring engineering
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturers
OF	Ordnance Factory
OPV	Off – shore Patrol Vessels
PCB	Printed Circuit Board
PCI	Peripheral Component Interconnect
PCIe	Peripheral Component Interconnect Express
PCI-X	Peripheral Component Interconnect Extended
PCM	Pulse code modulation
PIN	Project Initiation note
PL	Project leader
PM	Project Manager
PPP	Purchasing Power Parity
PSOS	Power System on Silicon
PTFE	Poly tetra fluoro ethylene
PWC	Price water house Coopers
QA	Quality assurance
QNX	Quantum Unix operating system
Qos	Quality of service
R&D	Research and Development
RF	Radio Frequency
RFI	Request for Information
RFP	Request for proposal
RPF- DSP	Radio Proximity Fuse - Digital Signal Processing
RT Linux	Real Time Linux operating systems
RTOS	Real time operating systems
SCRAMNET	Shared Common Random Access Network
SDM	Semiconductor Design Market
SMT	Surface Mount technology
SONAR	Sound Navigation And Ranging
SPMB	Self – Propelled Mine Burier
SQL	Standardized query language
SQRs	Service Qualitative Requirements
TCS	Tactical Communication Systems
TDM	Total Domestic Manufacturing

<b>Abbreviation</b>	<b>Full Form</b>
TM	Total Marketing
TRB	Trail Rotor Blades
UAVs	unmanned-aircraft vehicle
UCAV	Unmanned Combat Aerial Vehicle
UAE	United Arab Emirates
UI	User Interface
UK	United Kingdom
VAS	Value added services
VCF	Venture Capital Funds
VLSI	Very Large Scale Integration
VME	Versa module Eurobus
VSHORADS	Very Short – range Air – Defence System
ZED Policy	Zero Effect and Zero Defects

### Conventional and General Terms/ Abbreviations

<b>Abbreviation</b>	<b>Full Form</b>
₹/Rs./ Rupees	Indian Rupees
A/c	Account
AGM	Annual General Meeting.
AIF	Alternative Investment Funds registered pursuant to SEBI (Alternative Investment Funds) Regulations, 2012, as amended from time to time
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended.
AS or Accounting Standards	Accounting Standards issued by Institute of Chartered Accountants of India
AY	Assessment Year
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CDSL	Central Depository Services (India) Limited
CIBIL	Credit Information Bureau (India) Limited
CIN	Corporate Identity Number
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made there under.
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections by the Ministry of Corporate Affairs, Government of India as of the date of this RHP, along with the relevant rules made there under.
Competition Act	Competition Act, 2002, as amended
CST	Central Sales Tax Act, 1956, as amended.
DIN	Directors Identification Number.
DP ID	Depository Participant's Identity
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPCG	Export Promotion Capital Goods
EPS	Earnings per share, which is the profit after tax for a fiscal year divided by the weighted average of outstanding number of equity shares at the end of the fiscal year
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non-Resident Account.
FDI	Foreign Direct Investment

<b>Abbreviation</b>	<b>Full Form</b>
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed there under.
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FII	Foreign Institutional Investors, as defined under the FII Regulations and registered with SEBI under applicable laws in India.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
Fiscal or Financial Year or FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any QFI or FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FVCI	Foreign Venture Capital Investor registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GDP	Gross Domestic Product
GoI or Government of India or Central Government	The Government of India
Gratuity Act	Payment of Gratuity Act, 1972
GST	Goods and Service Tax
HNI	High Net worth Individual
HUF	Hindu Undivided Family.
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IEC	Importer Exporter Code
IFRS	International Financial Reporting Standards.
Income Tax Act	Income Tax Act, 1961, as amended
Indian GAAP	Generally accepted accounting principles in India.
Ind – AS	The Companies (Indian Accounting Standards) Rules, 2015
Insolvency and Bankruptcy Code, 2016	The Insolvency and Bankruptcy Code, 2016, as amended
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority.
IT	Information Technology
IT Act	Income Tax Act, 1961, as amended.
IT Department	Income Tax Department, GoI.
LIBOR	London Interbank Offered Rate
Limited Liability Partnership or LLP	Limited Liability Partnership registered under the Limited Liability Partnership Act, 2008.
Ltd.	Limited.
MAT	Minimum alternate tax
MoU	Memorandum of Understanding
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
N.A./NA	Not Applicable.
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer.
NIF	National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India.
No.	Number.

<b>Abbreviation</b>	<b>Full Form</b>
NOC	No objection certificate
NR or Non Resident	A person resident outside India, as defined under FEMA, including an Eligible NRI and FII.
NRE Account	Non-Resident External Account.
NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NRO Account	Non – Resident Ordinary Account.
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60.0% by NRIs including overseas trusts, in which not less than 60.0% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue.
p.a.	Per annum.
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PCB	Pollution Control Board.
PLR	Prime Lending Rate.
PSU	Public Sector Undertaking
QA	Quality Assurance
QC	Quality Check
R&D	Research and Development.
RBI	Reserve Bank of India.
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended.
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals.
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
TAN	Tax Deduction Account Number allotted the Income Tax Act, 1961, as amended.
TDS	Tax Deducted at Source
US\$ / USD	United States Dollar, the official currency of the United States of America
U.S. Securities Act	United States Securities Act of 1933, as amended
VCFs	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
Water Act	The Water (Prevention and Control of Pollution) Act, 1974, as amended.
w.r.t	With respect to

<b>Abbreviation</b>	<b>Full Form</b>
Y-O-Y	Year-over-Year



## **CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

All references in this Prospectus to “India” are to the Republic of India. All references in this Prospectus to the “U.S.”, “USA” or “United States” are to the United States of America.

Unless stated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

### **Financial Data**

Unless stated otherwise or the context requires otherwise, the financial data in this Prospectus is derived from the Restated Financial Statements prepared in accordance with the Companies Act and Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.

In this Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places except percentage figures in “*Risk Factors*”, “*Industry Overview*” and “*Our Business*”, which are rounded off to one decimal place and accordingly there may be consequential changes in this Prospectus.

Our Company’s Financial Year commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular Financial Year, unless stated otherwise, are to the 12 month period ended on March 31 of that year. The restated financial statements as of and for the Financial Years ended March 31, 2017, 2016, 2015, 2014 and 2013 and for the six months period ended September 30, 2017 included in this RHP.

There are significant differences between Indian GAAP, Ind AS, US GAAP and IFRS. The reconciliation of the financial information to Ind AS, IFRS or US GAAP has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Prospectus and investors should consult their own advisors regarding such differences and their impact on our Company’s financial data. See “*Risk Factors*” on page 18 of this Prospectus for risks involving differences between Indian GAAP and IFRS or US GAAP and risks in relation to Ind AS. Further, for details of significant differences between Indian GAAP and Ind AS, see “*Summary of Significant Differences between Indian GAAP and Ind AS*” on page 241 of this Prospectus. The degree to which the financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies, Indian GAAP, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on pages 18, 119 and 219 respectively, of this Prospectus, and elsewhere in this Prospectus have been calculated on the basis of the Restated Financial Statements of our Company.

### **Currency and Units of Presentation**

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to the Indian Rupee, the official currency of India; and
- “USD” or “US\$” are to the United States Dollar, the official currency of the United States.

Our Company has presented certain numerical information in this Prospectus in “lacs” units. One lac represents 1,00,000 and references to the word “million” means “10 lacs”.

## Market and Industry Data

The chapter titled “*Industry Overview*” quotes and otherwise includes information from a commissioned report, prepared by IRR Advisory Services Private Limited for purposes of this Prospectus (“**Industry Report**”). We have not commissioned any report for purposes of this Prospectus other than the one mentioned above. We commissioned IRR Advisory Services Private Limited to provide an independent assessment of the opportunities, dynamics and competitive landscape of the markets in India for the business we are engaged in. Except for the Industry Report, market and industry related data used in this Prospectus has been obtained or derived from publicly available documents and other industry sources. 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 and accordingly, investment decisions should not be based on such information.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the chapter “*Risk Factors*” on page 18 of this Prospectus. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made based on such information.

In accordance with the SEBI ICDR Regulations, the chapter “*Basis for Issue Price*” on page 94 of this Prospectus includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLM have independently verified such information.

Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, our Company may be required to undertake an annual update of the disclosures made in this Prospectus and make it publicly available in the manner specified by SEBI.

The Industry Report is subject to the following disclaimer:

*“IRR Advisory has taken utmost care to ensure accuracy and objectivity while developing this report. IRR Advisory is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that IRR advisory has no financial liability whatsoever to the user of this report. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of IRR Advisory.”*

## FORWARD – LOOKING STATEMENTS

This Prospectus contains certain “forward looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements with respect to our business strategy, our revenue and profitability, our projects and other matters discussed in this Prospectus regarding matters that are not historical facts. These forward looking statements can generally be identified by 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. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

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

- failure to develop new services and solutions or enhance existing services and solutions or failure to make changes to our pricing model to keep up with customer expectations;
- loss of one or more major clients could materially and adversely affect our results of operations and financial condition.
- failure to change in technology and upgrade our research and design;
- our revenues dependence to a large extent on a limited number of customers and concentration of our customers in certain segment
- we incur substantial product development costs which may not yield benefits in proportion to the costs incurred by us.
- we may become liable to our clients and lose clients if we have defects or disruptions in our service or if we provide poor service and it may become increasingly expensive to obtain and maintain liability insurance; and
- our solutions are at varying stages of market acceptance and the failure of any of our solutions or services to achieve or maintain wide acceptance would harm our operating results.

For a further discussion of factors that could cause our actual results to differ, refer to the chapters “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on pages 18, 119 and 219 respectively, of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Forward looking statements reflects the current views of our Company only as of the date of this Prospectus and are not a guarantee of future performance. Our Company shall update the Prospectus on annual basis from the date of filing of the Prospectus with the RoC. Except for such annual update none of our Company, our Directors, our officers, any Underwriter, or any of their respective affiliates or associates has any obligation to update or otherwise revise any statement 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. Our Company and the BRLM will ensure that investors in India are informed of material developments until the commencement of listing and trading of the Equity Shares pursuant to the Issue.

## SECTION II – RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk and you should carefully consider all the information in the Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. If any, or some combination, of the following risks actually occurs, our business, prospects, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.*

*This Prospectus also contains forward-looking statements that involve risks and uncertainties. We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties, including those we are not aware of or deem immaterial, may also result in decreased revenues, increased expenses or other events that could result in a decline in the value of our Equity Shares. In making an investment decision, prospective investors must rely on their own examination of our Company and the Issue, including the merits and risks involved. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. Investors should not invest in this Issue unless they are prepared to accept the risk of losing all or part of their investment, and they should consult their tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.*

*To obtain a better understanding of our business, you should read this section in conjunction with other chapters of the Prospectus, including the chapters titled “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” on pages 119, 219 and 169 respectively of this Prospectus, together with all other financial information contained in the Prospectus. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus.*

*Unless otherwise stated, the financial data in this chapter is derived from our restated financial information prepared in accordance with Indian GAAP included in chapter titled “Financial Information” on page 169 of this Prospectus.*

### INTERNAL RISKS

- 1. Our business is significantly dependent on various Public Sector Undertakings and Government entities for their projects undertaken by OEM or other system integrator companies and could be materially and adversely affected if there are adverse changes in the policies of such Government entities.***

We design, develop and specialize in the production of ruggedized custom built hardware and software solutions for mission critical applications for the aerospace, defence, space, railways, automotive and home land security sectors. The Government in India is making substantial investments in the projects related to such sectors. Consequently, our business is highly dependent on projects undertaken by Government and associated entities. We expect that contracts awarded by government entities and public sector undertakings will continue to account for a high proportion of our business. Although the Government of India has encouraged greater private sector participation in the defence and aerospace sectors, and in the past has increased budgetary allocation in such sectors, there can be no assurance that this will continue. The majority of the solutions and services form part of a larger delivery which is being made by an OEM or other system integrator companies, which are ultimately delivering the final products for its end users such as public sector undertakings, government entities and private entities involved in defence services.

The projects in which Government and associated entities participate may be subject to delays, extensive internal processes, policy changes, Government or external budgetary allocation and insufficiency of funds. So long as Government entities are responsible for awarding contracts to us and are a critical party to the development and ongoing operations of order, our business is directly and significantly dependent on projects awarded by them. Further, with reference to tenders where we have submitted successful bids, there may be delays in award of the orders and/or notification of appointed dates, which may result in our having to retain resources which remain

unallocated, thereby affecting our results of operations. Any adverse changes in the Government or its policies or the budgetary allocation made by them for defence and aerospace sectors may lead to slowdown of our orders and could also materially and adversely affect our financing, capital expenditure, revenues, development, cash flows or operations relating to our existing projects as well as our ability to participate in competitive bidding for our future projects.

**2. *If we are unable to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations and cash flows could be adversely affected.***

Our business depends on our ability to successfully obtain payment from our customers of the amounts they owe us for work performed. Our debts were ₹ 8,878.34 lacs, ₹ 7,146.40 lacs, ₹ 8,633.78 lacs and ₹ 6,122.90 lacs for the six months period ended September 30, 2017, Fiscal 2017, Fiscal 2016 and Fiscal 2015 respectively. Out of which, debts due and outstanding for more than six months were only ₹ Nil, ₹ Nil, ₹ 383.27 lacs and ₹ 5.64 lacs for the six months period ended September 30, 2017, Fiscal 2017, Fiscal 2016 and Fiscal 2015 respectively. Further none of these debts were bad and doubtful. However, there is no guarantee that we will accurately assess the creditworthiness of our customers. Macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. Timely collection of fees for customer services also depends on our ability to complete our contractual commitments and subsequently bill for and collect our contractual service fees. If we are unable to meet our contractual obligations, we might experience delays in the collection of, or be unable to collect, our customer balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience delays in billing and collection for our services, our cash flows could be adversely affected.

**3. *Our business is working capital intensive. If we are unable to generate sufficient cash flows to allow us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations.***

Our business is working capital intensive including capital requirement for bidding of the project till completion of the projects. For six months period ended September 30, 2017, Fiscal 2017, Fiscal 2016 and Fiscal 2015, we spent capital expenditure of ₹ 1,460.18 lacs, ₹ 1,551.79 lacs, ₹ 963.02 lacs, and ₹ 1,038.35 lacs, respectively. In many cases, significant amounts of working capital are required to finance the purchase of materials and other work on projects before payments are received from clients. Our working capital requirements may increase if, under certain contracts, payment terms do not include advance payments or such contracts have payment schedules that shift payments toward the end of a project or otherwise increase our working capital burdens. In addition, our working capital requirements have increased in recent years because we have undertaken a growing number of projects within a similar timeframe and due to the growth of our Company's business generally. We have also faced delays in receipt of our dues from clients; all of these factors may result, or have resulted, in increase in our working capital needs.

It is customary in the industry in which we operate to provide bank guarantees or performance bonds in favour of clients to secure obligations under contracts. Typically, we are required to issue bank guarantees or performance bonds varying from 5 - 10 % of the contract value at the time of commencement of the contract. These may extend, wholly or partly, during the contract period and even after the date of completion of the project for an additional period of twelve to thirty six months. Further, we may also be required to provide for deposit as an earnest money for participation in bids. Our contracts often stipulate a defect liability period of between 12 and 36 months from the date of hand over certificate. If we are unable to provide sufficient collateral to secure the letters of credit, bank guarantees or performance bonds, our ability to enter into new contracts or obtain adequate supplies could be limited. Providing security to obtain letters of credit, bank guarantees and performance bonds increases our working capital needs. If there is any delay in release of deposit for completed project or earnest money for the bids made, our cash flow may be affected. We may not be able to continue obtaining new letters of credit, bank guarantees, and performance bonds in sufficient quantities on commercially acceptable terms or at all, to match our business requirements. This may have a material adverse effect on our business, results of operations and financial condition. Further, our ability to bid for new projects is dependent on our anticipated cash flow or our ability to fund new

projects either through internal accruals or raising of debts. If we fail to generate sufficient cash flow or raise funds through debt or equity, addition to our Order Book may be affected.

We maintain inventory of raw materials and components, work in progress and finished goods. Our level of inventory increases our risk of loss and storage costs as well as the working capital needed to operate our business. As our customers are not presently obliged to purchase our solutions or provide us with binding forecasts with respect to future production, there can be no assurance that our customers will require or purchase the solutions we produce. Any of the foregoing, including if customer demand does not meet our production levels, could adversely affect our business, financial condition and results of operations.

**4. *We have not disclosed the details of one of the members of the Promoter Group of our Promoter in the Prospectus, including information regarding the companies in which he holds more than 10% shares, as required by SEBI ICDR Regulations, since we have not received any information from such person.***

In accordance with regulation 2(1)(zb) of the SEBI ICDR Regulations, Baddam Jaipal Reddy, is one of the members of the Promoter Group. However, information regarding Baddam Jaipal Reddy and the companies in which he holds more than 10% shares is not available and therefore not disclosed in the Prospectus as such our Promoter has disassociated himself from such person. For further details please refer to the chapter “*Our Promoter and Promoter Group*” on page 160 of the Prospectus.

However, since we do not have access to any information pertaining to Baddam Jaipal Reddy and in connection with the entities in which he is associated or interested, we are not in a position to confirm whether such entities if any, are subject to any pending legal or regulatory proceedings or whether any such action has been taken by any statutory/regulatory authority including SEBI and RBI against such entities if any.

**5. *Our work with government clients exposes us to additional risks inherent in the government contracting environment.***

Our clients include governmental entities such as ministries of the Central Government and national as well as state level public sector undertakings. Our government work carries various risks inherent in the government contracting process, which may affect our operating profitability. These risks include, but are not limited to, the following:

- government contracts are often subject to more extensive scrutiny and publicity than contracts with commercial clients. Negative publicity related to our government contracts, regardless of its accuracy, may further damage our business by affecting our ability to compete for new contracts among governmental and commercial entities;
- participation in government contracts could subject us to stricter regulatory requirements which may increase our compliance costs;
- delays in payment due to time taken to complete internal processes;
- political and economic factors such as pending elections, changes in leadership among key governmental decision makers, revisions to governmental tax policies and reduced tax revenues can affect the number and terms of new government contracts signed;
- terms and conditions of government contracts tend to be more onerous and are often more difficult to negotiate than those for commercial contracts; and
- government contracts may not include a cap on direct or consequential damages, which could cause additional risk and expense in these contracts.

**6. *“Our business will suffer if we fail to anticipate and manage increasingly large and complex projects, or develop new services and enhance existing services in order to keep pace with rapid changes in technology and the industries on which we focus.*”**

The industry we cater is characterised by rapid technological changes, evolving industry standards, changing client preferences, and new solution and service introductions that could result in product obsolescence and short product life cycles. The engineering research and development industry is characterized by rapid technological changes, evolving industry standards, changing customer preferences and new service and solution introductions that could result in product obsolescence and short product life cycles. The success of our business depends on our ability to innovate and continuously provide services and solutions that address the varied and expanding requirements of our customers. Our future success will depend on our ability to enhance our existing offerings or develop new services and solutions to meet customer needs, in each case, in a timely manner.

Competitors could develop new or superior designs, subsystems and systems to increase their share of the markets. Our future success in addressing the needs of our customers will depend in part on our ability to continue to make timely and cost-effective innovations and developments. In the event that we are unable to adequately fund our research and development efforts, or are unable to retain/hire skilled talent for our initiatives, or are unable to deliver superior or equal quality solutions in lines with our competitors, we may be unable to achieve our growth plans and our revenues and results from operations may be adversely affected.

Further, our larger and more complex projects may involve multiple engagements, stakeholders, components or stages, and there is a risk that a customer may choose not to retain us for subsequent stages or may cancel or delay subsequent planned engagements. Dissatisfied customers might seek to terminate existing contracts prior to the completion of the services or relationship and/or invoke bank guarantees or earnest money deposits issued as a security for performance.

Though we are continuously making significant investment in our research and design programme to develop new solutions, we may not be successful in anticipating or responding to our customers' requirements on a timely and cost efficient basis, or at all. We may also experience terminations, cancellations or delays as a result of the business or financial condition of our customers or the economy generally, as opposed to factors related to the quality of our services. Such cancellations or delays make it difficult to plan for project resource requirements and inaccuracies in such resource planning may have a negative impact on our business, financial condition and results of operations. We may also be unsuccessful in stimulating customer demand for new and upgraded services and solutions, or seamlessly managing new service or solution introductions or transitions. Additionally, during the regular course of operating our business, we may adjust our future plans as a result of our research, experience, technology evolution and market demand. Accepting unforeseen business opportunities may also result in changes to our business model. We cannot guarantee that any adjustment in our future plans will become successful or be more successful than our current business model. A shift in our plans may result in the use of other technologies. Other technologies may in the future prove to be more efficient and/or economical to us than our current technologies. We cannot guarantee that any change in technology will become successful or be more successful than our current technology.

Further, the development of some of our services and solutions may require significant upfront investments and the failure of these services and solutions may result in our inability to recover these investments, in part or in full. Further, services or solutions that are developed by our competitors may render our services and solutions non-competitive or obsolete. Our failure to address the demands of our customers and the rapidly evolving technology environment, particularly with respect to emerging technologies and technological obsolescence, could have a material adverse effect on our business, results of operations and financial condition.”

**7. *Our revenue depends to a large extent on a limited number of customers, and our revenue could decline if we lose a major customer.*”**

We currently derive a significant portion of our revenue from a limited number of corporate customers. The loss of a major customer or a significant reduction in the services performed for a major customer could result in a significant reduction of our revenue. Our top 10 customers accounted for 79.86%, 51.22%, 50.43% and 51.64% of our total revenue from operations for six months period ended September 30, 2017 and in Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively. The volume of work we perform for specific customers may vary from year to year as different

system integrator customers keep adding in programmes. Thus, any major customer during one year may not provide the same level of revenue in a subsequent year. Our large customers may terminate their work orders with us, with or without cause, at any time, and our other major customers may terminate their contracts with us at their discretion. If any one or more of our work orders or customer contracts are terminated, our revenue and profitability could be materially and adversely affected.

The contribution of revenue from customers to our total revenue from operations is typically small for the first year. This is because new engagements typically begin with lesser volume of business, which is expected to gradually grow over a period of time and any failure to do so may adversely affect our return on resources utilised in the development of such customer relationships. For September 30, 2017, Fiscal 2017, Fiscal 2016 and Fiscal 2015, revenue from new customers contributed Nil%, 17.22%, 17.53% and 17.35% to our total revenue from operations, respectively. Further, our customer agreements do not provide for any minimum purchase requirements from our major customers. Some of our customers may view our profit margins as high and demand a reduction in our pricing terms. These factors may not be predictable or under our control. If we were to lose one of our major customers or have a significantly lower volume of business from them, our revenue and profitability could be reduced. Existing customers may also engage in consolidation exercises that impact their arrangements with us and may cause us to lose our approved supplier status with major customers. We cannot assure you that our large customers will not terminate their arrangements with us or significantly change, reduce or delay the amount of services ordered from us, any of which would reduce our revenues.

**8. We are dependent on a few suppliers for supply of raw materials and any major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial condition.**

Our Company is dependent on a few suppliers for procuring the raw materials for manufacturing of its products and we do not currently have long term contracts or exclusive supply arrangements with any of our vendors. Our top 5 suppliers contributed 17.98%, 31.16%, 53.96% and 53.83 % of the total purchases for the financial year ended March 31, 2015, March 31, 2016 and March 31, 2017 and for six month period ended September 30, 2017 respectively. The following table represents the contribution of the total purchase from top 5 customers during the preceding three financial years ended March 31, 2015, 2016, 2017 and for six month period ended September 30, 2017:

(₹ in Lacs)		
Name of the Supplier	March 31, 2015	% of total purchase
Leading Edge Communications	548.20	5.74
Kemptronix	367.80	3.85
Zentrum Technologies	224.50	2.35
Mandhana Techno Vision (P) Limited	346.30	3.62
Helix Electronics	230.80	2.42

(₹ in Lacs)		
Name of the Supplier	March 31, 2016	% of total purchase
Leading Edge Communications	683.00	4.68
Kemptronix	385.40	2.64
Helix Electronics	877.20	6.01
IAP Company Private Limited	1,395.70	9.56
Telexcell Information Systems Limited	1,206.10	8.26

(₹ in Lacs)		
Name of the Supplier	March 31, 2017	% of total purchase
Kemptronix	981.80	5.12
Helix Electronics	1,119.30	5.84
IAP Company Private Limited	2,870.40	14.98
Telexcell Information Systems Limited	4,100.10	21.40
Nine Corporate Energy Limited	1,266.00	6.68



(₹ in Lacs)

Name of the Supplier	Six month period ended September 30, 2017	% of total purchase
Telexcell Information Systems Limited	2,404.45	24.00
Ajitek Solutions	825.77	8.24
Warmax Enterprises	708.15	7.07
IAP Company Private Limited	781.38	7.80
Helix Electronics	673.77	6.72

Further, we are dependent on adequate and timely deliveries of necessary raw materials. In the event of a delay, inadequacy or default in deliveries by any of our vendors, we may not be able to obtain substitutes on an adequate and timely basis or on commercially acceptable terms. A major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial condition.

**9. “Our success also depends to an extent on our research and development capabilities and failure or hindrance to derive the desired benefits from our product research and development efforts or introduce new solutions may hurt our competitiveness and profitability.**

Our success is dependent on our ability to develop new products and continue to work on and improve production capabilities to meet regulatory standards and receive requisite regulatory approvals from various authorities. We make investments in product research and development, in particular, to improve the quality of our products and expand our new solution offerings, which we believe are factors crucial for our future growth and prospects. In the Six month period end September 30, 2017, Fiscal 2017, Fiscal 2016 and Fiscal 2015, we expensed ₹ 678.59 lacs, ₹ 1,286.46 lacs, ₹ 865.01 lacs and ₹ 146.81 lacs, respectively, on research and design-related expenses, which formed 6.21%, 6.07%, 5.42%, and 1.35% of our revenue from operations (net) in these periods. Our ongoing investments in new product launches and research and development for future solutions could result in higher costs without a proportionate increase in revenues.

We cannot assure you that our future product research and development initiatives will be successful or be completed within the anticipated time frame or budget, or that our newly developed or improvised products will achieve wide market acceptance from our customers. Even if such products can be commercially successful, there is no guarantee that they will be accepted by our customers and achieve anticipated sales target or in a profitable manner. We also may or may not be able to take our research and development innovations through the different testing stages without repeating our research and development efforts or incurring additional amounts towards such research. Additionally, there can be no guarantee that the time and effort that we spend in research and development would be beneficial to the Company. There can be assurance that costs incurred by us towards research and development may in the future actually reduce the costs incurred by us towards production of these products.

In addition, we cannot assure you that our existing or potential competitors will not develop solutions which are similar or superior to our solutions. It is often difficult to project the time frame for developing new solutions and the duration of market window for these solutions, there is a substantial risk that we may have to abandon a potential solution that is no longer commercially viable, even after we have invested significant resources in the development of such solution. If we continue to fail in our solutions launching efforts, our business, prospects, financial condition and results of operations may be materially and adversely affected.”

**10. Any inability on our part to comply with prescribed specifications and standards of quality in connection with our products and/or manufacturing facility could adversely impact our business and operations.**

Our business requires obtaining and maintaining quality certifications and accreditations from independent certification entities as well as some of our customers. We also comply with prescribed specifications and standards of quality in connection with the products we manufacture. Further, we are required to adhere to stringent regulatory/statutory/contractual specifications and standards and our customers often require our manufacturing facilities and products to be pre-approved and/or accredited by various agencies before placing orders for our products.

We cannot assure you that we will be able to comply with prescribed specifications and standards of quality and will be able to retain or procure the required certifications and accreditations. If we fail to adhere to the aforesaid requirements or changes thereto in a timely manner, or at all, operations and/or profitability could be adversely affected. Our inability to retain such accreditations and/or certifications, including amendments thereto and any changes to industry standards, can also lead to adverse effect on our relationship or pre-qualified status with certain key customers.

**11. Shortages in, or rises in the prices of, raw materials or components for products we manufacture, which account for majority of our costs, may adversely affect our business. Further, we have not entered into any long term contracts with our suppliers.**

Our production depends on obtaining adequate supplies of input components on a timely basis. We procure the raw materials for our business from local suppliers as well from overseas supplies. Given the variety of products and services that we manufacture and with the number of our suppliers dispersed across the country and outside; coupled with the long lead times involved in a typical the manufacturing process; delays in the delivery of certain of these components could result in delays and planning production and our failure to efficiently manage inventory levels could have an adverse effect on us, including the possibility of not being able to detect defective parts, or resulting in an increase in input component costs, reduced control over delivery schedules, and shortages of input components. We also do not have control of the schedules of the suppliers and hence there can be delays in us receiving the raw materials. Similarly, in cases where we import the raw materials we are also exposed to exchange fluctuations and we may not be able to control any sudden escalation in prices during the production cycle.

Since we do not have long term agreements for procuring raw materials and components, we may also be exposed to price risks should the cost of the components we require increase due to market conditions or any other factors. Shortages of raw materials and components at prices favourable to us could result in reduced production or delays in production, which may restrict our capacity to fulfil large orders at short notice or prevent us from making scheduled shipments to customers. Any future inability to accept high volume orders at short notice or make scheduled shipments could cause us to experience a reduction in our sales and could adversely affect our relationship with existing customers as well as prospective customers. Component shortages may also increase our costs of goods sold because we may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component shortages could adversely affect our operating results for a particular period due to the resulting revenue shortfall and increased manufacturing or component costs..

**12. There are outstanding litigations involving our Company and Promoter Director. An adverse outcome in any of these proceedings may affect our reputation and standing and impact our future business and could have a material adverse effect on our business, financial condition, results of operations and cash flows.**

As on the date of this Prospectus, we are involved in certain civil, tax and criminal legal proceedings which are pending at different levels of adjudication before various courts, tribunals, forums and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favour. Decisions in proceedings adverse to our interests may have a significant adverse effect on our business, financial condition, results of operations and cash flows. In relation to tax proceedings, in the event of any adverse outcome, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward.

A summary of pending material civil, tax and criminal proceedings involving our Company and Promoter Director, as identified by our Company pursuant to the materiality policy adopted by our Board is provided below:

*Litigation involving our Company*

(₹ in Lacs)

Nature of litigation against our Company	Number of cases outstanding	Amount involved
Criminal matters	Nil	Nil
Direct tax matters	1	48.85
Indirect tax matters	Nil	Nil
Action by regulatory/statutory authorities	Nil	Nil

Nature of litigation against our Company	Number of cases outstanding	Amount involved
Material civil litigation	Nil	Nil

(₹ in Lacs)

Nature of litigation by our Company	Number of cases outstanding	Amount involved
Criminal matters	Nil	Nil
Direct tax matters	Nil	Nil
Indirect tax matters	Nil	Nil
Action by regulatory/statutory authorities	Nil	Nil
Material civil litigation	Nil	Nil

*Litigation involving our Promoter and Director:*

(₹ in Lacs)

Nature of litigation by our Karunakar Reddy Baddam	Number of cases outstanding	Amount involved
Criminal matters	1	15

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current or long term liabilities or reduce our cash and bank balance. Further, two suo-moto applications both dated July 13, 2017 has been filed with the NCLT under section 441 of the Companies Act, 2013 and section 621A of the Companies Act, 1956, by our Company in view of lapses by our Company in complying with the relevant provisions of the Companies Act. For further details, see “*Outstanding Litigation and Material Developments*” on page 246 of this Prospectus.

**13. Our Company has unsecured loan availed from Karunakar Reddy Baddam, Promoter of our Company, that may be recalled by him at any time.**

As on September 30, 2017, our Company has availed interest free unsecured loan amounting to ₹ 237.14 lacs from Karunakar Reddy Baddam, Promoter and Managing Director of our Company which is repayable on demand and which may be called by him at any time. In the event that if he seeks a repayment of such loan, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to procure such financing, we may not have adequate working capital to undertake new projects or complete our ongoing projects. As a result, any such demand may materially and adversely affect our business, cash flows, financial condition and results of operations. For further details on financing arrangements entered into by our Company, please see “*Financial Indebtedness*” beginning on page 236 of this Prospectus.

**14. Our Promoter, Karunakar Reddy Baddam has entered into a pledge agreement for a portion of the equity shares held by him in our Company in favour of lenders, who may exercise their rights under the pledge agreement.**

Our Promoter, Karunakar Reddy Baddam, has entered into an agreement for pledge of equity shares dated September 5, 2017 which allows the lenders to pledge upto 10,00,000 equity shares of face value of ₹ 10 each constituting 6.67% of the pre Issue paid up share capital of our Company in favour of Y.V. Prasad, C. Sunil Kumar, C. Sudhir Kumar, C. Suman Kumar, A. Kameshwari and C. Sudarshan (together referred to as the “lenders”). Our Promoter has agreed to pledge the equity shares as a security for the loan of ₹ 688.24 lacs provided to him for the purpose of meeting his personal expenditure. The said loan has to be repaid to the lenders at a rate of interest of 12% payable monthly and has to be repaid on or before March 31, 2018. These shares were pledged earlier however the same have been unpledged as on date for the purposes of lock-in requirements under SEBI ICDR Regulations. If and when required the lenders may re-pledge these shares in their favour. If our Promoter defaults on his obligations under the pledge agreement, the lenders may enforce the equity shares (if pledged), have the equity shares transferred to their names or sell the equity shares to any person without any restriction. Such a sale will dilute our

Promoter's stake in our Company. For details in respect of our Promoters' shareholding interest and the pledge of our shareholding, please refer to the chapters titled "Capital Structure" on page 76 of this Prospectus.


**15. We face foreign exchange risks, primarily in our export and procurement operations that could adversely affect our results of operations.**

We procure certain equipments and machineries from international suppliers. The outstanding foreign exchange exposure of our Company as on March 31, 2017 and six month period ended September 30, 2017 are as under which is backed by letter of credits.

As on March 31, 2017		
Total Foreign Currency Exposure	Hedged Exposure	Unhedged Exposure
\$8,37,120.49	\$7,53,100.00	\$ 84,020.49
€2,32,009.00	€2,32,009.00	\$ Nil
Six month period ended September 30, 2017		
Total Foreign Currency Exposure	Hedged Exposure	Unhedged Exposure
\$ 1,19,102.20	\$ Nil	\$ 1,19,102.20
€Nil	€Nil	€Nil

Accordingly any decline in the value of the Rupee against the U.S. Dollar and Euro would increase the Rupee cost of such raw materials. Although we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. Any such losses on account of foreign exchange fluctuations may adversely affect our results of operations."

**16. The trademark being used by us for our business are not registered and our inability to obtain this registration may adversely affect our competitive business position. Our inability to protect or use our intellectual property rights may adversely affect our business.**

In March 2017, we have filed an application for the registration of our corporate logo  "AMS" under class 42. However, the registration has not yet been granted as on the date of this Prospectus. In the absence of such protection, we may not be able to prevent infringement of our trademark and a passing off action may not provide sufficient protection until such time that this registration is granted.

If our unregistered trademark is registered in favour of a third party, we may not be able to claim registered ownership of the trademark and consequently, we may be unable to seek remedies for infringement of this trademark by third parties other than relief against passing off by other entities. Further, we may become subject to claims by third parties if we use the trademark in breach of any intellectual property rights registered by such third parties. Any legal proceedings pursuant to such claims, or settlements there under, may divert management attention and require us to pay financial compensation to such third parties. We have also not obtained any registrations for the designs developed by us in our research and design centre. Our inability to obtain or maintain these registrations may adversely affect our competitive business position.

**17. Some of our corporate records are not traceable in the records of the RoC and there are certain discrepancies in the records available with us.**

Certain of our Company's corporate records and prescribed regulatory filings with the RoC are not traceable. For example, Form 2 filed with the ROC for allotment of 49,260 Equity shares of ₹ 10/- each on March 31, 1999 is not traceable.

Despite having conducted an extensive search of our records and a search in the records of the RoC for some of the untraceable documents, which was conducted by a practicing company secretary engaged by us, we have not been able to retrieve the aforementioned documents. Accordingly, we have relied on other documents, including corresponding board and/or shareholder resolutions, where available, statutory registers of members, allotment and

share transfer, annual reports and audited financial statements for such matters, some of which record varying dates of such events. We cannot assure you that the above mentioned form filings and resolutions will be available in the future or that we will not be subject to penalties imposed by regulatory authorities in this respect.

**18. We have issued Equity Shares in the last 12 months at a price which may be lower than the Issue Price.**

During the last one year, we have issued Equity Shares at a price that may be lower than the Issue Price as set out in the table below:

Sr. No.	Name of Allottee	Date of Allotment	No. of Equity Shares	Issue Price (₹)	Reason
1.	Suneeta V Kamath and Varadaraya Kamath	June 13, 2017	1,00,000	200	Preferential allotment
2.	Jyoti S Gathani	June 13, 2017	14,000	200	Preferential allotment
3.	Madhuben K Shah and Kirtikumar B Shah	June 13, 2017	40,000	200	Preferential allotment
4.	Trishakti Power Holdings Private Limited	June 13, 2017	11,000	200	Preferential allotment
5.	Damodar Reddy Marupuru	June 13, 2017	10,000	200	Preferential allotment
6.	Kolluri Brahmaiah	June 13, 2017	10,000	200	Preferential allotment
7.	Vamsidhar Maddipatla	June 13, 2017	10,000	200	Preferential allotment
8.	Ramesh Anne	June 13, 2017	10,000	200	Preferential allotment
9.	Sudha Commercial Company Limited	June 13, 2017	37,500	200	Preferential allotment
10.	Lastaki Advisors Private Limited	June 13, 2017	25,000	200	Preferential allotment
11.	Kancheti Surendra	June 13, 2017	10,800	200	Preferential allotment
12.	Venkatasurya Sasikala Chereddi	June 13, 2017	10,000	200	Preferential allotment
13.	OHM Commodity Broker Private Limited	November 24, 2017	5,00,000	200	Allotment pursuant to conversion of compulsorily convertible debentures issued to OHM Commodity Broker Private Limited under preferential allotment
14.	OHM Equity Solution India Private Limited	November 24, 2017	5,00,000	200	Allotment pursuant to conversion of compulsorily convertible debentures issued to OHM Equity Solution India Private Limited under preferential allotment

For further details please refer to “Capital Structure” and “History and Certain Corporate Matters – Material Agreements” on pages 76 and 141 of the Prospectus.

**19. Any discontinuance or non-availability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business, financial position, profitability and results of operations.**

The Government of India has provided for various fiscal incentives including concessions on duty imports under the Export Promotion Capital Goods Scheme (“EPCG Scheme”). Our Company also enjoys certain incentives under the EPCG Scheme for our manufacturing facility. The EPCG Scheme allows imports at concession rates of customs duty and requires the importer to export a specified quantity of goods over a period of six/eight years and to maintain an average export performance per year. Non-fulfilment of such obligations may result in confiscation of capital goods imported under EPCG Scheme and other penalties as set out in the EPCG Scheme. The export obligation of our Company under the EPCG Scheme as on September 30, 2017 was ₹ 966.72 Lacs. Though in the past we have not been penalised for non-fulfilment of the export obligations under the EPCG Scheme; there can be no assurance that we would be able to meet the export obligations at all times in the future and any such failure could expose us to penal liabilities. In the event we are in default of the EPCG Scheme and the incentives provided therein are withdrawn by the Government of India, it could have a material adverse effect on our business, financial position, profitability and results of operation. Further, we may be penalized for our failure to comply with such export obligations in a timely manner or at all.

For further information please refer to the section titled “Government and Other Approvals” on page 249 of this Prospectus.

**20. Our Company had negative cash flows in the past years, details of which are given below. Sustained negative cash flow could impact our growth and business.**

We have experienced negative cash flows in the past which have been set out below:

(₹ in Lacs)

Particulars	Period ended Sept 30, 2017	Fiscal				
		2017	2016	2015	2014	2013
Net cash generated from/(used in) operating activities	124.79	1159.74	409.53	(391.12)	(652.71)	1.51
Net cash generated from/(used in) investing activities	(1,460.18)	(1,551.79)	(963.02)	(1,038.35)	(112.83)	(123.89)
Net cash generated from/(used in) financing activities	1,049.84	575.57	882.32	1,570.01	1,802.99	169.26
Net increase in cash and cash equivalents	(285.55)	183.52	328.83	139.54	37.45	46.88

Cash flows of a company is a key indicator to show the extent of cash generated from the operations of a company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details, see section titled “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 169 and 219, respectively of this Prospectus.

**21. We have certain contingent liabilities and our cash flows, financial condition and profitability may be adversely affected if any of these contingent liabilities materialise.**

As of September 30, 2017, the following contingent liabilities, were not provided for in our Restated Financial Statements:

(₹ in Lacs)

Sr. No.	Particulars	As at September 30, 2017
1.	Outstanding Guarantees and counter Guarantees to various banks in respect of the guarantees given by those banks in favour of various government authorities and others.	4,377.37
2.	Claims against the company not acknowledged as debt	48.85
3.	Non – fulfillment of export obligation under zero duty EPCG Scheme	966.72

If any of these contingent liabilities materialize, we may have to fulfil our payment obligations, which may have an adverse impact on our cash flows, financial conditions and results of operations. For further details, see the section titled “Financial Statements” on page 169 of this Prospectus.

**22. We may be unable to obtain future financing to fund our operations, expected capital expenditure and working capital requirements on favourable terms, or at all.**

Our business requires funding for capital expenditure and working capital requirements. The actual amount and timing of future capital expenditure may depend on several factors, among others, new opportunities, regulatory changes, economic conditions, technological changes and market developments in our industry. Our sources of additional funding, if required, to meet our capital expenditure may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. In case there is insufficient cash flow to meet our working capital requirement or we are unable to arrange the same from other sources or there is delay in disbursement of arranged funds, or there is any increase in interest rate on our borrowings, it may adversely affect our operations and profitability. These factors may result in an increased amount of short-term borrowings. Continuous increase of our working capital requirements may have an adverse effect on our results of operations and financial condition.

Further our ability to arrange for additional funds on acceptable terms is subject to a variety of uncertainties, including future results of operations, financial condition and cash flows; economic, political conditions and market scenario for our products; costs of financing, liquidity and overall condition of financial and capital markets in India; issuance of necessary business/government licenses, approvals and other risks associated with our businesses; and limitations on our ability to raise capital in capital markets and conditions of the Indian and other capital markets in which we may seek to raise funds. Any such inability to raise sufficient funds could have a material adverse effect on our business and results of operations.

**23. If we fail to keep our technical knowledge and process know-how confidential, we may suffer a loss of our competitive advantage or we may negatively impact the overall implementation of the programme being worked on.**

We possess extensive technical knowledge about our products and such technical knowledge has been developed through our own experiences. Our technical knowledge is an independent asset of ours, which may not be adequately protected by intellectual property rights such as patent registration or design registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run.

We operate in highly sensitive areas such as Defence and homeland security. Certain proprietary knowledge may be leaked (either inadvertently or wilfully), at various stages of the manufacturing process. Such leakage could adversely affect such critical programmes and in hand affect our goodwill as well as future prospects with key agencies in the sector. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. Although we may seek to enforce non-disclosure agreements in respect of research and development, we cannot guarantee that we will be able to successfully enforce such agreements. We also enter into non-disclosure agreements with some of our customers and suppliers but we cannot assure you that such agreements will be successful in protecting our technical knowledge. The potential

damage from such disclosure is increased as many of our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages.

In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies in the electronics manufacturing sector could be compromised. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects

***24. Delays in completion of our current and future projects and cost overrun could have adverse effect on our business prospects and results of operations.***

Typically, our engineering projects are subject to specific completion schedule requirements. We also provide performance guarantees to our clients which require us to complete projects within a specified time frame. We have faced delays in completion of our projects and are expected to face delays in completion for certain of our projects. In the last three fiscal years we have incurred cost overruns of ₹ 22.67 lacs due to delays in implementation of our projects. Further we may face delays in completion for certain of our projects which are under development. The scheduled completion targets for our projects are estimates and are subject to delays as a result of, among other things, unforeseen engineering problems, system clearance from customers, force majeure events, unavailability of financing, unanticipated cost increases etc. Failure to adhere to contractually agreed timelines for reasons other than for force majeure events and counter-party defaults could lead to forfeiture of security deposits, result in us requiring to pay liquidated damages or our performance guarantees being invoked. There can be no assurance that our projects will be completed in the time expected. The client may also be entitled to terminate the agreement in the event of delay in completion of the work or any other events. In the event of such termination, we may only receive partial payments under such agreements and such payments may fall well short of our estimated earnings from such projects. Further, we may not be able to obtain extensions for projects in time on which we face delays or time overruns. Delays may result in cost overruns, lower returns on capital and reduced revenue for the project companies, as well as failure to meet scheduled debt service payment dates and increased interest burdens from our financing arrangements for the projects.

***25. Our business and operations have experienced rapid growth in recent periods, and if we do not effectively manage any future growth or are unable to improve our systems and processes, integrate new systems or train new employees, our operating results may be adversely affected.***

We have experienced rapid growth and increased demand for our solutions over the last few years. Our total revenue grew at a CAGR of 54.23% over the last five fiscal years. Our revenue from operations (net) for Fiscal 2017, Fiscal 2016 and Fiscal 2015 was ₹ 21,126.66 Lacs, ₹ 15,904.48 Lacs and ₹ 10,841.69 Lacs respectively. Our rapid growth has placed significant demands on our management, sales, operational and financial infrastructure, and our growth will continue to place significant demands on these resources. Further, in order to manage our current and future growth effectively, we must continue to improve and expand our infrastructure, operating and administrative systems and controls, invest in brand building and efficiently manage headcount, capital and processes. We may not be able to successfully manage these resources in a timely or efficient manner, and our failure to do so may materially impact our projected growth rate and future results.

As we continue to invest in the growth of our business, our operating and net profit margins and our operating and net income may decline, primarily as a result of the increase in operating costs associated with our increased rate of investment in research and development (“R&D”), increased investments in advertising and sales promotion activities, additional headcount growth and our increased administrative costs in connection with becoming a public company.

Further, on account of the various reasons mentioned above, our EBITDA margins have been impacted in the past and may continue to be adversely impacted in the future as well. For the six months period ended September 30, 2017, Fiscal 2017, Fiscal 2016 and Fiscal 2015, our EBITDA margins were 17.82%, 20.10%, 16.16% and 17.02%, respectively. Any inability to manage our growth, integrate new systems or train new employees could negatively affect our business, financial condition, results of operations and cash flows.



***26. We will continue to be controlled by our Promoter after the completion of the Issue, and our Promoter's interest may differ from those of other Shareholders.***

As of the date of this Prospectus, our Promoter holds 88.48% of our pre-Issue share capital. Furthermore, after the completion of this Issue, our Promoter will control, directly or indirectly, more than 63.92% of our outstanding Equity Shares. As a result, our Promoter will continue to exercise significant control over us, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and our other shareholders will be unable to affect the outcome of such voting. Our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or a change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. We cannot assure you that our Promoter will act in our interest, or in the interests of minority shareholders, while exercising their rights in such entities.

***27. The number of orders we have received in the past and our current order book may not be indicative of our future growth rate or the number of orders we will receive in the future.***

Our order book on hand, as of a certain date, represents the total nominal value of the contracts that have not been completed, excluding the portion of revenue in respect of those orders that we have recognized as of such date. As of November 25, 2017, our order book consisted an aggregate outstanding revenue value of ₹ 9,750.11 Lacs excluding GST. The successful conversion of these orders into our revenue depends on a number of factors including, among other things, absence of adverse changes in the Indian Defence ESDM Sector, competition, our research and development and our ability to complete the project on time. Delays in the completion of a project may lead to clients delaying or refusing to make payment to us of some or all of the amounts we expect to be paid in respect of the project. Even relatively short delays or surmountable difficulties in the execution of a project could result in our failure to receive, on a timely basis or at all, the final payments due to us on a project. Due to the possibility of cancellations or changes in project scope and schedule, as a result of exercise of our clients' discretion, problems we encounter in project execution, or reasons outside our control or the control of our clients, we cannot predict with certainty when, if or to what extent an order book project will be performed. Some of the factors are beyond our control and by nature, are subject to uncertainty. Going forward, our order book may be affected by delays, cancellations and the renegotiations of the contracts, if any, therefore we cannot assure you that we will be able to deliver all of our existing orders on schedule and successfully turn them into our revenue. Therefore, you should not consider our order book as an accurate indicator of our future performance or future revenue.

***28. Intense competition in the market for Defence ESDM sector could affect our pricing and have a material adverse effect on our business, financial condition and results of operations.***

We operate in an intensely competitive industry that experiences rapid technological developments, changes in industry standards and changes in customer requirements. Our competitors include large Defence firms globally, Defence PSU, in addition to numerous smaller local competitors in the various geographic markets in which we operate.

The Defence industry is experiencing rapid changes that are affecting the competitive landscape. We may face competition from companies that increase in size or scope as the result of strategic mergers or acquisitions, which may result in larger competitors with significant resources that benefit from economies of scale and scope. These transactions may include consolidation activity among global technology majors, hardware manufacturers and vendors and service providers. The result of any such vertical integration may be greater integration of services and solutions and a larger portfolio of services on offer, in each case, relative to previous offerings by such independent vendors. Our access to such services and solutions may be reduced as a result of such an industry trend and we may otherwise become disadvantaged relative to our potentially more circumscribed service portfolio.

If our competitors develop and implement methodologies that yield greater efficiency and productivity, they may be able to offer services and solutions similar to ours at lower prices without adversely affecting their profit margins. Even if our offerings address industry and customer needs, our competitors may be more successful at selling their

services and solutions. If we are unable to provide our customers with superior services and solutions at competitive prices or successfully market those services to current and prospective customers, our business, results of operations and financial condition may suffer. In addition, some of our competitors have added offshore capabilities to their service offerings. These competitors may be able to offer their services using the offshore and onsite model more efficiently than we can through our global delivery model. We cannot be certain that we will be able to sustain our current levels of profitability or growth in the face of competitive pressures, including competition for skilled technology professionals and pricing pressure from competitors employing an on-site/ offshore business model.

Many of our competitors have significantly greater financial, technical and marketing resources, generate greater revenues, have more extensive existing customer relationships and technology partners and have greater international brand recognition than we do. We may be unable to compete successfully against these competitors, or may lose customers to these competitors. There is a risk that increased competition could put downward pressure on the prices we can charge for our services and on our operating margins. Additionally, we believe that our ability to compete also depends in part on factors outside of our control, such as the price at which our competitors offer comparable services, and the extent of our competitors' responsiveness to their customers' needs.

***29. Our business is not of continuous production in nature and is dependent on programme to programme basis thus resulting in varied results for different operating periods as well as Balance Sheet situations.***

Compared to a normal mass manufacturing / services company, our business is not of continuous standardized production nature. Our business is carried out on a programme to programme basis. We procure raw materials for a particular order or expected order well in advance & there could be a major difference in lag timing of delivering an order depending on various matters such as company of sector being worked; tenure of relevant programme. Hence our result of operation may not be seamless / similar for different quarters or different operating periods.

Further our balance sheet size with respect to working capital could vary between different operating periods depending on the stage of our production process or relevant programme being worked on.

Our inability to complete orders in time or monitor our inventory assets could affect our results of operations and financial conditions.

***30. We may not be able to secure new contracts if we are unable to issue the requisite performance guarantees.***

We are usually required to furnish our customers with performance guarantees as security for the fulfilment of our contractual obligations under our engineering contracts. In order for us to secure performance guarantees, banks and financial institutions review, among other things, our financial standing and creditworthiness. Generally, we arrange for banks to issue performance guarantees to our customers from our available banking facilities. If we do not have available banking facilities to issue the performance guarantees, we approach other banks or financial institutions to issue the performance guarantee. While we have been able to procure performance guarantees for new contracts to date, in the event that we are unable to do so and we are unable to satisfy the financial requirements prescribed by banks and financial institutions, we will not be able to procure the requisite performance guarantees and as a result, we may be unable to secure new contracts, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

***31. Our management will have broad discretion in how we apply the Net Proceeds, including interim use of the Net Proceeds, and there is no assurance that the objects of the Issue will be achieved within the time frame expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Further, the funding plan has not been appraised by any bank or financial institution.***

Our Company intends to use the Net Proceeds for the purposes described in the section entitled "Objects of the Issue" on page 87 of this Prospectus. Subject to this section, our management will have broad discretion to use the Net Proceeds, and investors will be relying on the judgment of our management regarding the application of the Net Proceeds. The funding plans are in accordance with our own estimates and have not been appraised by any bank, financial institution or any other external agency. Our Company may have to revise its management estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment

and consequently its requirements may change. Additionally, various risks and uncertainties, including those set forth in this section may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in its business.

Our Board will have significant flexibility in temporarily investing the Net Proceeds of the Issue. Accordingly, the use of the Net Proceeds for purposes identified by our management may not result in actual growth of its business, increased profitability or an increase in the value of your investment.

***32. We may outsource certain execution functions from time and time and any delay and/or failure in the performance of these vendors may adversely affect our business, results of operations and cash flows.***

We design, develop and sell high performance, mission and time critical solutions to defence (aerospace, defence, avionics, naval) space and home land security for private and government entities. During the production cycle of these solutions, we may employ or outsource some of the execution or testing activities to other vendors. We seek to work closely and supervise the activities of our vendors but remain dependent on these vendors for the timely execution of the activities and, more importantly, the quality and efficacy of these activities. If there is a delay or error by such vendor, it could affect our performance timelines and quality. Further arrangements with such vendors are typically not exclusive arrangements and they may work for other companies, including our competitors. The vendors may thus prioritise the work of other competitors and focus more on the quality and delivery of services to them to our disadvantage.

Our inability to manage our outsourcing activities could adversely affect our Goodwill, results of operations and financial conditions.

***33. We may face claims and incur additional rectification costs for defects and warranties in respect of our project design and manufacturing which could have a negative effect on our business, financial condition and results of operations.***

We may face claims by our customers in respect of defects or non-conformity to our customers' specifications in respect of engineering, designing and manufacturing of solutions. Such claims could also adversely affect our reputation and ability to grow our business. We generally extend a warranty period of 12 months to our customers from the date of delivery. Due to the length of the warranty period extended by us, we may be subject to claims from our customers and we may incur additional costs if rectification work is required in order for us to satisfy our obligations during the warranty period. In the event we fail to honor any of the commitments entered into under the agreement with our clients or in the event of termination of contract under the integrity pact and/or in respect of any amount due from us to the contract providing companies, such companies shall have unconditional option to invoke the guarantee/security. This performance guarantee/security will be released after completion of the contract awarded to us. As on September 30, 2017, we have total outstanding performance bank guarantees amounting to ₹ 40.11 lacs. We cannot assure that our warranty provisions will be sufficient to cover the costs incurred for defects. If the costs of any rectification works exceed the warranty provisions we have made, our business, financial condition, results of operations and prospects may be adversely affected.

***34. Our Company may incur penalties in respect of non – compliance with the provisions of the Companies Act, 2013.***

Our Company in the past, was in non – compliance of section 135 and section 203 of the Companies Act, 2013 during the period from September 2, 2015 to February 24, 2017 and the period from February 27, 2012 to February 1, 2017 respectively. These violations were in relation to the i) non – constitution of the corporate social responsibility committee and ii) non – appointment of the whole – time company secretary. Our Company has sought for compounding for such non – compliances under section 441 of the Companies Act, 2013 and section 621A of the Companies Act, 1956. For more details regarding the application for compounding, please see “*Outstanding Litigation and Material Developments – Past Inquiries, Inspections or Investigations*” on page 246 of this Prospectus.

There can be no assurance that the non-compliances for which we have filed for compounding will be compounded in a timely manner or at all or that our Company will not be subjected to penalty or liabilities with respect to non-

compliances under the Companies Act. The imposition of any liability on our Company on account of such non-compliances, including their re-occurrence, could adversely affect our business and reputation.

**35. *We may be liable to our customers for damages caused by system failures, disclosure of confidential information or data security breaches, which could harm our reputation and cause us to lose customers.***

Many of our contracts involve projects that are critical to the operations of our customers' businesses and provide benefits to our customers that may be difficult to quantify. In addition, we often have access to, or are required to collect and store, confidential customer data. We face a number of threats to our data centres and networks such as unauthorized access, security breaches and other system disruptions. It is critical to our business that our infrastructure remains secure and is perceived by customers to be secure.

Breaches of our security measures or any accidental loss, inadvertent disclosure or unapproved dissemination of confidential customer data could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, or cause interruptions in our operations. We may be required to expend significant capital and other resources to protect against such security breaches, to alleviate problems caused by or to investigate such breaches, all of which could subject us to liability, damage our reputation and diminish the value of our brand name.

Although we attempt to limit our contractual liability for consequential damages in rendering our services, some of our customer agreements do not limit our potential liability for breaches of confidentiality, intentional infringement of intellectual property rights of third parties, non-compliance with applicable laws, fraud, breaches due to gross negligence or wilful misconduct, damages connected to or arising from design defects, safety recall or compliance recall, death or personal injury caused as a result of our negligence and we cannot be assured that such limitations on liability will be enforceable in all cases, or that they will otherwise protect us from liability for damages. Moreover, if any person, including any of our employees or former employees or sub-contractors, penetrates our network security or misappropriates sensitive data, we could be subject to significant liability from our customers or from our sub-contractors for breaching contractual confidentiality provisions or privacy laws. Unauthorized disclosure of sensitive or confidential customer data, whether through breach of our computer systems, systems failure, loss or theft of assets containing confidential information or otherwise, could render us liable to our customers for damages, damage our reputation and cause us to lose customers.

**36. *Our working capital financing agreements contain restrictive covenants that may adversely affect our business, credit ratings, prospects, results of operations and financial condition.***

As of September 30, 2017, our total outstanding debt was ₹ 14,945.93 Lacs. Certain working capital financing agreements that we have entered into contain restrictive covenants and/or events of default that limit our ability to undertake certain types of transactions. Certain of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities or entering into certain transactions. These financing agreements also require us to maintain certain financial covenants including in relation to maintenance of financial ratios. Typically, restrictive covenants under our financing documents relate to obtaining prior consent of the lenders for, amongst others:

- Any change in the constitution or management or change in the Company's capital structure including proposed equity and debt patterns;
- Undertake or permit any reorganization, amalgamation, reconstruction, takeover or any other schemes of compromise or arrangement nor amend any provision of the major constitutive documents;
- Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and
- Induct or continue with a person as a director, promoter or partner of our Company who is a director, promoter.

We cannot assure you that we have complied with all such restrictive covenants in a timely manner or at all or that we will be able to comply with all such restrictive covenants in the future. A failure to observe the restrictive covenants under our financing agreements or to obtain necessary consents required there under may lead to the

termination of our credit facilities, levy of default interest, acceleration of all amounts due under such facilities and the enforcement of any security provided in relation thereto. Any acceleration of amounts due under such financing agreements may also trigger cross-default or cross-acceleration provisions under our other financing agreements. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing agreements, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes.

All our assets have been secured under our financing arrangements. A default under any of the financing arrangements may compel the bank to sell the asset to recover its loan, which may lead to fewer assets available to us to avail further bank facilities, which may affect our financial condition, cash flow and results of operations. In the event of a default by us on our financing agreements, our charged assets could be seized, leaving us with fewer assets with which to operate our business, adversely affecting our business prospects. This could also result in us having difficulty obtaining further working capital through borrowings from these or other lenders given our lack of substantial additional security capable of being charged and affect financial condition, cash flows and results of operations.

Further, during any period in which we are in default, we may be unable to raise, or may face difficulties raising further financing. In addition, in such eventuality, other third parties may have concerns over our financial position. Any of these circumstances could adversely affect our business, credit ratings, prospects, results of operations and financial condition. Moreover, any such action initiated by our lenders could result in the price of the Equity Shares being adversely affected.

**37. *Increases in interest rates may materially impact our results of operations.***

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to a significant extent by debt and increases in interest expense may have an adverse effect on our results of operations and financial condition. As of September 30, 2017, the aggregate indebtedness (fund based and non-fund based) outstanding was ₹ 14,945.93 Lacs. For details, see “*Financial Indebtedness*” on page 236 of this Prospectus. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we may exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

**38. *Our business requires us to obtain and renew certain licenses and permits from government, regulatory authorities and the failure to obtain or renew them in a timely manner may adversely affect our business operations.***

Our business requires us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which have expired and for which we have either made or are in the process of making an application for obtaining the approval or its renewal. In addition, we require certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by authorities such as the Government of India, the State Governments and certain other regulatory and government authorities, for operating our business. In particular, we are required to obtain certificate of registrations for carrying on certain of our business activities from the Government of India, the State Governments and other such regulatory authorities that are subject to numerous conditions.

Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have an adverse effect on our business, financial condition and results of operations. Further, we cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may impede our operations. For further details, please refer to the section titled “*Government and Other Approvals*” on page 249 of this Prospectus.

***39. Compliance with and changes in labour laws and regulations could materially and adversely affect our business, future financial performance and results of operations, while we face further labour risks, such as the risk of our employees joining a labour union and engaging in collective bargaining.***

As of September 30, 2017, our workforce comprised 186 employees. Our full-time employees are employed by us and are entitled to statutory employment benefits, such as retirement benefits. For further details, see “*Our Business– Human Resources*” from pages 119 of this Prospectus.

We are subject to various labour laws and regulations governing our relationships with our employees and contractors, including in relation to minimum wages, working hours, overtime, working conditions, hiring and terminating the contracts of employees and work permits. A change of law which requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, as being full-time employees may create potentially liability for us. We cannot assure you that we will be in compliance with current and future health and safety and labour laws and regulations at all times and any failure to comply with such laws and regulations could materially and adversely affect our business, future financial performance and results of operations.

Currently, our employees are not members of a labour union, but we can give you no assurance that they will not, in the future, join or form a labour union, or eventually wish to engage in collective bargaining. In the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations.

***40. Any damages caused by fraud, theft or other misconduct by our employees could adversely affect our profitability, results of operations and cash flows.***

We are exposed to operational risk arising from inadequacy or failure of internal processes or systems or from fraud or theft. Our management information systems and internal control procedures are designed to monitor our operations and overall compliance. However, they may not be able to identify non-compliance and/or suspicious transactions in a timely manner or at all. As a result, we may suffer monetary losses, which may not be covered by our insurance and may thereby adversely affect our profitability, results of operations and cash flows. Such a result may also adversely affect our reputation.

***41. Our continued success is dependent on our senior management including our Promoter and Managing Director and skilled manpower. Our inability to attract and retain key personnel or the loss of services of our Promoter or Managing Director may have an adverse effect on our business prospects.***

Our experienced Promoter, Managing Director and senior management have significantly contributed to the growth of our business, and our future success is dependent on the continued services of our senior management team. Our Managing Director has been employed with our Company since our incorporation. An inability to retain any key managerial personnel may have an adverse effect on our operations. Our ability to execute orders and to obtain new clients also depends on our ability to attract, train, motivate and retain highly skilled professionals, particularly at managerial levels.

Further, majority of the key managerial personnel are appointed within two years from the date of the filing of the Draft Red Herring Prospectus. In the event of loss of services of any of the key managerial personnel, we might face challenges in recruiting suitably skilled personnel, particularly as we continue to grow and diversify our operations. In the future, we may also not be unable to compete with other larger companies for suitably skilled personnel due to their ability to offer more competitive compensation and benefits. The loss of any of the members of our senior management team, our whole time directors or other key personnel or an inability on our part to manage the attrition levels; may materially and adversely impact our business, results of operations, financial condition and growth prospects.

***42. Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, financial condition and results of operations.***

Our operations are subject to various risks inherent in the engineering, research and design industry as well as fire, earthquake, flood, acts of terrorism and other force majeure events. Our insurance cover includes, among others, standard fire and special perils policy and motor goods carrying vehicle policy. In addition to the aforesaid, we have availed a group accident policy and a group gratuity policy to insure the employees of our Company. None of our insurance policies are assigned in favor of any customer.

Notwithstanding the insurance coverage that we carry, the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events not covered by insurance policies, could materially harm our financial condition and future results of operations. There can be no assurance that any claims filed will be honoured fully or timely under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage.

***43. The loss, shutdown or slowdown of our operations may have a material adverse effect on our results of operations.***

Our manufacturing facility is subject to various operating risks, including the breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, natural disasters and industrial accidents. Although, we take precautions to minimize the risk of any significant operational issues at our manufacturing facility, the occurrence of any of these risks could adversely affect our operations by causing production at our facility to cease or slow down. In the event that we are forced to shut down our manufacturing facility for a significant period of time, it would have a material adverse effect on our earnings, our other results of operations and our financial condition as a whole.

***44. We do not own certain premises used by our Company and the premises which we have leased may not be duly registered or adequately stamped.***

Premises used by our Company at Delhi has been obtained on a lease hold basis. If the owners of such leased premises do not renew the agreements under which we occupy or use the premises on terms and conditions acceptable to us, or at all, we may suffer a disruption in our operations. Further, the erstwhile registered office of our Company was situated on the premises owned by the Promoter and we were paying rent to the Promoter upto Fiscal 2017. For further details, please refer “*Financial Statements - Related Party Transactions*” on page 169 of this Prospectus. Further, the lease agreements which our Company has executed in relation to the above mentioned property is not adequately stamped and registered. Unless such document is adequately stamped or duly registered, such document may be rendered as inadmissible as evidence in a court in India or attract penalty as prescribed under applicable law, which may result in an adverse effect on the continuance of the operations and business of our Company.

***45. Our ability to pay dividends in the future will depend on our future cash flows, working capital requirements, capital expenditures and financial condition.***

The amount of our future dividend payments, if any, will depend on our future earnings, cash flows, financial condition, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that we will pay dividends. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Additionally, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders.

***46. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.***

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that deficiencies in our

internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls. Any inability on our part to adequately detect, rectify or mitigate any such deficiencies in our internal controls may adversely impact our ability to accurately report, or successfully manage, our financial risks, and to avoid fraud.

**47. Our profitability could suffer if we are not able to maintain optimum employee utilization.**

Our profitability and the cost of providing our services are affected by the utilization of our employees. For successfully running our business, we employ skilled and trained work force on specialized technologies or technique. If we are not able to maintain high employee utilization, our profit margin and profitability may suffer. Our utilization rates are affected by a number of factors, including:

- loss or reduction of business from customers;
- our ability to manage our contract execution schedule and transition employees from completed projects to new assignments and to hire and integrate new employees;
- maintaining effective oversight over personnel and offices;
- adequate discipline in our employees regarding recording time diligently;
- our ability to forecast demand for our services and thereby maintain an appropriate headcount;
- our overall employee satisfaction;
- our ability to manage attrition; and
- our need to devote time and resources to training, professional development and other non-chargeable activities.

Our revenue could also suffer if we misjudge demand patterns and do not recruit sufficient technically competent employees to satisfy demand. Employee shortages could prevent us from completing our contractual commitments in a timely manner and potentially cause us to pay penalties or lose contracts or customers.

**48. We have entered into, and will continue to enter into, related party transactions.**

We have entered into and may in the course of our business continue to enter into transactions specified in the financial results contained in this Prospectus with related parties that include our Promoter. While we believe that all such transactions have been conducted on an arm's length basis and in the ordinary course of business, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, including specific compliance requirements such as obtaining prior approval from audit committee, the board of directors and shareholders for certain related party transactions. There can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our financial condition and results of operations.

The nature and the cumulative value of related party transactions entered into by our Company with our Promoters/relatives/group entities/Directors under various heads during the Financial Year 2014-15, Financial Year 2015-16, Financial Year 2016-17 and for the Six months period ended September 30, 2017 are as follows:

				(₹ in lacs)
Transaction during the year	FY 2014-15	FY 2015-16	FY 2016-17	For the Period ended September 30, 2017
Rent paid	5.91	5.84	8.40	-
Remuneration paid	50.94	57.00	69.35	51.75
Loan taken	165.00	331.36	271.30	130.50
Repayment of loan taken	88.00	349.07	40.25	183.70
Expenses	-	-	-	9.75

For further details, please refer to the chapter "Restated Financial Statements - Annexure XXXIII – Statement of Related Party Transactions" on page 169 of the Prospectus.



**49. *We may be unsuccessful in expanding into new and emerging markets, which may limit our ability to grow.***

The costs involved in entering and establishing ourselves in new and emerging markets, and expanding such operations, may be higher than expected and we may face significant competition in these regions. We may also face additional risks in setting up operations in new and emerging markets in which we have no prior operating history or have no experience of conducting business.

Emerging markets are subject to greater risks than more developed markets. The political, economic and market conditions in many emerging markets present risks that could make it more difficult to operate our business successfully and expand into emerging markets. Our inability to manage our expansion and related growth in these new and emerging markets or regions may have an adverse effect on our business, results of operations and financial condition.

**50. *This Prospectus contains information from an industry report which we have commissioned from IRR Advisory Services Private Limited.***

This Prospectus includes information that is derived from the report prepared by IRR Advisory Services Private Limited, pursuant to an engagement with our Company. We commissioned this report for the purpose of confirming our understanding of the Defence ESDM industry in India. Our company has obtained the report from IRR Advisory at a consideration of ₹ 3.50 lacs. Further there are certain projections / estimations given through certain charts / tables / figures as on pages 105, 107, 108 and 109 which are substantially on the higher side than the actual projections/ estimates and some of them are based solely on estimates/projections of IRR Advisory Services Limited. Neither we (except as otherwise indicated), nor the BRLM, nor any other person connected with the Issue has verified the information in such report. The report also highlights certain industry and market data, which may be subject to assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that assumptions set out in the industry report are correct or will not change and, accordingly, our position in the market may differ from that presented in this Prospectus. Further, the commissioned report is not a recommendation to invest or disinvest in our Company. For further details please refer to the chapter “*Summary of Industry*” and “*Industry Overview*” on page 46 and 97 respectively of this Prospectus.

**51. *Any failure in our information technology systems may adversely affect our business, results of operations and financial condition.***

Our information technology systems are a critical part of our business and enable us to manage key business processes such as production planning, vendor accounts, raw material stocks, inventory management, finance, sales, stores, purchase as well as our financial reporting system. Any delay in implementing critical upgrades to our information management systems or technical failures associated with our information technology systems, including those caused by power failures, computer viruses or unauthorized tampering of our information technology systems, may adversely affect our ability to plan, track, record and analyze work in progress and sales, process, financial information, manage our creditors and debtors, or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, results of operations and financial condition.

**EXTERNAL RISKS**

**52. *Recent global economic conditions have been unprecedented and challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors’ reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the U.S. and several European countries during a part of Fiscal 2008 and 2009 adversely affected

market prices in the global securities markets, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

Although economic conditions are different in each country, investors' reactions to developments in one country can have materially adverse effects on the securities of companies in other countries, including India. The Indian financial markets experienced the contagion effect of the volatility and turmoil in the global financial markets, which was evident from the sharp decline in the benchmark index of the S&P BSE SENSEX from its peak levels in early 2008 to the first quarter of 2009. Furthermore, as a consequence of the severe tightening of credit associated with that financial turmoil, many economies experienced periods of severe recession accompanied by a significant deterioration of consumer confidence and demand.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum which has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations and reduce the price of our equity shares. Any financial disruption could have an adverse effect on our business, financial condition and results of operations as well as the price of our Equity Shares.

***53. Political, economic or other factors beyond our control may have an adverse impact on our business, results of operations and prospects.***

The following external risks may have an adverse impact on our business, results of operations and prospects, should any of them materialise:

- the lingering effects of the global economic slowdown have generally dampened business confidence and made the credit markets more volatile, besides negatively impacting other industry players;
- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- a downgrade of India's sovereign rating by domestic and international credit rating agencies may adversely affect our access to capital (domestically and internationally) and may increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- a decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy as well as the valuation of the Indian Rupee, which may adversely affect our financial condition;
- political instability, resulting from a change in government or in economic and fiscal policies, may adversely affect economic conditions in India, which in turn may adversely affect the financial condition, business operations and future prospects of the business;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war. If our operations are disrupted by any such agitation, particularly in locations where we have a significant concentration or presence, our business, results of operations and prospects could be adversely affected; and

- India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in recent years. The extent and severity of these natural disasters determines their effect on the economy. If any of the offices, studios or other facilities were to be damaged as a result of an earthquake or other natural calamities, or if such events should otherwise impact the national or any regional economies, our business, results of operations and prospects may be adversely affected.

**54. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.***

The Competition Act, 2002, as amended (the “Competition Act”), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and may result in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services in any manner, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or in any other similar way, or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance of or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be liable to punishment.

These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the “CCI”). Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, which sets out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. In the event that we enter into any agreements or transactions that are held to have an appreciable adverse effect on competition in the relevant market in India, the provisions of the Competition Act will be applicable. Any prohibition or substantial penalties levied under the Competition Act could materially and adversely affect our financial condition, cash flows and results of operations.

**55. *Investors may be adversely affected due to retrospective tax law changes made by the GoI affecting us.***

Certain recent changes to the Income Tax Act provide that income arising directly or indirectly through the sale of a capital asset of an offshore company, including shares, will be subject to tax in India, if such shares derive indirectly or directly their value substantially from assets located in India. The term “substantially” has not been defined under the Income Tax Act and therefore, the applicability and implications of these changes are largely unclear. Due to these recent changes, investors may be subject to Indian income taxes on the income arising directly or indirectly through the sale of the Equity Shares. In the past, there have been instances where changes in the Income Tax Act have been made retrospectively and to that extent, there cannot be an assurance that such retrospective changes will not happen again.

**56. *Companies in India (based on notified thresholds), including our Company, will be required to prepare financial statements under Ind-AS (which is India's convergence to IFRS). The transition to Ind-AS in India is very recent and there is no clarity on the impact of such transition on our Company.***

We currently prepare our annual financial statements under Indian GAAP (which are different to the IFRS in various material respects). Companies in India, including us, will be required to prepare financial statements under ‘Indian Accounting Standard’ (“Ind-AS”) which are converged with International Financial Reporting Standards. On January 2, 2015, the Ministry of Corporate Affairs, Government of India (“MCA”) announced the revised roadmap for the implementation of Ind-AS (on a voluntary as well as mandatory basis) for companies other than banking

companies, insurance companies and non-banking finance companies through a press release ("Press Release"). Further, on February 16, 2015, the MCA has released the Companies (Indian Accounting Standards) Rules, 2015 which has come into effect from April 1, 2015. Our Company currently falls under Phase II of the implementation of the Ind-AS requirements and will be required to prepare financial statements as per such requirements for financial periods from April 1, 2017.

There is not yet a significant body of established practice on which to draw informing judgments regarding its implementation and application. Additionally, Ind-AS differs in certain respects from IFRS and therefore financial statements prepared under Ind-AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that our Company's financial condition, results of operation, cash flow or changes in shareholders' equity will not be presented differently under Ind-AS than under Indian GAAP or IFRS.

***57. Public companies in India, including our Company, are required to compute Income Tax under the Income Computation and Disclosure Standards (the "ICDS"). The transition to ICDS in India is very recent and we may be negatively affected by such transition.***

The Ministry of Finance had issued a notification dated September 29, 2016 notifying ICDS which creates a new framework for the computation of taxable income. The ICDS shall apply from assessment year 2017-18 onwards. This will have impact on computation of taxable income for Financial Year 2017 onwards. ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For example, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS-based concepts, the ICDS-based calculations have the effect of requiring taxable income to be recognised earlier, increasing overall levels of taxation or both. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operation and financial condition.

#### **Risks Related to our Equity Shares**

***58. Our Equity Shares have not been publicly traded prior to this Issue. After this Issue, our Equity Shares may experience price and volume fluctuations and an active trading market for our Equity Shares may not develop. Further, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.***

Prior to this Issue, there has been no public market for our Equity Shares. An active trading market on the Stock Exchanges may not develop or be sustained after this Issue. Moreover, the Issue Price is intended to be determined through a book-building process and may not be indicative of the price of our Equity Shares at the time of commencement of trading of our Equity Shares or at any time thereafter.

The trading price of our Equity Shares after this Issue may be subject to significant fluctuations in response to factors including general economic, political and social factors, developments in India's fiscal regime, variations in our operating results, volatility in Indian and global securities markets, developments in our business as well as our industry and market perception regarding investments in our business, changes in the estimates of our performance or recommendations by financial analysts, and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. The trading price of our Equity Shares may also decline in reaction to events that affect the entire market and/or other companies in our industry even if these events do not directly affect us and/or are unrelated to our business or operating results.

***59. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.***

The Issue Price of the Equity Shares will be determined by our Company in consultation with the BRLM through the Book Building Process. This price will be based on numerous factors, as described under section titled "Basis for Issue Price" on page 94 of this Prospectus and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Issue Price.

**60. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid and Retail Individual Investors are not permitted to withdraw their Bids after Bid/ Issue Closing Date.**

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid, and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/ Issue Period and withdraw their Bids until Bid/ Issue Closing Date.

Therefore, QIBs and Non-Institutional Investors would not be able to withdraw or lower their Bids, notwithstanding adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, or otherwise, at any stage after the submission of their Bids.

**61. You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.**

Capital gains arising from the sale of equity shares within 12 months in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (“STT”) is paid on the transaction. STT is levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, is subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of equity shares is exempt from taxation in India where an exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident.

Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.

**62. Under Indian law, foreign investors are subject to restrictions that limit their ability to transfer shares, which may adversely impact the trading price of our Equity Shares.**

Under foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing and reporting requirements specified by the RBI. If a transfer of shares is not compliant with such pricing or reporting requirements and does not fall under any of the exceptions specified by the RBI, then the RBI’s prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms, or at all.

**63. Any future issuance of Equity Shares or convertible securities, including options under any stock option plan or other equity linked securities may dilute your shareholding, and significant sales of Equity Shares by our major shareholders, may adversely affect the trading price of our Equity Shares.**

Future issuances of Equity Shares by our Company after this Issue will dilute investors’ holdings in our Company. Further, any significant sales of Equity Shares after this Issue may adversely affect the trading price of our Equity Shares. In addition, the perception that such issuance or significant sales of Equity Shares may occur may adversely affect the trading price of our Equity Shares and impair our future ability to raise capital through offerings of Equity Shares.

**64. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.**

A public limited company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe to a proportionate number of equity shares to maintain their existing ownership, prior to issuance of any new equity

shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by a three-fourths majority of the equity shareholders voting on such resolution.

If you are a foreign investor and the law of the foreign jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such foreign jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company would be diluted.

**65. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.**

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

**Prominent Notes:**

1. Initial public offer of up to 57,63,886 Equity Shares for cash at a price of ₹ 275 per Equity Share (including a share premium of ₹ 265 per Equity Share) aggregating up to ₹ 15,600 Lacs. The Issue and the Net Issue would constitute 27.76% and 27.66%, respectively of the post – Issue paid-up Equity Share capital of our Company. The Issue includes an Employee Reservation Portion of up to 20,000 Equity Shares aggregating up to ₹ 52.60 lacs, for subscription by Eligible Employees.
2. The Net Issue is being made through the Book Building Process, wherein 50% of the Net Issue was made available for allocation, on a proportionate basis to QIBs. 5% of the QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion was made available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Not less than 15% of the Net Issue was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of Net the Issue was made available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
3. Our Company's net worth as on March 31, 2017 and September 30, 2017 was ₹ 6,337.10 Lacs and ₹ 7,624.86 Lacs respectively, as per our Company's Restated Financial Statements. See "*Financial Statements*" on page 169 of this Prospectus.
4. Our Company's the net asset value per Equity Share as on March 31, 2017 and September 30, 2017 was ₹ 46.22 and ₹ 54.46 respectively, as per our Company's Restated Financial Statements. See "*Financial Statements*" on page 169 of this Prospectus.

On November 24, 2017, our Company had allotted 10,00,000 Equity Shares of ₹ 10/- each upon conversion of 10,00,000 CCDs at the rate of ₹ 200/- each. Hence the Pre-Issue NAV as on September 30, 2017 should be read as ₹ 64.17/- per share after adjusting for this post Balance Sheet date.

5. The average cost of acquisition of Equity Shares by our Promoter is ₹ 8.64. For details, see "*Capital Structure*" on pages 76 of this Prospectus. The average cost of acquisition per Equity Share by our Promoter has been calculated by taking the average of the amounts paid by our Promoter to acquire Equity Shares.
6. Except as stated in the chapter "*Our Group Entities*" and "*Related Part Transactions*" on page 164 and 167, respectively of this Prospectus, our Group Company does not have any business or other interests in our Company.

7. For details of the related party transactions during the six month period ended September 30, 2017 and the last five Fiscal Years, pursuant to the requirements under Accounting Standard 18 “*Related Party Disclosures*”, issued by the Institute of Chartered Accountants of India, see “*Restated Financial Statements –Annexure XXXIII*” on page 167 of this Prospectus.
8. There has been no financing arrangement whereby our Promoter Group, directors of our Promoter, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.
9. The name of our Company was changed to ‘Apollo Micro Systems Limited’ upon conversion of our Company into a public limited company pursuant to a special resolution of our Shareholders dated March 21, 2017 and a fresh certificate of incorporation consequent upon conversion from private company to public company issued by the RoC on April 1, 2017 and there was no other change at any time during the last three years immediately preceding the date of filing of Prospectus.
10. For any complaints, information or clarifications pertaining to the Issue, investors may contact the BRLM who have submitted the due diligence certificate to SEBI. For details regarding grievances in relation to the Issue, see “*General Information*” on page 69 of this Prospectus.
11. All grievances, in relation to the ASBA process, may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, ASBA Form number, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, date of submission of ASBA Form, address of Bidder, the name and address of the relevant Designated Intermediary, where the ASBA Form was submitted by the Bidder and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

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### INTRODUCTION

The Indian aerospace and defence market presents an attractive and significant opportunity to various industry stakeholders across the supply chain. India has one of the fastest-growing global defence markets and spends annually USD 40 billion (1.62% of GDP in FY17) on the sector. India is also one of the largest importers of conventional defence equipment and spends about 31.5% of its total defence budget on capital acquisitions.

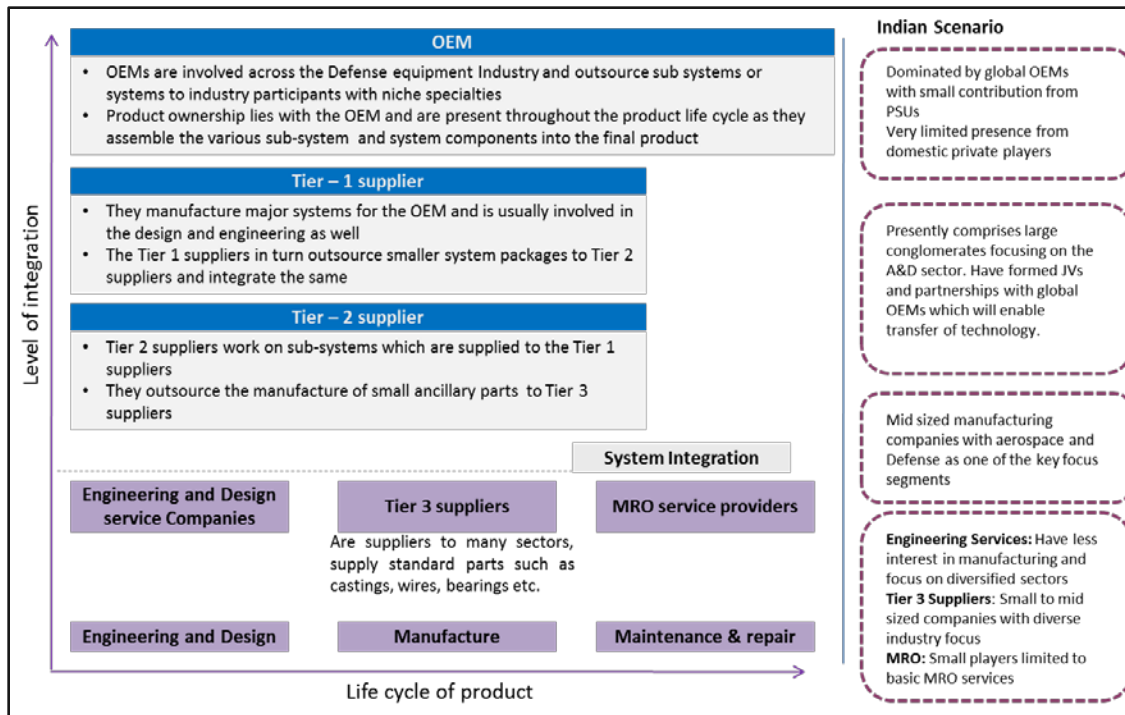
Defence expenditure is expected to continue to grow, primarily due to the country’s ageing military hardware and technology which is in dire need of replacing, and demands for defence against domestic insurgencies and hostility from neighboring countries. Key items which are in demand include unmanned combat aerial vehicles (UCAVs), advanced electronic warfare systems, combat systems, rocket and missile systems, fighter and trainer aircraft, stealth frigates, and submarines. In addition, India’s expenditure on IT and communications is expected to increase significantly, with a strong focus on enterprise applications, systems integration, and real-time mobile communications. Further, following the increase in both domestic and foreign terrorist attacks, India’s spending continues to increase w.r.t. products such as surveillance technology, global positioning systems, radars and biometric systems.

However, about 60% of India’s defence requirements are met through imports. The story is similar for India’s USD75bn ESDM (Electronic System, Design and Manufacturing) sector. In order to build a domestic industrial base, the GoI (Government of India) has set for itself a challenging target of achieving 70% indigenization. Accordingly, GoI has laid out the Defence Offset policy and transparent bidding guidelines for defence procurement procedure (DPP). This provides tremendous growth opportunities to existing Indian players in the ESDM sector – for both defence and non-defence. This industry report accordingly provides an overview of the industry, discusses the competition and highlights the opportunities and threats for AMS from existing players and new incumbents.

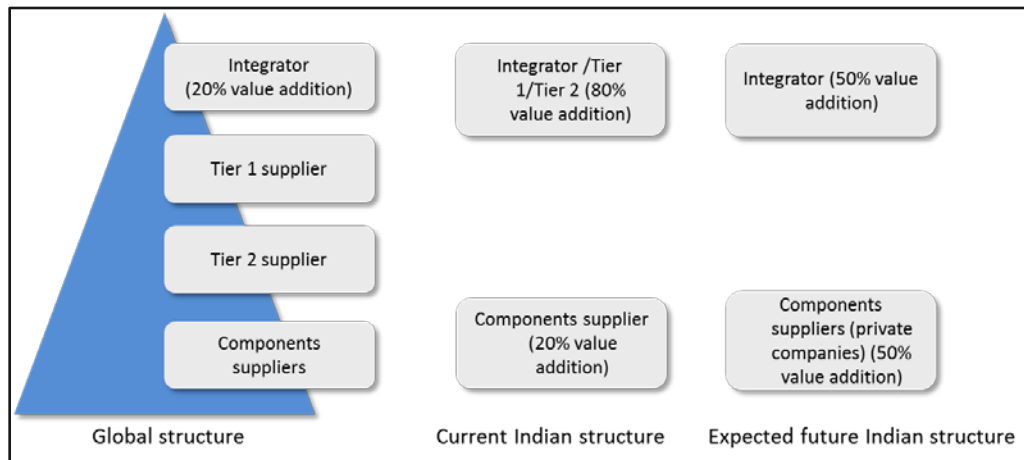
#### Defence Industry structure:

The defence industry consists of System integrators, OEM’s, tier-1, tier-2 component suppliers, each having significant role in the value chain. The exhibit below shows level of integration across life cycle of product:



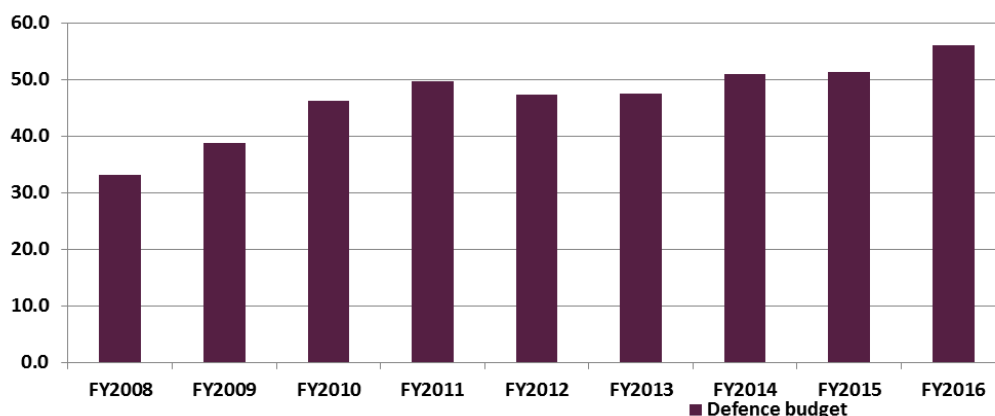


On a global level, the system integrators provide 20% value addition, however in India, the component supplier contributes for 20% value addition and rest 80% is contributed by integrators, tier-1, tier-2 suppliers. The exhibit below shows the contribution of various stakeholders in the value chain:



**Government capital spending:**

The Government’s capital expenditure on defence has increased from USD3billion in 2000 to USD55.9billion in 2016. Most of the capital expenditure was done through inter-governmental purchases which basically are non-competitive in nature or through bi-lateral agreements. The Indian Government’s defence expenditure breakdown in terms of revenue expenditure & capital expenditure is given below:



Source: Ministry of Defence

Various categories under defence include:

- Military hardware: This covers broad range of machinery, systems, equipment and weapons used by defence forces.
- Air defence systems: These are defined as all measures designed to nullify or reduce the effectiveness of hostile air action. They include ground- and air-based weapon systems, associated sensor systems, command and control arrangements and passive measures. This equipment may be used to protect naval, ground and air forces wherever they are positioned, but does not include the missile defence system.
- Missile defence systems: These are systems, weapons or technologies involved in the detection, tracking, interception and destruction of attacking missiles.
- Naval defence systems: These are used to protect sea lanes and ferry troops, or to attack other navies, ports or shore installations. The portfolio includes surface ships, amphibious ships, submarines, and seaborne aviation.
- Homeland security (HLS): This involves the protection of a country's civilians and critical infrastructure from natural or man-made disasters. Its margins extend to border and maritime patrol, customs checks in ports and airports, search and rescue operations, disaster recovery, combating terrorism and cyber-attacks. The Central Reserve Police Force (CRPF) is a part of HLS.

**Current macro-economic outlook in the defence industry:**

Despite the global economic environment being gloomy, the Indian economy continues to be a bright spot, with about 7% growth in Gross Domestic Product (GDP) for three consecutive years between 2014-15 and 2016-17. If the Finance Minister maintains the last year's defence expenditure relationship of 1.65% of GDP (GDP estimated at INR 173 trillion for 2017-18), the budget estimate (BE) for defence expenditure is estimated at INR 2.85 trillion. The targeted defence expenditure (as percentage of GDP) is provided below:

Particulars	Actual	Revised Estimate	Actual	Budget Estimate	Target for	
	FY15	FY16	FY16	FY17	FY18	FY19
Total defense expenditure (%)	1.76	1.66	1.66	1.65	1.60	1.60
Fiscal deficit (%)	4.10	3.90	3.90	3.50	3.00	3.00

Source: Ministry of Defence

**Current outlook on the defence spending by Government of India:**

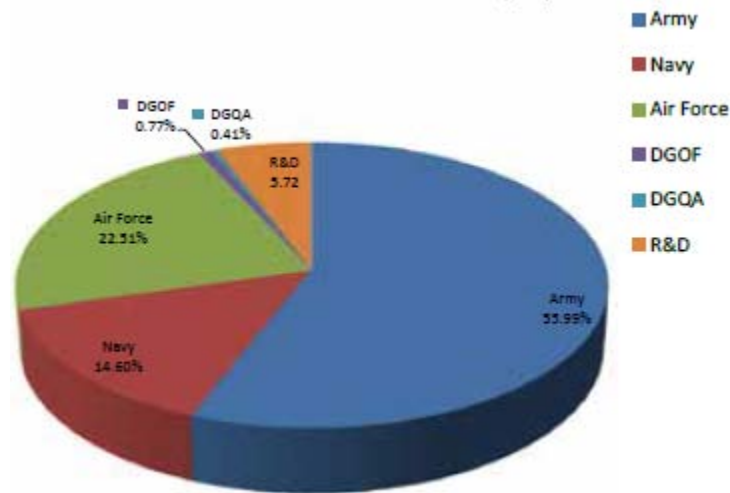
India meets its current defence requirements mostly by the way of imports. India spends around 31.5% of its total defence budget on imports, which accounts to around 60% of total defence equipment. The defence planning process has been historically linked to the five-year planning process; the Planning Commission had to indicate the

resources available for defence, which constitutes a major item of the central government expenditure. The Finance Minister (FM) in the union budget 2017-18 has allocated INR 2.74 trillion, as against INR 2.58 trillion in 2016-17, with 6% rise, to the Ministry of Defence (MoD). Compared to the previous budget, the FM also made certain changes in the format of the defence Demand for Grants (under which defence money is distributed among the armed forces and other defence agencies), bringing further complexity to the task of estimating the various heads that make up India's official defence budget. India is likely to spend USD150 billion on various defence platforms, out of which USD 70 billion is likely to be used for Navy in next three years.

As per MoD Annual report FY17, the following are the details of defence expenditure/ estimates:

Particulars	FY15 Actual (Rev+Cap)	FY16 Actual (Rev+Cap)	RE FY17 (Rev+Cap)	BE FY18F (Rev+Cap)
Army	1145.6	1143.3	1312.8	1451.7
Navy	359.5	348.7	374.1	378.4
Air force	525.4	522.2	520.6	583.7
Directorate General of Ordnance Factories (DGOF)	15.8	11.0	21.5	19.9
Director General of Quality Assurance (DGQA)	8.1	8.7	9.9	10.7
Research & Development (R&D)	132.6	132.9	131.5	148.2
Total	2186.9	2166.7	2370.5	2592.6

Source: Ministry of Defence



Source: Ministry of Defence

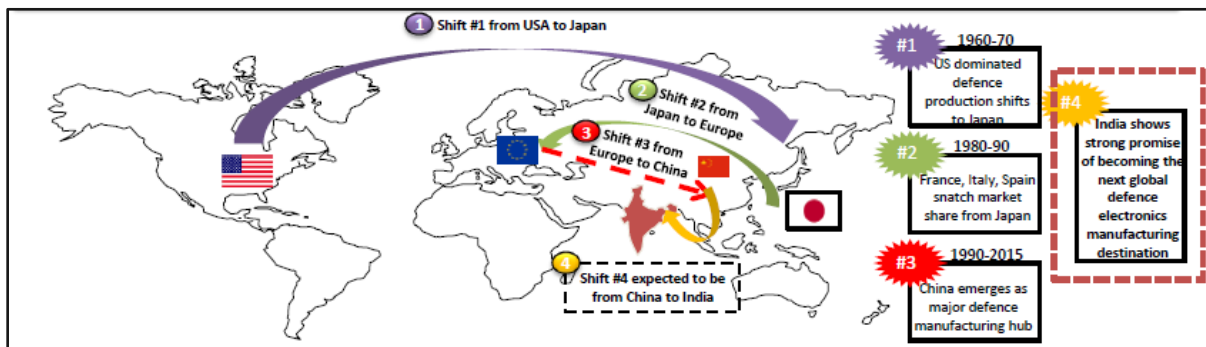
**Current market opportunities in defence and allied sector:**

The Government of India's initiative, 'Make in India' aims to boost the nation's domestic manufacturing sector as well as to create market by targeting exports. The initiative aims to make India a preferred manufacturing destination comprising of 25 sectors that includes ESDM, automobiles, chemicals, IT, aviation, design manufacturing, renewable energy and several other sectors that rely heavily on electronics, expanding the opportunities to create employment, purchasing power, expenditure and supply. The defence electronics manufacturing sector is expected to create an INR4trillion worth market opportunity during the period FY16 – FY26E. The demand for electronics hardware in the country is projected to touch USD 400 billion by 2020, which is expected to create a unique opportunity for companies in the ESDM (Electronic System Design & Manufacturing) sector to look at India as their next destination to cater to the domestic demand as well as to act as an exports hub. The industry assumes immense requirement for skilled manpower mostly engineers and hence, requires a pool of talent equipped for electronics ecosystem.

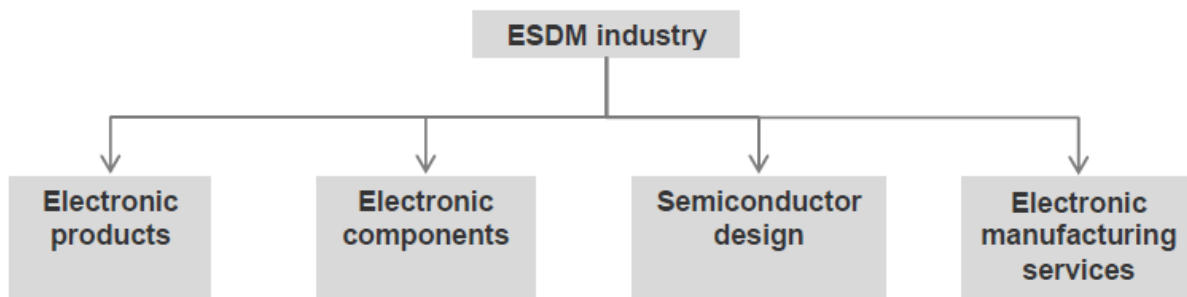
Government of India (GoI) has launched the National Policy on Electronics 2012 (NPE 12) with the vision to make India a globally competitive destination for Electronics System Design and Manufacturing (ESDM) for both domestic as well as to serve the International market. The objectives of the Policy include significantly enhancing the availability of skilled manpower in the ESDM sector. The National Skill Development Policy targets to train around 500 million people by 2022, therefore has set a target for the Department of Electronics and Information Technology (DeitY) to skill 10 million people by 2022 in the domain of Electronics & ICT. As India attempts to become a manufacturing hub, the ESDM start-up ecosystems are uniquely positioned to drive innovation and deliver path-breaking products. The upcoming start-ups have an added advantage of being able to focus on niche, cutting-edge technologies while also managing to remain extremely skillful.

**Overview of Global ESDM Market:**

The Global ESDM industry reached market size of USD 2 trillion in 2016 and is expected to reach USD3trillion by 2020. Maximum growth has been achieved due to commodities markets like smart phones, PC’s, tablets and digital television. The Global ESDM market has shifted the focus from high cost destinations like USA to low costs geographies like China, Korea, India and Taiwan thereby contributing immensely to their economies. China was estimated to account for more than 38% of electronic equipment production in 2017, which was just 2% in 1995. The following figure shows the shift in paradigm over last five decades.



ESDM is segregated into 4 sectors as given below:



**Electronic Product industry** basically consists of the firms producing consumer electronic production including automotive electronics, medical devices, industrial electronics etc. The global electronics products industry is expected to attain a size of USD 838.85 billion by 2020 at growth rate of 4.0%.

**Electronics Components industry** consist of the firms involved in production of core electronic components like resistors, resonators, connectors, transformers, relays etc., which are required in development of electronic circuits and devices. The Global Electronics component market is expected to attain a size of USD191.8 billion by 2022 at 4.8% CAGR.

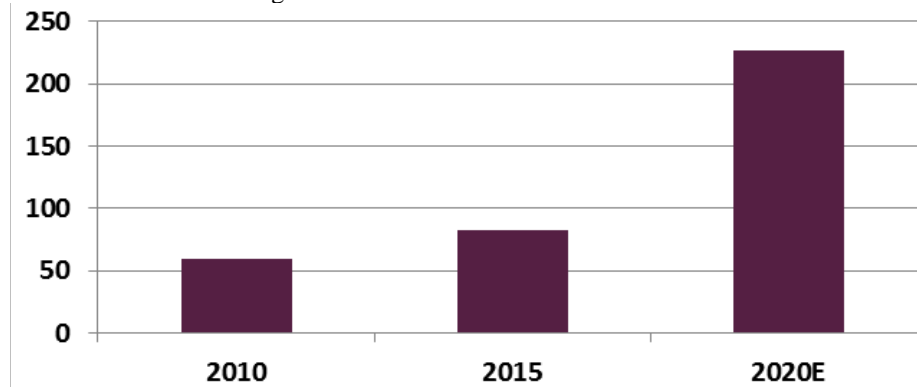
**Semiconductor Design Industry** consists of companies dealing with design and fabrication of semiconductor devices. It involves production and design of memory products like Dynamic random-access memory (DRAM) and NAND flash, Very-large-scale integration (VLSI) based devices etc. The worldwide semiconductor market is

projected to gain a market size of USD 655.6 billion by 2025 from the market size of USD 335.17 billion in 2015 with a growth rate of 6.7%.

**Electronic Manufacturing Services (EMS)** consists of designing, testing, manufacturing, distribution, and maintenance of electronic components and assemblies of Original equipment manufacturers (OEM). The Global Electronics Manufacturing Services (EMS) is expected to grow from USD430billion in 2015 to USD 580 billion in 2020 at a CAGR of 6.2%. The EMS industry is following the growth projections of the overall Original Equipment Manufacturers (OEM) electronics market which has been growing at 2-3% a year. Industries which have projected growth include highly complex sectors like industrial automation, medical, aerospace and automobile. Electronics manufacturing overall is expected to experience slow growth in early 2017.

### **Indian market for electronic systems and design manufacturing**

The Indian ESDM industry is one of the fastest growing sectors in the country. The market size of ESDM industry in 2017, estimated at USD 100 billion, improved from USD 82 billion registering a CAGR of 5% from 2013. The Indian ESDM industry is forecasted to grow from a market size of USD 100 billion during 2016-17 to USD 228 billion by 2020 with a growth rate of 16-23%.The sector size is projected to reach USD 400 billion by 2023-2026.These forecasts are derived from the parameters like overall GDP growth of India, currency movement, inflation, existing trade agreements, consumer sentiments, potential government consumption, existing government policies, investments and manufacturing entities in India.



Source: IRR Advisory

### **Innovations and Technological advancements in Defence and non-Defence ESDM sector:**

India has needs to modernize its Aerospace & Defence capital equipment base by addressing obsolescence as well as build additional capability through new capital acquisition. The market opportunity for Aerospace and Defence electronics sector is expected to cross USD70billion in next ten years, out of which USD 53-54 billion is expected to be spent on electronics as part of platform and about USD17-18billion is expected to be spent on Indian Army's Project like Battlefield Management System (BMS) and Tactical Communication Systems (TCS). The capital acquisitions of defence hardware over next 10 years is expected to be approximately INR 15 trillion, of which around INR 5.2 trillion is expected to be spent on aerospace, INR3.5trillion on naval system, INR 6 trillion on land systems and INR 0.3 trillion on security.

Over the past two years the Defence Acquisition Council (DAC) was on an acquisition spree giving approvals to 66 capital acquisitions worth INR1.98 trillion. The government is bullish about domestic production, which will give a major boost to the laggard defence manufacturing sector. It aims to achieve 70% indigenization by 2027.The majority of the growth in the coming years will be driven by the aerospace, electronics and shipbuilding segments. Going forward, the defence landscape will evolve with adequate private involvement. 'Make in India' initiative of the Government is likely to generate the required momentum for private players to tap the market. As suggested in DPP 2016, an increase in indigenous products can have a multiplier effect on the economy and can improve India's self-reliance in defence production. The MSMEs will have to be ready to venture into domestic manufacturing space to provide components and service the sub-assembly requirements.

**ESDM in other industries:**

- Automobile
- Medical Electronics
- Telecom Sector

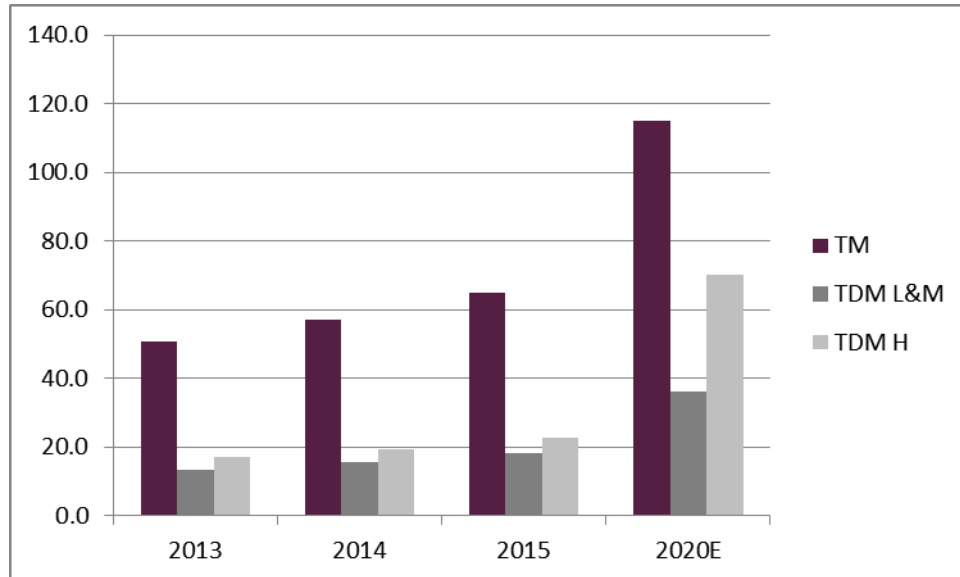
**Market size, demand estimation and growth projections for the next 10 years:**

The ESDM industry in India includes following components:

- Electronic Products: The Size of Electronics Product Market (EPM) was USD61.8billion. It is growing at a CAGR of 10% over the past 2 years. The industry is expected to attain a market size of USD 150-200 billion by 2020 with CAGR of 10-15%.The largest segment among the Electronic Product is the mobile device segment, which is driven by the rising demand for mobile handsets, reduced prices and tariff. The mobile device market is expected to grow at a CAGR of 17% and is expected to attain a market size of USD 36.9 billion by 2020. There has been an increase in demand for tablet in 2013 and then stabilized by 2014-15.
- Total Market (TM) – Domestic Electronic Consumption in India which therefore includes all locally manufactured and locally consumed products as well as imports  
Total Domestic Manufacturing (TDM)- Refers to the domestic production that caters to domestic demand.

Following are the Projection for Growth rate and Market Size for year 2020:

- Projected CAGR: - 10-15%
- Market Size: - USD 150-200 billion

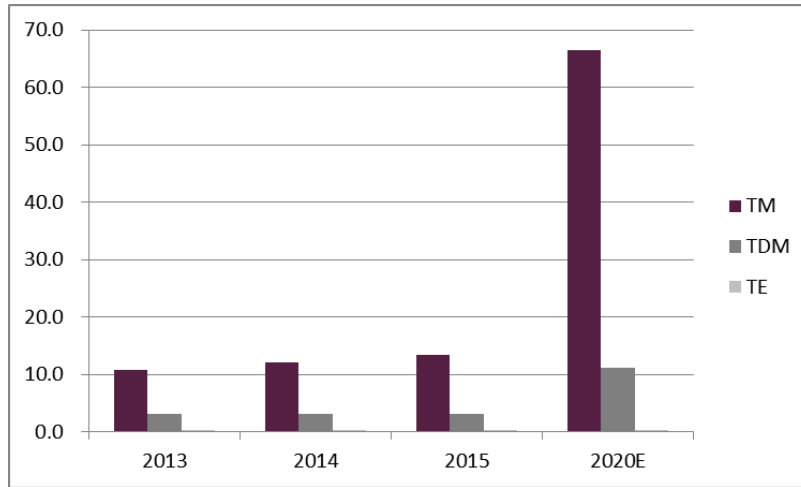


Source: IESA, IRR Advisory

- Electronic Components: There has been a steady growth in Electronics Component Market (ECM) with a CAGR of 12% over the past 2 years. It has led to achieving a market size of about USD 13.6 billion in 2015. By 2020 the market is estimated to grow at CAGR of 22-33% to attain a size of USD 36.6 - 56.5 billion. Majority of demand for electronic component is met through imports. Within the country, manufacturing of the components is dominated by electromechanical and passive components which form about 70% of total components manufactured in country. Manufacturing of active components is very limited in India in spite of presence of efficient R & D units in the country.

Following are the Projections for Growth rate and Market Size for year 2020:

Projected CAGR: - 22-33%  
 Market Size: - USD 36.6 - 66.5 billion

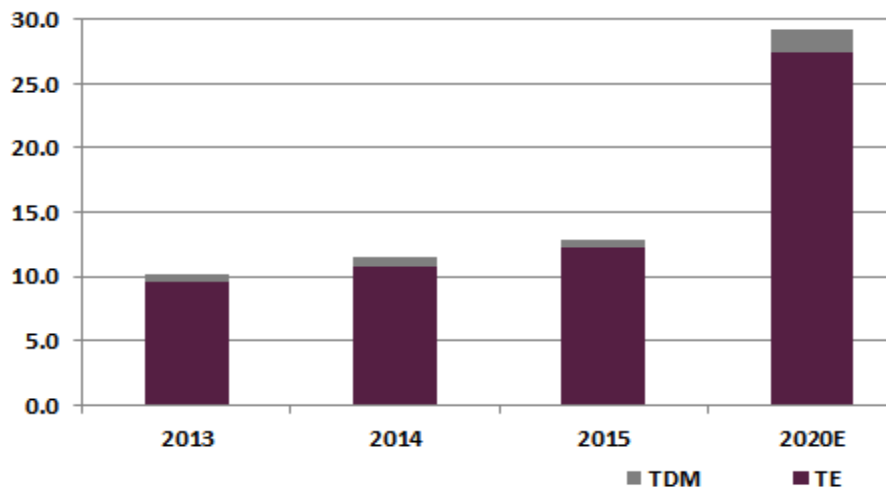


Source: IESA, IRR Advisory

- Semiconductor Design: Semiconductor Design Market (SDM) has grown steadily from 2013 at a CAGR of 12% to attain a market size of USD 12.9 billion in 2015. By 2020, market size of semiconductor design is forecasted to attain a size of USD 23.5 - 29.2 billion at a CAGR of 13-18%. Due to the entry of number of domestic and Multinational players, there has been a strong growth in the sector over the last decade.

Following are the Projections for Growth rate and Market Size for year 2020:

Projected CAGR: - 13-18%  
 Market Size: - USD 23.5-29.2 billion

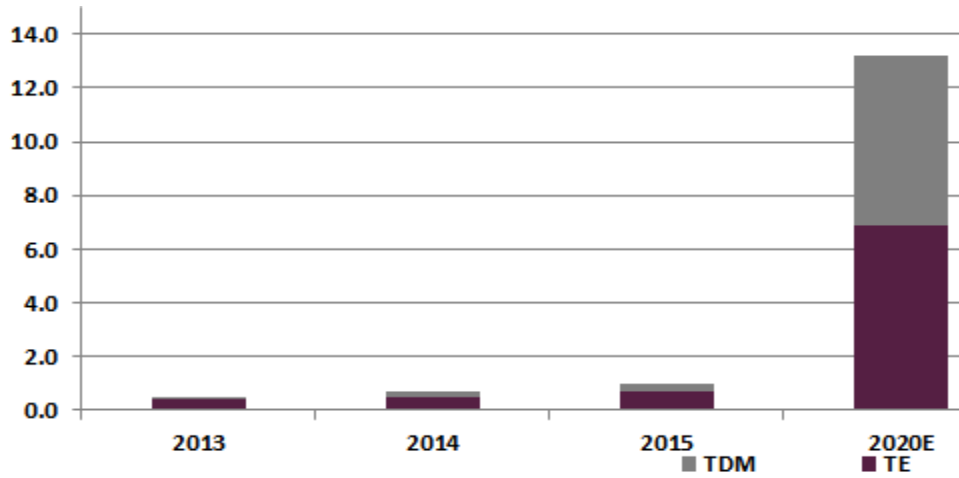


Source: IESA, IRR Advisory

- Electronic Manufacturing Services: Electronic Manufacturing Services (EMS) market has recorded a huge growth over the last few years. The market size has increased from USD 0.5 billion in 2013 to USD 1.0 billion in 2015. A growth of 42-68% is projected over the next five years along with a market size of USD 6-13.2 billion by 2020 in EMS market. EMS market in India is majorly driven by mobile manufacturing.

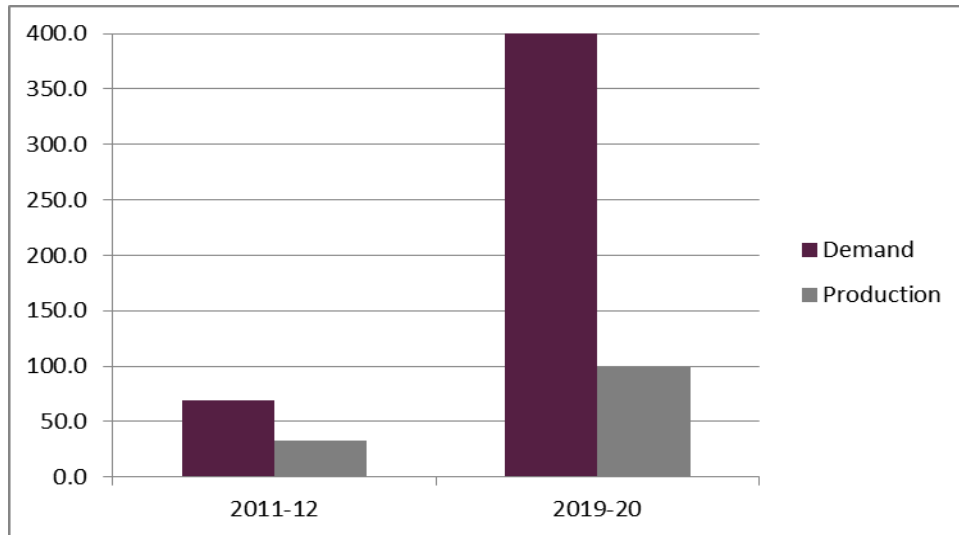
Following are the Projections for Growth rate and Market Size for year 2020:

Projected CAGR: - 42-68%  
 Market Size: - USD 6-13.2 billion



Source: IESA, IRR Advisory

The Demand for electronics hardware in the country is projected to increase to USD 400 billion by year 2020; However the production or supply for the same is projected at USD 104 billion by year 2020. So there is gap of USD 296 billion in demand and production:



Source: -<http://meity.gov.in/esdm>

Few of the high priority products under ESDM sector include Mobile Phones, Digital Camera, Desktops, Notebooks, Inverters and UPS, Memory cards and USB flash Drives, 4W EMS, LCD Monitors, Servers, Base Stations, Power Supplies, Printers and MFD's, Routers/Switches, Car Radio, CFL, Energy Meters, Smart Cards, Digital Instrument Clusters.

### FUTURE PROSPECTS

The Indian Defence sector has registered a robust growth over the past decade. India's growing wealth and regional influence has given ability to develop a more technologically advanced defence industry. The Government's capital expenditure on defence has increased from USD 3 billion in 2000 to USD 55.9 billion in 2016. The Finance Minister



in the FY18 Union Budget allocated INR 2.74 trillion for Defence sector. India spends around 31.5% of its total defence budget on imports, which accounts to around 60% of total defence equipment; However Government of India's, 'Make in India' initiative is expected to generate the required momentum for private players to tap the market and also target exports. GoI aims to achieve 70% indigenization by 2027. Accordingly, GoI has laid out the Defence Offset policy and transparent bidding guidelines for defence procurement procedure (DPP). This provides tremendous growth opportunities to existing Indian players in the ESDM (Electronic System Design & Manufacturing) sector – for both defence and non-defence. The defence electronics manufacturing sector is expected to create an INR 4 trillion worth market opportunity during the period FY16 – FY26E. The ESDM sector is one of fastest growing sector in India with estimated market size of USD 100 billion for 2017. The Global ESDM market has shifted the focus from high cost destinations like USA to low costs geographies like China, Korea, India and Taiwan, thereby contributing immensely to their economies. Thus, India is expected to become next global defence electronics manufacturing destination, thus creating opportunities for private companies.

## SUMMARY OF BUSINESS

*In this section, unless the context otherwise requires, any reference to “our Company, we, us or our” is to Apollo Micro Systems Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Statements.*

### Overview

We are an electronic, electro-mechanical, engineering designs, manufacturing and supplies company. We design, develop and sell high-performance, mission and time critical solutions to Defence, Space and Home Land Security for Ministry of Defence, government controlled public sector undertakings and private sectors. Our customised solutions are developed using common hardware and software technology IP's which can be re-configured to suit the end application and domain requirements of end customer. The huge repository of knowledge and technology base that our Company has developed since inception is a strong base to outperform the competition and be abreast in the market. This supports our Company to constantly upgrade the technologies to meet present and futuristic requirements of our customers.

We offer custom built COTS (Commercially off-the shelf) solutions based on specific requirements to defence and space customers. The systems undergo various stages of approvals right from design, prototyping, functional acceptance, manufacturing and qualification testing. As the systems are exclusively developed for a programme, the developed systems enjoy proprietary status. Thus specially developed and approved systems have no competition.

Our Company has its participation in several Indigenous Missile programmes, underwater electronic warfare, underwater missiles, surface to air missiles, nuclear missile programmes, surface to surface missile programmes, indigenous submarine programmes UAV's long and short endurance, ships, space programmes. The solutions offered by us were used by our customers during development and user trials on account of which these solutions are qualified to be a part of supply chain in production phase. The defence and space solutions require expertise in advanced technology development and engineering knowledge to make the systems withstand harsh environmental conditions. Our Company has proven track record of executing projects which are qualified in several programmes.

The defence systems supplies can be broadly classified as On-Board Systems and Ground support equipment. On-Board systems means the electronic systems which are integrated On-Board a Weapon or a Vehicle (Vehicle could be a Missile, Aircraft, Ship, Submarine or Battle Tank) which are used for navigational requirements, on-board computation, instrumentation & control, telemetry, Payload acquisition and encoding, command & Guidance. Signal Processing, Seeker data processing, Height Analyzers requirement (Altimeter), Power Electronics to power the On-Board Electronics. Ground Support Equipment means any other electronics which are associated and communicate with On-Board equipment or other support equipment which are required for command control communication, Ground Checkout, Launch of Vehicles and other associated systems. We offer both On-Board Systems as well as Ground support equipment.

A detailing on classification of verticals and the solutions offered by us are as under;-

**Defence Avionic Systems:** We offer Avionic Systems which are integrated in Aircrafts or UAV. The Avionic systems are safety critical equipment as it involves human involvement in driving the vehicle in airspace. Hence the qualification levels are very stringent for both On-Board as well as ground support equipment. The systems supplied are approved by quality assurance agencies like CEMILAC and CRE-CRI. We are an approved company to undertake Avionic system designs. The solutions which we have offered till date for Avionics applications are PCM Encoder and Decoder, Gimbal Payload Electronics, Spread Spectrum Modem.

**Defence –Aerospace Systems:** We offer On-Board Weapon System Electronics solutions and Ground Checkout and Launcher Controller Systems for Missile System requirements. The qualification requirements of weapon system electronics vary for different types of missiles. The On-Board solutions offered by us include On-Board Computer, Missile Interface Unit, Seeker Signal Processor, RPF-DSP, Actuator Controller for Missile Fins, Integrated Avionics Modules, PCM Encoder and many more. The ground support equipment solutions offered by us

include Launcher Interface Unit, Missile Launcher Command System, Ethernet Controller, Platform Leveling & Launcher Controller to name a few.

**Defence-Naval Systems:** We offer On-Board Weapon system electronics and Ground Support Systems for Under Water Missiles (Torpedoes), Anti Torpedo Decoys and Jammers, Submarines and Ships. The On-Board solutions offered by us include On-Board Computer, System Manager Card, Five Processor DSP Board, Gyro Actuation Interface Box, Homming System, Front End Cage Electronics, SPU Section, Instrumentation Section, Signal Analyzer Card, Indigo Modules, Abhay Transmitter System, Turret Control System, Turret Power Systems to name a few.

**Satellite Space Systems:** We offer Ground Checkout Systems and Earth Station acquisition systems for Space applications. Our solutions are configured for communication and other satellite programmes. The solutions offered by us are Frame Synchronizer, Bit Synchronizer, Payload Checkout System, Data Simulator and similar ground support equipment.

**Homeland Security & Telematics:** We offer telematic and integrated surveillance systems like GPS based vehicle tracking system, integrated surveillance systems consisting of CCTV and boom barriers. We have developed live tracking solutions for cargo carriers and transport vehicles and for effective productivity monitoring for Ore Mining companies. Our focus on this sector is only for deployment of systems which can withstand harsh environmental conditions, as our core expertise supply of defence systems which can withstand harsh environmental conditions.

**Transportation:** In Transportation sector, we have worked on solutions related to telematics, data handling systems and automotive electronics. Our solutions are configured for Indian railways for applications such as Coach Guidance Display Systems, Tyre Pressure Monitoring Systems for Off Road vehicles such as Dumpers in mining, Token Display System, Arrival/ Departure Information Display System, Destination Display Boards, Advertising Displays, Station Announcement Systems (Digital Tape Recorder).

Our team has diverse experience in Analog and Digital electronic systems, varied communication protocols, Field Programmable Gate Array (“FPGA”) design, embedded system software, application software, high-speed printed circuit board (“PCB”) design, Signal Integrity analysis, thermal analysis and mechanical engineering design product management, quality management, test engineering and reliability engineering. Design team works closely with production team who have multi-disciplinary knowledge on manufacturing electronic, electro-mechanical and mechanical systems backed with requisite infrastructure has enable dust develop over 100 On-Board Systems and more than 50 types of ground support equipment and more than 100 other designs in Defence and non-defence markets.

Our manufacturing facility is located at Hyderabad. We are an ISO 9001: 2015 certified company in relation to design, development and manufacturing of electronics and electro-mechanical systems including software. Our Company is CEMILAC certified for Design of Avionic Systems. Further, our working lab areas confirm with electrostatic discharge requirements with ESD safe furniture and controlled environment.

As total solutions are offered under one roof, it allows our Company to stay ahead of competition and also enables to scale – up production activity without depending on outsourced processes and delays involved due to supply chain and quality rejections in outsourcing. We sell our solutions predominantly through a combination of direct sales to system integrators and end users.

We are well – positioned to take advantage of the growth opportunities arising out of the Digital India and the Make – in – India programs of the Indian Government. Our Company is also well positioned to address the growing requirements in Defence Electronics through Indigenous programmes in which we have been partners for past several years apart from which the Defence offset business which is poised to grow constantly year after year opening newer opportunities for Indian Defence electronics manufacturing companies. The initiatives of Government of India in terms of smart cities, Digital India, Make in India and huge initiatives to grow ESDM (Electronic System Design and Manufacturing) Sector is an added advantage for our Company.

For the six months period ended September 30, 2017 and Fiscal 2017, Fiscal 2016, Fiscal 2015, Fiscal 2014 and Fiscal 2013, our total income, was ₹ 10,947.41 lacs, ₹ 21,179.98 lacs, ₹ 15,953.17 lacs, ₹ 10,876.83 lacs, ₹

7,288.18 lacs and ₹ 3,745.81 lacs respectively and our profit after tax, was ₹ 711.15 lacs, ₹ 1,857.11 lacs, ₹ 1,000.05 lacs, ₹ 744.76 lacs, ₹ 534.01 lacs and ₹ 295.95 lacs respectively. The Company's Order Book (as Defined hereinafter) is ₹ 9,750.11 lacs excluding GST, as of November 25, 2017.

## **Our Competitive Strengths**

**We believe that our principal competitive strengths are as follows:**

### ***Proven track record in developing new technological systems and order execution***

We started our journey by designing specialised electronic sub-systems and systems. Our Company is aided with specialized technical skills, strong research and development expertise and a competent management, has developed the ability to design, develop and manufacture complex electronic control systems and associated digital electronics. Our Company has its participation in several Indigenous Missile programmes, underwater electronic warfare, underwater missiles, surface to air missiles, nuclear missile programmes, surface to surface missile programmes, indigenous submarine programmes UAV's long and short endurance, ships, space programmes. The solutions offered by us were used by our customers during development and user trials on account of which these solutions are qualified to be a part of supply chain in production phase.

We believe that our expertise and proven track record in implementation of projects provides us with significant competitive advantages. Further this enables us to be in a better position to deal with implementation risk. Our Company has also developed various advanced solutions individually and in association with government research laboratories. We are focussing, *inter alia*, on development of components/sub-systems for the defence segment, developed subsystems for large defence programmes and new technologies. On account of the long-standing presence and with constant improvement and adoption of technologies, augmented with quality, we believe that we enjoy considerable brand equity and reliability in the industry where we operate. Our core competency lies in understanding the changing trends, the needs of our customers and accordingly quality products to suit their requirements.

### ***Recurring orders from existing programs***

Over last two decades, we have developed an established brand name, acceptance and recall value in the defence ESDM Sector. Our Company has developed and supplied sub-systems and systems for various programs of the Ministry of Defence. These programmes provide a recurring opportunity for our Company. We believe, our ability to provide end to end solutions to our clients help us in getting repeat orders from them, further it also helps us in adding new clients and our ability to develop new platform helps us in serving our clients in more efficient manner, which helps us in getting repeat and larger orders from our clients.

We have skilled manpower good organisational processes, professional approach to risk and its containment all of which translates into our ability to manage multiple, large and technically complex projects. We believe this gives us the competitive edge to procure repeat orders.

### ***Strong R&D Capabilities***

In the defence and space sector, it is critical for sub-system manufacturers to work closely with their key customers for designing, developing and production activities. A strong understanding of the futuristic customer requirements is essential. Further, the ability to design and manufacture these systems is challenging owing to the advancement of technologies. We have a strong R&D team of 56 engineers with core competencies in development of Embedded Hardware and Software along with engineering designs team. Our R&D professional has varied experiences in electronics and electro - mechanical engineering.

We undertake dedicated R&D in our existing services and solutions primarily with a focus to improve yields and process efficiencies. We focus our R&D efforts in areas where we believe there is significant growth potential. We spent ₹ 678.59 lacs, ₹ 1,286.46 lacs, ₹ 865.01 lacs and ₹ 146.81 lacs towards our R&D activities during the six months period ended September 30, 2017 and financial years 2017, 2016 and 2015, respectively. We believe that our emphasis on R&D has been critical to our success and a differentiating factor from our competitors. By

developing new solutions with our customers and by offering a broad range of services across segments, we are able to increase customer dependence on us and position ourselves as a preferred supplier to defence ESDM Sector.

### ***Qualified and experienced workforce and senior management***

We have a dedicated team of skilled individuals with technical background and domain experience in each of our verticals with a focus on evolving technologies. These teams follow a structured applied innovation and solutions development process and work with delivery functions to identify the key concerns of our customers and generate solutions, ideas and concepts to address the concerns.

Our Company has qualified and trained manpower working in Embedded Systems, FPGA Based Systems, Firmware and Application Software Development. Our electronics team, along with the engineering team, jointly coordinates in designing mechanical enclosures. Our design team has delivered designs for special purpose aerospace applications. Our engineering team with its innovative approach handles the toughest of jobs and has executed several jobs which involved designing right from the concept. To support the design and engineering team, the machining facility is equipped with high speed machines capable of delivering the jobs quickly. We have the capability to handle several kinds of fabrication activities involving different kinds of metal. Our mechanical engineering division has trained engineers who have the capability to assemble and test units with varying levels of complexity.

Our management team has considerable experience in the defence ESDM industry. The members of our senior management have diverse skills which have helped us to grow and develop solution faster. We believe that our experienced and dynamic senior management team has been key to our success. The vision and foresight of our management enables us to explore and seize new opportunities and to introduce new services and solution to capitalize on the growth opportunities in the defence ESDM industry.

### ***Quality control***

We have undertaken various initiatives and adopted various systems and processes in order to augment our commitment to focus on quality which is crucial for our and the industry we operates. Our manufacturing unit is well equipped with modern quality checking and testing equipment's for quality assurance. Our customers also require us to maintain extremely rigorous and strict checks on compliance with all necessary quality and safety standards.

We are an ISO 9001: 2015 certified company in relation to design, development and manufacturing of electronics and electro-mechanical systems including software. Our Company is CEMILAC certified for Design of Avionic Systems. Further, our working lab areas confirm with electrostatic discharge requirements with ESD safe furniture and controlled environment. Our strength in Quality Assurance is supported by the philosophy of delivering a high quality component in a prompt and precise manner. We have a successful track record of executing projects meeting stringent quality requirements in terms of environmental testing, which is a testimony of our engineering and quality adherence.

### ***Our Business Strategy***

Our objective is to continue to offer quality of services and solutions to the customers and we also intend to expand our reach in various jurisdictions with an advanced technology in an efficient manner. To sustain our future growth and development, we have and will continue to employ the following strategies:

#### ***Focus on R&D to develop complete systems to enhance the long-term prospects of our Company***

We continue to identify various strategic initiatives to improve our operational efficiencies and invest in modern technology and equipment's to upgrade the quality and functionality of our solutions to address changing industry trends and customer requirements. We intend to continue providing such customised products to meet varied requirements of our customers. We will consistently invest in research and design to innovate and develop new products and become preferred solution provider for our customers.

We believe that it is critical for sub-system manufacturers to work closely with their key customers for designing, developing and production activities. A strong understanding of the customers' requirements based on their future product development programs is essential. To harness growing market opportunities and to maintain our lead position of a quality and reliable system supplier, we intend to focus on enhancing our technical knowhow to the next generation by assimilation of technology and using our strong R&D base.

#### ***Improving our productivity and competitiveness***

We intend to increase the efficiency and competitiveness of our operations by continuously investing in state of the art machinery and equipment and related operating methods, in order to maximize efficiency of labour, material and reduce our costs and the time taken to execute our projects. We believe that cost leadership will be a key enabler for us to increase the market share of the services and solution we offer to the customers. We believe that our ability to increase our productivity and competitiveness at lower cost will be strengthened by our continued focus on offering a wide range of innovative products across all our business verticals.

We also intend to improve our cost efficiency and productivity by implementing effective and efficient operational techniques. Our operations team, comprising experienced design and engineers and senior management, adopts best practices in line with industry standards across the defence ESDM sector. We will continue to leverage our in-house technological and R&D capabilities to effectively manage our operations, maintain strict operational controls and enhance customer service levels. We intend to continue to focus on performance and project execution in order to maximize client satisfaction and further focus on energy efficiencies aimed at reducing both capital and operating expenditures for our clients. Our experience enables our engineering teams to incorporate international best practices and we leverage advanced technologies, designs and project management tools to increase productivity and maximize asset utilization in capital intensive project activities.

#### ***Leverage Build To Print opportunity***

Build To Print (BTP) business means customer produces work instructions, assembly drawings, and calls out specific and detailed manufacturing practices used in building the parts along with the specification of the component's functional requirements. BTP business vertical got built in our Company with the existing infrastructure and skills sets which helps in generating incremental revenue and profits with low working capital cycle. Our Company is expecting more revenue from BTP since it has proven technical skills in defence electronics space. Our Company has come up with a state-of-the-art manufacturing facility, which helps in process improvement and operational efficiencies.

#### ***Expand our business and geographical footprint through selective acquisitions***

We intend to augment our growth by continuing to pursue selective acquisitions and strategic alliances that provide us access to better infrastructure, industry knowledge, technology expertise and geographical reach. We have historically expanded our business through organic growth and henceforth we intend to grow through acquisitions and strategic alliances also. We intend to pursue acquisitions that enhance our existing service offerings either qualitatively or geographically or to add new services that can be integrated with our existing services. We seek to identify markets where we believe we can provide cost and operational advantages to our clients and distinguish ourselves from other competitors.

Though, as on the date of this Prospectus, we have not identified any particular strategic alliance for this purpose, such association will enable us to leverage our strength in defence ESDM sector to expand our presence in those geographies. In order to expand our operations, we continue to identify strategic partners whose resources, capabilities and strategies are complementary to and are likely to enhance our business operations in such regions.

#### ***Continue to grow our overall market share by leveraging our presence in existing business verticals***

The aim of market penetration is to effectively use the product, enter the market as quickly as possible and seize a large market share. In order to penetrate the market, we are leveraging already designed and developed technologies to increase the sale of strategic projects for the customers. We will continue to focus on improving our market share across all our business verticals.

We will continue to leverage our service offerings to develop an in-depth understanding of how industries are structured and operate, key trends within the industries and how companies are affected by these trends, and how companies can create or diminish value. We intend to continue expanding our range of service offerings in order to increase business from our existing clients and acquire new clients. We strive to leverage our industry expertise and technology and business process skills to help clients discover and create new business models and, in many cases, transform entire business functions. We are well positioned to develop and implement new business models and operate critical business functions for our clients, based on the competencies we have developed and our successful implementation of various projects. Further, Make in India, Indigenization, Strategic projects, Offset opportunities are some of the major drivers for our market penetration.

### ***Business Diversification***

We intend to diversify our services and solution categories into other industries or marketplaces. Although our focus has always been defence sub-systems / systems development and manufacturing including space, defence, aerospace, strategic electronics, we intend to develop technologies for railways, homeland security to expand our roots in non-defence sectors. We also intend to foray into emerging market like e vehicles. We are also planning to foray into missiles and other system integration including wiring harness. We intend to participate into growth opportunities arising out of the Digital India and the Make-in-India programs of the Indian Government. We intend to continuously identify and introduce new services and solution categories into other industries or marketplaces in order to diversify and de-risk our business profile and provide potential for further growth.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial statements derived from our restated financial information for and as of six month period ended on September 30, 2017 and Fiscals 2017, 2016, 2015, 2014 and 2013. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the Companies Act and the SEBI ICDR Regulations and are presented in the chapter “Financial Statements” on page 169 of this Prospectus. The summary financial statements presented below should be read in conjunction with our Restated Financial Statements, the notes and annexures thereto and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 219 of this Prospectus.

### STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>EQUITY AND LIABILITIES</b>						
<b>1. Shareholder's funds</b>						
a) Equity Share Capital	1,400.00	1,371.17	1,371.17	1,371.17	1,371.17	646.52
b) Reserves and Surplus	6,224.86	4,965.93	3,108.82	2,108.77	1,377.99	850.26
c) Share Application Money pending allotment	-	-	-	-	-	58.15
	<b>7,624.86</b>	<b>6,337.10</b>	<b>4,479.99</b>	<b>3,479.94</b>	<b>2,749.16</b>	<b>1,554.93</b>
<b>2. Non-Current Liabilities</b>						
a) Long Term Borrowings	2,992.70	1,353.02	1,568.38	1,881.20	773.65	383.30
b) Deferred Tax Liabilities (Net)	1,032.04	816.06	390.99	77.97	23.61	5.76
c) Other Long Term Liabilities	199.18	929.81	652.17	100.02	26.32	-
d) Long Term Provisions	41.76	38.39	31.65	24.15	16.91	13.05
	<b>4,265.68</b>	<b>3,137.28</b>	<b>2,643.19</b>	<b>2,083.34</b>	<b>840.49</b>	<b>402.11</b>
<b>3. Current Liabilities</b>						
a) Short-Term Borrowings	6,702.84	6,556.43	4,899.38	3,442.03	2,542.04	1,550.92
b) Trade Payables	9,016.32	6,787.18	7,156.66	3,342.75	1,828.38	777.28
c) Other Current Liabilities	1,303.32	1,345.34	825.92	825.81	260.67	126.79
d) Short-Term Provisions	554.60	422.35	290.73	298.12	270.89	169.02
	<b>17,577.09</b>	<b>15,111.30</b>	<b>13,172.69</b>	<b>7,908.71</b>	<b>4,901.98</b>	<b>2,624.01</b>
<b>TOTAL(1+2+3)</b>	<b>29,467.63</b>	<b>24,585.68</b>	<b>20,295.87</b>	<b>13,471.99</b>	<b>8,491.63</b>	<b>4,581.05</b>
<b>ASSETS</b>						
<b>4. Non - Current Assets</b>						
a) Fixed Assets						
i.) Tangible Assets	3,132.40	2,998.20	2,113.65	2,288.01	554.18	328.10
ii.) Intangible Assets	-	-	-	-	-	-
iii.) Capital Work in Progress	1,965.05	1,286.46	1,011.82	146.81	1,236.59	384.94
b) Non Current Investment	-	-	-	-	-	-
c) Long Term Loans & Advances	-	-	-	-	-	-
d) Other non current assets	343.13	-	-	-	-	-
	<b>5,440.58</b>	<b>4,284.66</b>	<b>3,125.47</b>	<b>2,434.82</b>	<b>1,790.77</b>	<b>713.04</b>
<b>5. Current Assets</b>						
a) Inventories	13,681.95	11,407.77	7,260.02	4,246.30	2,276.16	2,053.33
b) Trade Receivables	8,878.34	7,146.40	8,633.78	6,122.90	4,009.98	1,591.38
c) Cash and Cash Equivalents	592.28	877.83	694.31	365.48	225.94	188.48
d) Short-Term Loans and Advances	873.17	851.65	563.79	298.13	188.77	30.80
e) Other Current Assets	1.31	17.37	18.50	4.36	0.01	4.02



Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
	24,027.04	20,301.02	17,170.40	11,037.17	6,700.86	3,868.01
<b>TOTAL (4+5)</b>	<b>29,467.63</b>	<b>24,585.68</b>	<b>20,295.87</b>	<b>13,471.99</b>	<b>8,491.63</b>	<b>4,581.05</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

**STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED**

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
<b>INCOME:</b>						
Revenue from Operations	10,933.24	21,126.66	15,904.48	10,841.69	7,267.68	3,733.12
Other Income	14.17	53.32	48.69	35.14	20.50	12.69
<b>Total Income</b>	<b>10,947.41</b>	<b>21,179.98</b>	<b>15,953.17</b>	<b>10,876.83</b>	<b>7,288.18</b>	<b>3,745.81</b>
<b>EXPENSES:</b>						
Cost Of Material Consumed	8,414.36	19,388.94	14,476.22	8,803.11	5,165.76	3,102.79
Changes in Inventory of Finished Goods, Work In Progress & Stock-In-Trade	(1,308.88)	(4,291.41)	(2,856.98)	(1,218.37)	200.46	(525.59)
Employee Benefit Expenses	311.51	603.29	674.27	636.42	328.46	196.99
Finance Cost	582.22	1,143.75	814.37	511.21	271.31	200.31
Depreciation and Amortisation Expense	304.25	392.60	272.37	394.31	35.10	39.38
Other Expenses	1,581.57	1,360.05	1,089.12	810.24	559.83	289.18
<b>Total Expenses</b>	<b>9,885.03</b>	<b>18,597.22</b>	<b>14,469.37</b>	<b>9,936.92</b>	<b>6,560.92</b>	<b>3,303.06</b>
Exceptional and prior period items	-	128.29	-	-	-	-
<b>Net Profit / (Loss) before Tax</b>	<b>1,062.38</b>	<b>2,711.05</b>	<b>1,483.81</b>	<b>939.91</b>	<b>727.26</b>	<b>442.75</b>
<b>Less: Tax expense</b>						
Current Tax	135.25	428.86	170.74	140.78	176.02	148.75
Deferred Tax	215.97	425.08	313.02	54.37	17.85	(1.95)
MAT Credit Entitlement	-	-	-	-	-	-
<b>Total Tax Expense</b>	<b>351.22</b>	<b>853.94</b>	<b>483.76</b>	<b>195.15</b>	<b>193.87</b>	<b>146.80</b>
<b>Net Profit / ( Loss ) after tax</b>	<b>711.15</b>	<b>1,857.11</b>	<b>1,000.05</b>	<b>744.76</b>	<b>533.39</b>	<b>295.95</b>
Less : Proposed Dividend	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-
<b>Net Profit transferred to Reserves</b>	<b>711.15</b>	<b>1,857.11</b>	<b>1,000.05</b>	<b>744.76</b>	<b>533.39</b>	<b>295.95</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

**CASH FLOW STATEMENT, AS RESTATED**

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>Cash flow from operating activities:</b>						
Net Profit before tax & extraordinary Items as per Profit And Loss account	1,062.38	2,582.76	1,483.81	939.91	727.26	442.75
Adjusted For:						
Depreciation & Amortization	304.25	392.60	272.37	394.31	35.10	39.38
Interest & Financial Charges	582.22	1,143.76	814.37	511.22	271.31	200.31
<b>Operating Profit Before Working Capital Changes</b>	<b>1,948.85</b>	<b>4,119.12</b>	<b>2,570.55</b>	<b>1,845.44</b>	<b>1,033.67</b>	<b>682.44</b>
Adjusted for (Increase)/Decrease in:						
Trade Receivables	(1,731.93)	1,487.37	(2,510.86)	(2,112.93)	(2,418.59)	(414.57)
Inventories	(2,274.18)	(4,147.75)	(3,013.72)	(1,970.14)	(222.84)	(872.39)
Short Term Loans and Advances	(21.52)	(287.86)	(265.67)	(109.36)	(157.97)	(30.80)
Other Current Assets	16.06	1.13	(14.14)	(4.35)	4.01	(0.86)
Long Term Provision	3.37	6.74	7.49	7.25	3.85	2.45
Trade Payables	2,229.14	(369.48)	3,813.90	1,514.37	1,051.10	573.80
Other Current Liabilities	(42.01)	519.41	0.12	565.13	133.89	96.44
Short Term Provisions	132.25	131.62	(7.39)	27.23	101.86	113.76
<b>Cash Generated From Operations</b>	<b>260.04</b>	<b>1,460.30</b>	<b>580.28</b>	<b>(237.36)</b>	<b>(471.03)</b>	<b>150.26</b>
Direct Tax Paid & Exceptional Items	135.25	300.58	170.74	154.76	181.68	148.75
<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>124.79</b>	<b>1,159.74</b>	<b>409.53</b>	<b>(392.12)</b>	<b>(652.71)</b>	<b>1.51</b>
<b>Cash Flow From Investing Activities:</b>						
(Increase)/Decrease of Fixed Assets	(1,117.05)	(1,551.79)	(963.02)	(1,038.35)	(1,112.83)	(123.89)
Other Non - Current Assets	(343.13)	-	-	-	-	-
<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>(1,460.18)</b>	<b>(1,551.79)</b>	<b>(963.02)</b>	<b>(1,038.35)</b>	<b>(1,112.83)</b>	<b>(123.89)</b>
<b>Cash Flow from Financing Activities:</b>						
Increase in Share Capital	576.60	-	-	-	666.50	-
Share Application Money Received	-	-	-	-	-	58.15
Increase / (Decrease) In Short Term Borrowing	146.41	1,657.05	1,457.35	899.99	991.13	359.08
Increase / (Decrease) In Long Term Borrowing	1,639.69	(215.36)	(312.82)	1,107.54	390.35	(47.65)
Increase / (Decrease) In Other Long Term Liabilities	(730.63)	277.63	552.16	73.70	26.32	-
Interest & Financial Charges	(582.22)	(1,143.76)	(814.37)	(511.22)	(271.31)	(200.31)

Particulars	For the six months period ended September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>Net Cash Flow from/(used in) Financing Activities ( C )</b>	<b>1,049.84</b>	<b>575.57</b>	<b>882.32</b>	<b>1,570.01</b>	<b>1,802.99</b>	<b>169.26</b>
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(285.55)	183.52	328.83	139.54	37.45	46.88
<b>Cash &amp; Cash Equivalents As At Beginning of the Year</b>	<b>877.82</b>	<b>694.31</b>	<b>365.48</b>	<b>225.94</b>	<b>188.48</b>	<b>141.60</b>
<b>Cash &amp; Cash Equivalents As At End of the Year</b>	<b>592.27</b>	<b>877.83</b>	<b>694.31</b>	<b>365.48</b>	<b>225.94</b>	<b>188.48</b>

( ₹ in lacs)

Particulars	For the six months period ended September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>Cash &amp; Cash Equivalents include</b>						
Cash on hand	4.87	0.84	8.43	2.31	6.05	2.14
Balances with bank						
Current Account	0.57	1.72	-	-	-	-
Fixed Deposits	586.84	875.27	685.88	363.17	219.89	186.34
<b>Total</b>	<b>592.27</b>	<b>877.83</b>	<b>694.31</b>	<b>365.48</b>	<b>225.94</b>	<b>188.48</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

## THE ISSUE

The following table summarizes the Issue details:

<b>Issue<sup>(1) &amp; (3)</sup></b>	57,63,886 Equity Shares aggregating up to ₹ 15,600 lacs
<i>Consisting of:</i>	
<i>Of which:</i>	
Employee Reservation Portion <sup>(3)</sup>	20,000 Equity Shares aggregating up to ₹ 52.60 lacs
<i>Accordingly</i>	
The Net Issue	Up to 57,43,886 Equity Shares
<i>Of which:</i>	
<b>QIB Portion<sup>(2)</sup></b>	28,26,800 Equity Shares
<i>Of which:</i>	
Anchor Investor Portion	16,96,080 Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	11,30,720 Equity Shares
<i>Of which:</i>	
Mutual Fund Portion	56,536 Equity Shares
Balance for all QIBs including Mutual Funds	10,74,184 Equity Shares
<b>Non-Institutional Portion<sup>(2)</sup></b>	Not less than 8,48,040 Equity Shares
<b>Retail Portion<sup>(3)</sup></b>	Not less than 20,69,046 Equity Shares
<b>Pre and post – Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	1,50,00,000 Equity Shares
Equity Shares outstanding after the Issue	2,07,43,886 Equity Shares
<b>Use of proceeds of this Issue</b>	See the chapter titled “ <i>Objects of the Issue</i> ” on page 87 of this Prospectus.

<sup>(1)</sup>The Issue has been authorised by a resolution of the Board of Directors, dated August 11, 2017 and by a resolution of the shareholders of our Company in the AGM held on August 26, 2017.

<sup>(2)</sup> Our Company in consultation with the BRLM, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors. For further details, please refer to the chapter “Issue Procedure” on page 272 of this Prospectus. In the event of under-subscription or non- Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the QIB Portion.

<sup>(3)</sup>Retail Discount of ₹ 12 and Employee Discount of ₹ 12 to the Issue Price was offered to the Retail Individual Bidders and the Eligible Employees bidding in the Employee Reservation Portion, respectively. The amount of Retail Discount and Employee Discount, as applicable, advertised in all the editions of Business Standard, an English national newspaper, in all the editions of Business Standard, a Hindi national newspaper, and in Hyderabad edition of Nava Telangana, a Telugu newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation, at least five Working Days prior to the Bid/Issue Opening Date and has made available to the Stock Exchanges for the purpose of uploading on their respective websites. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Retail Discount), at the time of making a Bid. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount at the time of making a

*Bid. Retail Individual Bidders must ensure that the Bid Amount (which will be less Retail Discount) does not exceed ₹ 200,000. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹ 200,000 (which will be less Employee Discount) only in the event of an under – subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less Employee Discount). Further, Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion must mention the Bid Amount while filling the “SCSB/Payment Details” block in the Bid cum Application Form.*

## GENERAL INFORMATION

Our Company was incorporated on March 3, 1997 as “Apollo Micro Systems Private Limited”, a private limited company under the Companies Act, 1956 with the certificate of incorporation issued by Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company was then converted into a public limited company on April 1, 2017 and subsequently the name of our Company was changed to “Apollo Micro Systems Limited” pursuant to a fresh certificate of incorporation consequent upon conversion issued by Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad. The CIN of our Company is U72200TG1997PLC026556.

### Registered Office

#### **Apollo Micro Systems Limited**

Plot No 128/A, Road No. 12,  
BEL Road, IDA Mallapur,  
Uppal Mandal, Hyderabad – 500076  
Telangana, India

**Telephone:** +91 40 27167000 – 99

**Facsimile:** +91 40 2715 0820

**Website:** www.apollo-micro.com

For details of change in the Registered Office of our Company, please refer to the chapter “History and Other Corporate Matters” on page 141 of this Prospectus.

### Address of RoC

Our Company is registered with the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad, located at 2<sup>nd</sup>Floor, Corporate Bhawan, GSI Post, Tattiannaram Nagole, Bandlaguda, Hyderabad - 500 068, Telangana, India.

### Board of Directors

Set forth below are the details in respect of our Board of Directors as on the date of this Prospectus:

Name and Designation	DIN	Address
Raghupathy Goud Theegala <i>Chairman and Independent Director</i>	07785738	1 – 8 – 506/55, Prakash Nagar, Near Registration Office, Begumpet, Hyderabad – 500 016, Telangana, India
Karunakar Reddy Baddam <i>Managing Director</i>	00790139	Flat No.202, Silver Heights Apartments, Sai Enclave, Habsiguda, Hyderabad – 500 007, Telangana, India
Venkata Siva Prasad Chandrapati <i>Whole time Director (Technical)</i>	03601703	Flat No.103, Siddhartha Kalanjali Arcade, Ward-8 Jeedimetla, Qutubullapur Hyderabad – 500 055, Telangana, India
Krishna Sai Kumar Addepalli <i>Whole time Director(Operations)</i>	03601692	Jawrlly P No. 92, Jawahar Rail Colony, Sikh Road, Secunderabad – 500 009, Telangana, India
Sri Lakshmi Reddy Vangeti <i>Non – Executive Director</i>	02757567	1-10-274 to 278, Lane No.5, ST. No. 1, Brahmanwadi, Hyderabad – 500 003, Telangana, India
Srinivas Pagadala <i>Independent Director</i>	02669528	1-2-597/36-42, B – 508, SVSS Sankalp, Indira Park Road, Beside HP Petrol Pump, Lower Tank Bund, Domalguda, Hyderabad– 500080, Telangana, India

For detailed profile of the Directors of our Company, please see chapter “Our Management” on page 146 of this Prospectus.

### **Chief Financial Officer**

#### **Sudarshan Chiluveru**

Plot No 128/A, Road No. 12,  
BEL Road, IDA Mallapur,  
Uppal Mandal, Hyderabad – 500 076  
Telangana, India  
**Telephone:** +91 40 27167000 – 99;  
**Fax:** +91 40 2715 0820;  
**E-mail:** cfo@apollo-micro.com

### **Company Secretary and Compliance Officer**

#### **Chaitanya Siva Shankar Vitta**

Plot No 128/A, Road No. 12,  
BEL Road, IDA Mallapur,  
Uppal Mandal, Hyderabad – 500 076  
Telangana, India  
**Telephone:** +91 40 27167000 – 99;  
**Fax:** +91 40 2715 0820;  
**E-mail:** cs@apollo-micro.com

### **Book Running Lead Manager**

#### **Aryaman Financial Services Limited**

60, Khatau Building, Ground Floor,  
Alkesh Dinesh Modi Marg,  
Fort, Mumbai – 400 001  
Maharashtra, India  
**Tel No.:** +91 – 22 – 6216 6999  
**Fax No.:** +91 – 22 – 2263 0434  
**Email:** info@afsl.co.in  
**Website:** www.afsl.co.in  
**Investor Grievance Email:** feedback@afsl.co.in  
**Contact Person:** Mr. Deepak Biyani  
**SEBI Registration No.** INM000011344

### **Statement of Responsibilities of the BRLM**

Aryaman Financial Services Limited is the sole Book Running Lead Manager to the Issue and all the responsibilities relating to co – ordination and other activities in relation to the Issue shall be performed by them.

### **Legal Advisor to the Issue**

#### **M/s. Crawford Bayley & Co.**

State Bank Building  
4th Floor, N.G.N. Vaidya Marg  
Fort, Mumbai – 400 023  
Maharashtra, India  
**Telephone:** +91 – 22 – 2266 8000  
**Facsimile:** +91 – 22 – 2266 3978  
**E-mail:** sanjay.asher@crawfordbayley.com



### **Statutory Auditor of our Company**

#### **M/s. S. T. Mohite & Co.**

Chartered Accountants  
G5, B – Block, Paragon Venkatadri Apts  
3-4- 812, Street No.1, Barkatpura  
Hyderabad - 500 027  
Telangana, India  
**Telephone:** 098489 94508/09848359721  
**Email:** stmohite@yahoo.com  
**Firm Registration Number:** 011410S  
**Contact Person:** M. T. Sreenivasa Rao  
**ICAI Membership Number:** 015635

### **Registrar to the Issue**

#### **Bigshare Services Private Limited**

1st Floor, Bharat Tin Works Building  
Opp. Vasant Oasis, Makwana Road  
Marol, Andheri East  
Mumbai – 400 059  
Maharashtra, India  
Tel No.: +91 – 22 – 62638200;  
Fax No.: +91 – 22 – 62638299  
**Email:** ashok@bigshareonline.com;  
**Website:** www.bigshareonline.com  
**Investor Grievance Email:** investor@bigshareonline.com;  
**Contact Person:** Ashok Shetty  
**SEBI Registration No.:** INR000001385

### **Bankers to our Company**

#### **State Bank of India**

Commercial Branch Secunrabad  
Ashoka My Home Chambers  
S.P Road, Secunrabad – 500003  
Telangana, India  
**Telephone:** +91 – 40 – 27816835/27846798  
**Fax:** +91 40 27894520  
**Email:** Prasad.poluru@sbi.co.in  
**Website:** www.sbi.co.in  
**Contact person:** P. B. Prasad

#### **RBL Bank Limited**

D No.6-3- 865, Ground Floor  
My Home Jupally, Opp. Green Park  
Green Lands, Ameerpet  
Hyderabad – 500016  
Telangana, India  
**Telephone:** +91 – 40 – 40805539  
**Email:** nandini.iyer@rblbank.com  
**Website:** www.rblbank.com  
**Contact person:** Nandini Iyer

#### **ICICI Bank Limited**

6-2- 1012, TGV Mansions  
Opp Institution of Engineers  
Khairatabad, Hyderabad – 500004  
Telangana, India  
**Telephone:** +91 – 40 – 33667777  
**Fax:**+91 40 66022802  
**Email:** srinivas.k@icicibank.com  
**Website:** www.icicibank.com  
**Contact person:** K. Srinivas

## **Bankers to the Issue / Collection Bank / Refund Bank**

### **HDFC Bank Limited**

FIG-OPS Department – Lodha,

I Think Techno Campus,

O-3 Level, Next to Kanjurmarg Railway Station,

Kanjurmarg (East)

Mumbai – 400042

**Telephone:** +91 – 22 – 30752927/28/2914

**Fax:** +91- 22 - 25799801

**Email:** Vincent.dsouza@hdfcbank.com/ siddarth.jadhav@hdfcbank.com; prasanna.uchil@hdfcbank.com

**Website:** www.hdfcbank.com

**Contact person:** Vincent Dsouza/ Siddarth Jadhav/ Prasanna Uchil

## **Syndicate Members**

### **SMIFS Capital Markets Limited**

Vaibhav (4F), 4 Lee Road,

Kolkata – 700 020

**Telephone:** +91 – 33 – 22907400

**Fax:** +91- 33 - 22874042

**Email:** smifsc1@vsnl.net

**Investor grievance id:** smifsc1@vsnl.net/smifscap@vsnl.com

**Website:** www.smifscap.com

**Contact person:** Kishor Shah

**SEBI Registration No.:** INM000003952

## **Designated Intermediaries**

### *Self-Certified Syndicate Banks*

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmlId=35> on SEBI's website, or at such other website as may be prescribed by SEBI from time to time. For details of the Designated Branches which shall collect Bid cum Application Forms, please refer to the above-mentioned link.

### *Syndicate SCSB Branches*

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of SEBI (<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>) and updated from time to time.

### *Registered Brokers*

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3) and [www.nseindia.com/products/content/equities/ipo/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipo/ipo_mem_terminal.htm), respectively, as updated from time to time.

### *Registrar and Share Transfer Agents*

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and

[http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

### *Collecting Depository Participants*

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and on the website of NSE at [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), as updated from time to time.

### **Experts Opinion**

Our Company has received consent from the Statutory Auditors, M/s. S. T. Mohite & Co., Chartered Accountants to include their name as an “*expert*” under Section 2(38) read with Section 26 of the Companies Act in this Prospectus in relation to their (a) report dated November 29, 2017 on the Restated Audited Financial Statements of our Company provided under chapter titled “*Financial Statements*” on page 169 and (b) report dated September 1, 2017 on the statement of special tax benefits available for our Company and the Shareholders provided under chapter titled the “*Statement of Tax Benefits*” on page 97 of this Prospectus. Further, this consent has not been withdrawn as on the date of this Prospectus.

### **Credit rating**

As this is an Issue of Equity Shares, the requirement of credit rating is not applicable.

### **Debenture Trustee**

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

### **Book Building Process**

Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Prospectus and the Bid cum Application Form. The Price Band and the minimum Bid Lot size will be decided by our Company in consultation with the BRLM and published in all the editions of Business Standard , English national daily newspaper with wide circulation, all the editions of Business Standard, Hindi national daily newspaper with wide circulation and Hyderabad edition of a Telugu newspaper Nava Telangana (Telugu being the regional language where our Registered Office is located), at least five Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website.

The Issue Price shall be determined by our Company in consultation with the BRLM after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- Book Running Lead Manager;
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with any of the Stock Exchanges and eligible to act as Underwriters;
- SCSBs through whom ASBA Bidders would subscribe in this Issue;
- Registered Brokers;
- Registrar to the Issue; and
- Escrow Collection Banks

All Bidders, other than Anchor Investors, can participate in the Issue only through the ASBA process. In accordance with the SEBI ICDR Regulations, QIBs and NIIs are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the price) at any stage. RIIs and Eligible Employees Bidding in the Employee Reservation Portion (if any) can revise their Bid(s) during the Bid/Issue Period and withdraw their Bid(s) until the Bid/ Issue Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor

Bidding Date. Except Allocation to RIIs and the Anchor Investors, Allocation in the Issue will be on a proportionate basis.

For further details, see “*Issue Structure*” and “*Issue Procedure*” on pages 267 and 272 respectively of this Prospectus. For an illustration of the Book Building Process and the price discovery process, see “*Issue Procedure – Part B – Basis of Allocation*” on page 272 of this Prospectus.

### Monitoring Agency

In terms of Regulation 16(2) of the SEBI ICDR Regulations, our Company has appointed HDFC Bank Limited as monitoring agency to monitor the utilization of the net proceeds of the issue.

### Appraising Agency

None of the purposes for which the Net Proceeds are proposed to be utilized have been appraised by any bank or financial institution.

### IPO Grading

No credit rating agency, registered with SEBI, has been appointed in respect of obtaining grading for the Issue.

### Underwriting

After the determination of the Issue Price, but prior to the filing of the Prospectus with the RoC, our Company shall enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. The Underwriting Agreement is dated January 15, 2018. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name, address, telephone number, fax number and e-mail addresses of the Underwriters	Indicative Number of Equity Shares to be Underwritten*	Amount Underwritten (₹ in Lacs)
<b>Aryaman Financial Services Limited</b> 60, Khatau Building, Ground Floor, Alkesh Dinesh Modi Marg, Fort, Mumbai – 400 001 Maharashtra, India <b>Tel No.:</b> +91 – 22 – 6216 6999 <b>Fax No.:</b> +91 – 22 – 2263 0434 <b>Email:</b> info@afsl.co.in <b>Website:</b> www.afsl.co.in <b>Investor Grievance Email:</b> feedback@afsl.co.in <b>Contact Person:</b> Mr. Deepak Biyani <b>SEBI Registration No.</b> INM000011344	50,36,613	13,600
<b>SMIFS Capital Markets Limited</b> Vaibhav (4F), 4 Lee Road, Kolkata – 700 020 <b>Telephone:</b> +91 – 33 – 22907400 <b>Fax:</b> +91- 33 - 22874042 <b>Email:</b> smifsc@vsnl.net <b>Investor grievance id:</b> smifsc@vsnl.net/smifscap@vsnl.com <b>Website:</b> www.smifscap.com <b>Contact person:</b> Kishor Shah <b>SEBI Registration No.:</b> INM000003952	7,27,273	2,000

*\* Subject to finalization of the Basis of Allotment.*

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriter(s) are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our IPO Committee, has accepted and entered into the Underwriting Agreement on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The underwriting arrangement mentioned above shall not apply to subscription by the Bidders in the Issue, except for Bids procured by the Syndicate.

## CAPITAL STRUCTURE

The Equity Share Capital of our Company, as on the date of this Prospectus and after giving effect to the Issue is set forth below:

No.	Particulars	Amount (in ₹ Lacs)	
		Aggregate nominal value	Aggregate value at Issue Price
<b>A. Authorised Share Capital</b>			
	2,70,00,000 Equity Shares of face value of ₹ 10 each	2,700.00	
<b>B. Issued, Subscribed and Paid-Up Share Capital before the Issue</b>			
	1,50,00,000 Equity Shares of face value of ₹ 10 each	1,500.00	
<b>C. Present Issue in terms of the Prospectus</b>			
	Public Issue of 57,63,886 <sup>^</sup> Equity Shares of face value ₹ 10 each <sup>(1)</sup>	576.39	15,600.00
	<i>Which includes:</i>		
	Employee reservation portion of up to 20,000 Equity Shares <sup>(2)</sup>	2.00	52.60
	Net Issue to the public of up to 57,43,886 Equity Shares	574.39	15,547.40
<b>D. Issued, Subscribed and Paid-Up Share Capital after the Issue</b>			
	2,07,63,886 Equity Shares of face value of ₹10 each	2,076.39	
<b>E. Securities Premium Account</b>			
	Before the Issue	2,447.77	
	After the Issue <sup>^</sup>	17,471.38	

<sup>^</sup> subject to finalisation of basis of allotment

<sup>(1)</sup>The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on August 11, 2017, and by the shareholders of our Company vide a special resolution passed pursuant to section 62 of the Companies Act, 2013 at the AGM held on August 26, 2017.

<sup>(2)</sup> Eligible Employees bidding in the Employee Reservation Portion must ensure that the Bid Amount does not exceed ₹ 5,00,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹ 2,00,000 only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 5,00,000.

### Changes in our Authorised Share Capital

For details in relation to the changes in the authorised share capital of our Company, see “History and Certain Corporate Matters - Amendments to our Memorandum of Association” on page 141 of this Prospectus.

### Notes to Capital Structure

#### 1. Share capital history

(a) History of Equity Share capital of our Company

The following table sets forth the history of the Equity Share capital of our Company:

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reasons for allotment	Cumulative number of Equity Shares	Cumulative paid up Equity Share capital (₹)
March 3, 1997	20	10	10	Cash	Subscription to the Memorandum <sup>(1)</sup>	20	200
March 31, 1999	49,260	10	10	Cash	Preferential allotment <sup>(2)</sup>	49,280	4,92,800
March 31, 2007	4,44,720	10	10	Cash	Preferential allotment <sup>(3)</sup>	4,94,000	49,40,000
June 28, 2007	5,06,000	10	10	Cash	Preferential allotment <sup>(4)</sup>	10,00,000	1,00,00,000
August 2009	18, 6,00,000	10	NIL	Not applicable	Bonus Issue <sup>(5)</sup>	16,00,000	1,60,00,000
August 2009	18, 1,50,000	10	10	Cash	Preferential allotment <sup>(6)</sup>	17,50,000	1,75,00,000
March 31, 2011	12,20,000	10	NIL	Not applicable	Bonus Issue <sup>(7)</sup>	29,70,000	2,97,00,000
January 19, 2012	15,05,200	10	10	Cash	Preferential allotment <sup>(8)</sup>	44,75,200	4,47,52,000
February 27, 2012	10,10,000	10	10	Cash	Preferential allotment <sup>(9)</sup>	54,85,200	5,48,52,000
March 20, 2012	9,80,000	10	10	Cash	Preferential allotment <sup>(10)</sup>	64,65,200	6,46,52,000
December 16, 2013	35,34,800	10	10	Cash	Preferential allotment <sup>(11)</sup>	1,00,00,000	10,00,00,000
March 19, 2014	37,11,700	10	10	Cash	Preferential allotment <sup>(12)</sup>	1,37,11,700	13,71,17,000
June 13, 2017	2,88,300	10	200	Cash	Preferential allotment <sup>(13)</sup>	1,40,00,000	14,00,00,000
November 24, 2017	10,00,000	10	200	Cash <sup>(14)</sup>	Preferential allotment <sup>(14)</sup>	1,50,00,000	15,00,00,000

1. Allotment 10 Equity Shares each to Karunakar Reddy Baddam and Lokandhan Lov Mallikarjuna Swamy, pursuant to their subscription to the Memorandum of Association.
2. Allotment of 49,260 Equity Shares to Karunakar Reddy Baddam.
3. Allotment of 4,44,720 Equity Shares to Karunakar Reddy Baddam.
4. Allotment of 5,06,000 Equity Shares to Karunakar Reddy Baddam.
5. Allotment of 5,99,994 Equity Shares to Karunakar Reddy Baddam and allotment of 6 Equity Shares to Lokandhan Lov Mallikarjuna Swamy, pursuant to bonus issue of Equity Shares.
6. Allotment of 1,50,000 Equity Shares to Karunakar Reddy Baddam
7. Allotment of 12,19,996 Equity Shares to Karunakar Reddy Baddam and allotment of 4 Equity Shares to Sri Lakshmi Reddy Vanjeti, pursuant to bonus issue of Equity Shares.
8. Allotment of 15,05,200 Equity Shares to Karunakar Reddy Baddam
9. Allotment of 10,10,000 Equity Shares to Karunakar Reddy Baddam
10. Allotment of 9,80,000 Equity Shares to Karunakar Reddy Baddam
11. Allotment of 50,000 Equity Shares to Elluru Bala Venkata Ramana Gupta; allotment of 50,000 Equity Shares to Cheruku Narayan Reddy; allotment of 50,000 Equity Shares to Parepally Srinivas; allotment of 50,000 Equity Shares to Sunil Kumar Chiluveru; allotment of 50,000 Equity Shares to Sudhir Kumar Chiluveru; allotment of 50,000 Equity Shares to Suman Kumar Chiluveru; allotment of 20,000 Equity Shares to Kambhampati Venkata Ramana Prasad; allotment of 30,000 Equity Shares to Addepalli Kameshwari and allotment of 31,84,800 Equity Shares to Karunakar Reddy Baddam.
12. Allotment of 37,11,700 Equity Shares to Karunakar Reddy Baddam;

13. Allotment of 1,00,000 Equity Shares to Suneeta V Kamath and Varadaraya Kamath; allotment of 14,000 Equity Shares to Jyoti S Gathani; allotment of 40,000 Equity Shares to Madhuben K Shah and Kirtikumar B Shah; allotment of 11,000 Equity Shares to Trishakti Power Holdings Private Limited; allotment of 10,000 Equity Shares to Damodar Reddy Marupuru; allotment of 10,000 Equity Shares to Kolluri Brahmaiah; allotment of 10,000 Equity Shares to Vamsidhar Maddipatla; allotment of 10,000 Equity Shares to Ramesh Anne; allotment of 37,500 Equity Shares to Sudha Commercial Company Limited; allotment of 25,000 Equity Shares to Lastaki Advisors Private Limited; allotment of 10,800 Equity Shares to Kancheti Surendra; and allotment of 10,000 Equity Shares to Venkatasurya Sasikala Chereddi; and
14. Our Company had allotted 5,00,000 Compulsory Convertible Debentures (“CCD”) each to OHM Commodity Broker Private Limited and OHM Equity Solution India Private Limited each on May 29, 2017. Since the CCDs were originally subscribed in cash and the subscription amount of ₹ 2000.00 lacs was received by the Company in cash. Hence the allotment of 10,00,000 Equity Shares pursuant to conversion of CCDs has been considered as an allotment for cash. Upon conversion, our securities premium amount was increased by ₹ 1900.00 lacs. However, given that the format for the return of allotments under Form PAS 3 requires allotments upon conversion of debentures to be recorded as an “allotment of securities for consideration other than cash”, this allotment was recorded in the corresponding Form PAS 3 in such manner.

(b) As on the date of this Prospectus, our Company does not have any preference share capital.

(c) Issue of Equity Shares for consideration other than cash

Except as set out below, we have not issued Equity Shares for consideration other than cash:

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Reasons for allotment	Benefits accrued to our Company
August 18, 2009	6,00,000 <sup>(1)</sup>	10	Not applicable	Bonus issue authorised by our Shareholders through a resolution dated August 18, 2009.	Bonus issue was undertaken through capitalisation of profits of our Company.
March 31, 2011	12,20,000 <sup>(2)</sup>	10	Not applicable	Bonus issue authorised by our Shareholders through a resolution dated March 31, 2011.	Bonus issue was undertaken through capitalisation of profits of our Company.

(1) Allotment of 5,99,994 Equity Shares to Karunakar Reddy Baddam and allotment of 6 Equity Shares to Lokandhan Lov Mallikarjuna Swamy;

(2) Allotment of 12,19,996 Equity Shares to Karunakar Reddy Baddam and allotment of 4 Equity Shares to V Sri Lakshmi Reddy.

## 2. History of the Equity Share Capital held by our Promoter

As on the date of the Prospectus, our Promoter hold 1,32,71,690 Equity Shares, constituting 88.48% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoters’ shareholding is set out below.

a. Build-up of our Promoters’ shareholding in our Company

Set forth below is the build-up of the shareholding of our Promoter since incorporation of our Company:



Name of the Promoter	Date of allotment/ transfer	No. of Equity Shares allotted/ transferred	Face value (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Nature of transaction	Nature of consideration	% of pre-Issue capital*	% of post-Issue capital
Karunakar Reddy Baddam	March 3, 1997	10	10	10	Subscriber to the MoA	Cash	Negligible	Negligible
	March 31, 1999	49,260	10	10	Preferential allotment	Cash	0.33%	0.24%
	March 31, 2007	4,44,720	10	10	Preferential allotment	Cash	2.97%	2.14%
	June 28, 2007	5,06,000	10	10	Preferential allotment	Cash	3.37%	2.44%
	August 18, 2009	5,99,994	10	-	Bonus Issue	Not applicable	4.00%	2.89%
	August 18, 2009	1,50,000	10	10	Preferential allotment	Cash	1.00%	0.72%
	January 20, 2011	10	10	10	Transfer from Lokandhan Lov Mallikarjuna Swamy	Cash	Negligible	negligible
	March 31, 2011	12,19,996	10	-	Bonus Issue	Not applicable	8.13 %	5.87%
	July 1, 2011	(40,000)	10	10	Transfer to Krishna Sai Kumar Addepalli	Cash	(0.27)%	(0.19%)
	July 1, 2011	(50,000)	10	10	Transfer to Venkata Siva Prasad Chandrapati	Cash	(0.33)%	(0.24%)
	January 19, 2012	15,05,200	10	10	Preferential allotment	Cash	10.04%	7.25%
	February 27, 2012	10,10,000	10	10	Preferential allotment	Cash	6.73%	4.86%
	March 20, 2012	9,80,000	10	10	Preferential allotment	Cash	6.53%	4.72%
	December 16, 2013	31,84,800	10	10	Preferential allotment	Cash	21.23%	15.34%
	March 19, 2014	37,11,700	10	10	Preferential allotment	Cash	24.75%	17.88%
<b>Total</b>		<b>1,32,71,690</b>					<b>88.48%</b>	<b>63.92%</b>

\* All the above Equity Shares were fully paid-up at the time of allotment or transfer, as the case may be. As on the date of this Prospectus, none of the Equity Shares are pledged.

b. Shareholding of our Promoter and Promoter Group

Details of the Equity Shares held by our Promoter and members of the Promoter Group are as follows:

Sr. No.	Name of shareholder	Pre-issue		Post-issue	
		Number of Equity Shares	Percentage of pre-Issue capital (%)	Number of Equity Shares	Percentage of post-Issue capital (%)
<b>A. Promoter</b>					
1.	Karunakar Reddy Baddam	1,32,71,690	88.48%	1,32,71,690	63.92%
<b>Sub – total (A)</b>		<b>1,32,71,690</b>	<b>88.48%</b>	<b>1,32,71,690</b>	<b>63.92%</b>
<b>B. Promoter Group</b>					
1.	Sri Lakshmi Reddy Vangeti	10	Negligible	10	Negligible
<b>Sub – total (B)</b>		<b>10</b>	<b>Negligible</b>	<b>10</b>	<b>Negligible</b>
<b>Total Promoter and Promoter Group (A+B)</b>		<b>1,32,71,700</b>	<b>88.48%</b>	<b>1,32,71,700</b>	<b>63.92%</b>

c. Details of Promoter’s contribution locked-in for three years

Pursuant to Regulation 32 and Regulation 36(a) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post – Issue capital of our Company held by our Promoter shall be considered as minimum promoters’ contribution and locked-in for a period of three years from the date of Allotment (“Promoters’ Contribution”).

The lock-in of the Promoters’ Contribution would be created as per applicable law and procedures and details of the same shall also be provided to the Stock Exchanges before the listing of the Equity Shares. As of the date of this Prospectus, our Promoter hold 1,32,71,690 Equity Shares constituting 88.48% of the issued, subscribed and paid-up Equity Share capital of our Company and out of which 1,22,71,690 Equity Shares constituting 81.81% are eligible for Promoters’ Contribution.

Our Promoter has given its consent to include such number of Equity Shares held by them as may constitute an aggregate of 20% of the fully diluted post – Issue Equity Share capital of our Company as Promoters’ Contribution and has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters’ Contribution from the date of filing this Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations. Details of Promoters’ Contribution are as provided below:

Name of the Promoter	Number of Equity Shares locked – in	Date of allotment / transfer	Face value (₹)	Issue/ Acquisition /Sale Price per equity share(₹)	Nature of transaction	% of the fully diluted post – Issue Capital*	Lock-in valid until
Karunakar Reddy Baddam	37,11,700	March 19, 2014	10	10	Preferential allotment	17.88	January 31, 2021
	4,88,300	December 16, 2013	10	10	Preferential allotment	2.35	January 31, 2021
<b>Total</b>	<b>42,00,000</b>					<b>20.23</b>	

Our Promoter has confirmed to our Company and the BRLM that the acquisition of equity shares which have been allotted for cash have been financed from the personal funds, internal accruals and no loans or financial assistance from any bank or financial institution has been availed for such purpose.

The Promoters’ Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations.

Our Company undertakes that the Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations. In this computation, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not, and shall not, consist of:

- a. Equity Shares acquired during the three years preceding the date of the Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares issued out of revaluations reserves or unrealised profits or bonus shares which are otherwise ineligible for computation of Promoters' Contribution;
- b. Equity Shares acquired during the year preceding the date of this Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- c. Equity Shares issued to the Promoters upon conversion of a partnership firm; and
- d. Equity Shares held by the Promoters that are subject to any pledge or any other form of encumbrance.

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

### **3. Details of Equity Share capital locked-in for one year**

Except for the Promoter's Contribution which shall be locked-in as above, the entire pre-issue capital of our Company shall be locked in for a period of one year from the date of Allotment.

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the Equity Shares held by our Promoter which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

In terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by the Promoter may be transferred to and among the Promoters and or members of the Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of the transferee for the remaining period and compliance with provisions of the Takeover Code. The Equity Shares held by persons other than the Promoter prior to the Issue, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of the transferee and compliance with the provisions of the Takeover Regulations.

### **4. Lock-in of Equity Shares allotted to Anchor Investors**

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

### **5. Our shareholding pattern**

The table below represents the equity shareholding pattern of our Company before the Issue and as adjusted for the Issue:

a. The table below represents the shareholding pattern of our Company as on the date of this Prospectus:

Category (I)	Category of shareholder (II)	No.s of Share holders (III)	No. of fully paid up equity Share held (IV)	No.s of Partly paid-up equity Share held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR,1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Total as a % of (A+B+C)	No. of Shares Underlying Out stating convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities ( as a % of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)*		Number of equity shares held in dematerialized form (XIV)
								Class Equity	No of Voting Rights					No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
									Class Others	Total								
(A)	Promoter & Promoter Group	2	1,32,71,700	0	0	1,32,71,700	88.48	1,32,71,700	0	1,32,71,700	88.48	0	0	0	0	NA	NA	1,32,71,700
(B)	Public	22	17,28,300	0	0	17,28,300	11.52	17,28,300	0	17,28,300	11.52	0	0	0	0	NA	NA	5,43,300
(C)	Non Promoter -Non Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(C1)	Shares underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
	<b>Total</b>	<b>24</b>	<b>1,50,00,000</b>	<b>0</b>	<b>0</b>	<b>1,50,00,000</b>	<b>100.00</b>	<b>1,50,00,000</b>	<b>0</b>	<b>1,50,00,000</b>	<b>100.00</b>	<b>0</b>	<b>100.00</b>	<b>0</b>	<b>0</b>	<b>NA</b>	<b>NA</b>	<b>1,38,15,000</b>

Our Company will file the shareholding pattern, in the form prescribed under Regulation 31 of the Listing Regulations, one day prior to the listing of the Equity Shares. The shareholding pattern will be provided to the Stock Exchanges for uploading on the website of Stock Exchanges before the commencement of trading of the Equity Shares.

## 6. Shareholding of our Directors and Key Management Personnel in our Company

Details of our Directors and Key Managerial Personnel who hold Equity Shares as of the date of this Prospectus are as follows:

Sr. No.	Name	No of Equity Shares	% of pre-Issue Equity Share capital
1.	Karunakar Reddy Baddam	1,32,71,690	88.48
2.	Venkata Siva Prasad Chandrapati	50,000	0.33
3.	Krishna Sai Kumar Addepalli	40,000	0.27

7. As on the date of this Prospectus, our Company has twenty four (24) Equity Shareholders.

8. The list of public Shareholders holding more than 1% of the pre-Issue paid up capital of our Company is as follows:

Sr. No.	Name of Shareholder	No of Equity Shares	% of pre-Issue Equity Share capital
(1)	Ohm Commodity Broker Private Limited	5,00,000	3.33
(2)	Ohm Equity Solution India Private Limited	5,00,000	3.33
(3)	Arindam Bhattacharjee	1,80,000	1.20

## 9. Top 10 shareholders

a. Our top ten Equity Shareholders<sup>(1)</sup> and the number of Equity Shares held by them as of the date of filing of this Prospectus is as follows:

Sr. No.	Shareholder	No of Equity Shares	Percentage (%)
1.	Karunakar Reddy Baddam	1,32,71,690	88.48
2.	Ohm Commodity Broker Private Limited	5,00,000	3.33
3.	Ohm Equity Solution India Private Limited	5,00,000	3.33
4.	Arindam Bhattacharjee	1,80,000	1.20
5.	Suneeta V Kamath and Varadaraya Kamath	1,00,000	0.67
6.	Atul Kayan	87,500	0.58
7.	Venkata Siva Prasad Chandrapati	50,000	0.33
8.	Krishna Sai Kumar Addepalli	40,000	0.27
9.	Madhuben K Shah jointly with Kirtikumar B Shah	40,000	0.27
10.	Elluru Bala Venkata Ramana Gupta	25,000	0.17
	<b>Total</b>	<b>1,47,94,190</b>	<b>98.63</b>

<sup>(1)</sup>Our Company has twenty four shareholders as on the date of filing of this Prospectus.

b. Our top ten Equity Shareholders and the number of Equity Shares held by them as of the date ten days prior to the filing of this Prospectus are as follows:

Sr. No.	Shareholder	No of Equity Shares	Percentage (%)
1.	Karunakar Reddy Baddam	1,32,71,690	88.48
2.	Ohm Commodity Broker Private Limited	5,00,000	3.33
3.	Ohm Equity Solution India Private Limited	5,00,000	3.33
4.	Arindam Bhattacharjee	1,80,000	1.20
5.	Suneeta V Kamath and Varadaraya Kamath	1,00,000	0.67
6.	Atul Kayan	87,500	0.58
7.	Venkata Siva Prasad Chandrapati	50,000	0.33
8.	Krishna Sai Kumar Addepalli	40,000	0.27

Sr. No.	Shareholder	No of Equity Shares	Percentage (%)
9.	Madhuben K Shah jointly with Kirtikumar B Shah	40,000	0.27
10.	Elluru Bala Venkata Ramana Gupta	25,000	0.17
	<b>Total</b>	<b>1,47,94,190</b>	<b>98.63</b>

- c. Our top ten Equity Shareholders as of the date two years prior to filing of this Prospectus are as follows:

Sr. No.	Shareholder	No of Equity Shares	Percentage (%)
1.	Karunakar Reddy Baddam	1,32,71,690	96.79
2.	Venkata Siva Prasad Chandrapati	50,000	0.36
3.	Bala Venkata Ramana Gupta Elluru	50,000	0.36
4.	Narayana Reddy Cheruku	50,000	0.36
5.	Srinivas Parepally	50,000	0.36
6.	Suneel Kumar	50,000	0.36
7.	Sudhir Kumar	50,000	0.36
8.	Suman Kumar	50,000	0.36
9.	Krishna Sai Kumar Addepalli	40,000	0.29
10.	Kameshwari Addepalli	30,000	0.22
	<b>Total</b>	<b>1,36,91,690</b>	<b>99.85</b>

10. The details of Equity Shares issued by our Company in the last one year preceding the date of filing of this Prospectus, which may have been issued at a price lower than the Issue Price are as follows:

Sr. No.	Whether belongs to Promoter Group	Date of allotment	No. of Equity Shares	Face value (₹)	Issue/ Price per equity share (₹)	Reason for allotment
1.	Non – promoter	June 13, 2017	2,88,300	10	200	Preferential allotment*
2.	Non – promoter	November 24, 2017	10,00,000	10	200	Equity Shares allotted upon conversion of 10,00,000 CCDs without payment of any additional consideration.**

\*Allotment of 1,00,000 Equity Shares to Suneeta V Kamath and Varadaraya Kamath; allotment of 14,000 Equity Shares to Jyoti S Gathani; allotment of 40,000 Equity Shares to Madhuben K Shah and Kirtikumar B Shah; allotment of 11,000 Equity Shares to Trishakti Power Holdings Private Limited; allotment of 10,000 Equity Shares to Damodar Reddy Marupuru; allotment of 10,000 Equity Shares to Kolluri Brahmaiah; allotment of 10,000 Equity Shares to Vamsidhar Maddipatla; allotment of 10,000 Equity Shares to Ramesh Anne; allotment of 37,500 Equity Shares to Sudha Commercial Company Limited; allotment of 25,000 Equity Shares to Lastaki Advisors Private Limited; allotment of 10,800 Equity Shares to Kancheti Surendra; and allotment of 10,000 Equity Shares to Venkatasurya Sasikala Chereddi.

\*\*Allotment of 5,00,000 Equity Shares each to Ohm Commodity Broker Private Limited and Ohm Equity Solution India Private Limited.

11. Our Company does not have an employee stock option plan.
12. Our Company, our Directors and the BRLM have not entered into any buy-back, standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Issue.
13. Neither the BRLM nor its associates hold any Equity Shares as of the date of filing of this Prospectus. The BRLM and its affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company, for which they may in the future receive customary compensation.
14. No person connected with the Issue, including, but not limited to, the BRLM, the members of the Syndicate, our Company, the Directors, the Promoters or the members of our Promoter Group, shall offer in

any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.

15. Except for Mutual Funds sponsored by entities related to the BRLM, if any, the BRLM and any persons related to the BRLM cannot apply in the Issue under the Anchor Investor Portion.
16. Our Company has not issued any Equity Shares out of its revaluation reserves.
17. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as of the date of filing this Prospectus.
18. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into our Equity Shares as of the date of this Prospectus.
19. As of the date of this Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956.
20. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of the Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use of Equity Shares as consideration for acquisitions or participations in such joint ventures.
21. None of the Equity Shares held by the Promoter or members of our Promoter Group are pledged or otherwise encumbered.
22. Except for Retail Discount and Employee Discount, no payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoter to the persons who receive Allotment.
23. During the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus, no financing arrangements existed whereby our Promoter, our Promoter Group, our Directors or their relatives may have financed the purchase of Equity Shares by any other person.
24. Our Promoters and Promoter Group will not participate in the Issue.
25. This Issue is being made through the Book Building Process wherein 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis. Our Company may, in consultation with the BRLM, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance of Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being 6 from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to RIIs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price such that, subject to availability of Equity Shares, each RII shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all RIIs on a proportionate basis.
26. Up to 20,000 Equity Shares may be offered for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received from them at or above the Issue Price. Eligible Employees Bidding in the Employee Reservation Portion (if any) can Bid up to a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the

Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under – subscription in the Employee Reservation Portion (post the initial Allocation of up to ₹ 200,000 per Eligible Employee), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹ 500,000 (which shall be less the Employee Discount, if applicable). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation to Eligible Employees with Bid Amounts over ₹ 200,000 up to a maximum of ₹ 500,000), shall be added to the Net Issue. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non – Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. Such inter se spill-over, if any, would be effected in accordance with applicable law, rules, regulations and guidelines. Under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from any category or combination thereof.

27. The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which, no Allotment shall be made.
28. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
29. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
30. Our Company shall ensure that any transactions in the Equity Shares by the Promoter and the Promoter Group during the period between the date of registering the Red Herring Prospectus with the RoC and the date of closure of the Issue shall be reported to the Stock Exchanges within 24 hours of such transactions.
31. Any oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.



## SECTION IV – PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

#### Proceeds from Issue

The funds which are being raised through the Issue, after deducting the Issue related expenses (“Net Proceeds”), are estimated to be approximately to ₹ 14,559 Lacs, details of which are as follows:

Particulars	Amount
Gross Proceeds from the Issue	15,600
(Less) Issue related expenses*	1,041
Net Proceeds of the Issue	14,559

\* The Issue Expenses are based on certain estimates and are subject to change.

Our Company intends to utilize the Net Proceeds for the following objects (“Objects of the Issue”):

Sr. No.	Particulars	Amount
1.	To meet additional working capital requirement of our Company	11,892
2.	General corporate purposes*	2,667

\*To be finalized upon determination of Issue Price.

The main objects clause of the Memorandum of Association enables our Company to undertake the activities for which the funds are being raised pursuant to the Issue. The existing activities of our Company are within the ambit of the main objects clause and the objects incidental or ancillary to the main objects of the Memorandum of Association.

#### Proposed schedule of implementation and deployment of the Net Proceeds

The Net Proceeds are currently expected to be deployed in accordance with the schedule as stated below:

Sr. No.	Objects	Amount to be funded from Net Proceeds	Amount to be deployed from the Net Proceeds in Fiscal 2018	Amount to be deployed from the Net Proceeds in Fiscal 2019
1.	Funding working capital requirements	11,892	2,892	9,000
2.	General Corporate Purposes	2,667	1,000	1,667
	<b>Total</b>	<b>14,559</b>	<b>3,892</b>	<b>10,667</b>

The fund requirements mentioned above are based on the internal management estimates of our Company and have not been verified by the BRLM or appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. Consequently, the fund requirements of our Company are subject to revisions in the future at the discretion of the management. In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Further, in case of a shortfall in the Net Proceeds or cost overruns, our management may explore a range of options including utilising our internal accruals or seeking debt financing.

#### Means of Finance

Our Company shall utilise the entire Net Issue Proceeds for the objects stated above. The funds requirements described above are proposed to be entirely funded from the Net Issue Proceeds. Accordingly, we confirm that there is no requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

## Details of the Objects of the Issue

### Funding working capital requirements of our Company

Our business is working capital intensive and we fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals and financing from various banks and financial institutions. As at March 31, 2017, our sanctioned working capital facilities comprised ₹ 7,120 lacs from various banks & other financial institutions and out of which an amount of ₹ 6,723 lacs was outstanding. For further information, see “Financial Indebtedness” on page 236 of this Prospectus.

### Basis of estimation of working capital requirement and estimated working capital requirement

Our Company’s existing working capital requirement and funding on the basis of our Restated Financial Statements as of March 31, 2017 are as set out in the table below:

	( ₹ in Lacs)	
Particulars	Fiscal 2017	
<b>Current Assets</b>		
Inventories		11,408
Trade Receivables		7,146
Cash and Bank Balances		878
Short Term Loans and Advances		852
Other Current Assets		17
<b>Total (A)</b>		<b>20,301</b>
<b>Current Liabilities</b>		
Trade Payables		6,787
Other Current Liabilities <sup>(1)</sup>		1,297
Short Term Provisions		422
<b>Total (B)</b>		<b>8,506</b>
<b>Net working capital requirement (A - B)</b>		<b>11,795</b>
<b>Funding Pattern</b>		
Working Capital Facilities from Banks & Others Financial Institutions		6,723
Internal Accruals / Owned Funds <sup>(2)</sup>		6,294
<b>Total</b>		<b>13,017</b>

1) Including loans from Directors but excluding current maturity for long term unsecured loan.

The details of our Company’s expected working capital requirements for the Fiscal 2018 and 2019 and funding of the same are as set out in the table below:

	( ₹ In Lacs)	
Particulars	Fiscal 2018 (E)	Fiscal 2019 (E)
<b>Current Assets</b>		
Inventories	12,502	15,003
Trade Receivables	9,724	12,086
Cash and Bank Balances	1,042	1,250
Short Term Loans and Advances	1,459	1,750
Other Current Assets	486	583
<b>Total (A)</b>	<b>25,213</b>	<b>30,672</b>
<b>Current Liabilities</b>		
Trade Payables	4,313	1,650
Other Current Liabilities	1,438	1,650
Short Term Provisions	988	1,855
<b>Total (B)</b>	<b>6,739</b>	<b>5,155</b>
<b>Net working capital requirement (A - B)</b>	<b>18,474</b>	<b>25,517</b>

Particulars	Fiscal 2018 (E)	Fiscal 2019 (E)
<b>Funding Pattern</b>		
Working Capital Facilities from Banks & Others Financial Institutions <sup>(1)</sup>	7,000	7,000
Internal Accruals / Owned Funds <sup>(2)&amp;(3)</sup>	8,582	9,517
Amount proposed to be utilised from Net Proceeds	2,892	9,000
<b>Total</b>	<b>18,474</b>	<b>25,517</b>

- 1) Our sanctioned working capital facilities comprised ₹ 7,120 lacs from various banks and other financial institutions.
- 2) Statutory Auditor of the Company, M/s. S T Mohite & Co., vide certificate dated September 15, 2017 has confirmed that the Company's "Internal Accruals" as on March 31, 2017 aggregates to ₹ 6,294 Lacs.
- 3) The said amount also includes the receipt of funds pursuant to the issue of Equity Shares & Compulsory Convertible Debenture ("CCD"), post March 31, 2017.

Our Statutory Auditor has, pursuant to a certificate dated September 1, 2017, certified the working capital requirements of our Company for the Financial Years 2018 and 2019.

### Assumptions for Working Capital requirements

#### Holding levels

On the basis of existing working capital requirement of our Company and the estimated incremental working capital requirement, our Board pursuant to their resolution dated September 1, 2017 has approved the business plan for the two year period ended March 31, 2018 and March 31, 2019 and the projected working capital requirement for Fiscals 2018 and 2019, as stated below. Provided below are details of the holding levels (days, rounded-off) considered.

Particulars	As on March 31, 2017(Actuals)	For the year ended March 31, 2018 (Assumed)	For the year ended March 31, 2019 (Assumed)
<b>Current Assets</b>			
Inventories	197 days	180 days	180 days
Trade Receivables	123 days	140 days	145 days
Cash and Bank Balances	15 days	15 days	15 days
Short Term Loans and Advances	15 days	21 days	21 days
Other Current Assets	1 day	7 day	7 day
<b>Current Liabilities</b>			
Trade Payables	164 days	90 days	30 days
Other Current Liabilities	31 days	30 days	30 days
Short Term Provisions	10 days	21 days	34 days

#### Justification for holding period levels

Particulars	Details
<b>Current Assets</b>	
Inventories	Inventories days are computed from the historic Restated Standalone Summary Statements and are adjusted for future expected, though marginal decreases in projected Inventories days as 180 days of revenue from operations for each of the Financial Years 2018 and 2019.
Trade Receivables	Trade Receivables days are computed from the historic Restated Standalone Summary Statements and are adjusted for future expected, our Company has assumed the holding level for Trade Receivable as 140 days & 145 days of revenue from operations for each of the Financial Years 2018 and 2019 respectively, considering higher credit period for faster turnover growth as well as for adding new clients.
Cash and Bank Balances	Cash and Bank Balances are computed from the historic Restated

Particulars	Details
	Standalone Summary Statements. Our Company has assumed the holding level of 15 days of revenue from operations for each of the Financial Years 2018 and 2019. Holding days are expected to remain unchanged.
Short Term Loans and Advances	Short Term Loans and advances are computed from the historic Restated Standalone Summary Statements. Our Company has assumed the holding level for short term loans & advances as 21 days of revenue from operations for each of the Financial Years 2018 and 2019 will be sufficient in future.
Other Current Assets	Other current assets are computed from the historic Restated Standalone Summary Statements. Our Company has assumed the holding level for other current assets as 7 days of revenue from operations for each of the Financial Years 2018 and 2019.
<b>Current Liabilities</b>	
Trade Payables	Trade Payables are computed from the historic Restated Standalone Summary Statements and are adjusted for future expected, though substantial decreases in projected trade payables days as 90 days and 30 days respectively of cost of goods sold for each of the Financial Years 2018 and 2019. By making early payments to the suppliers (i.e. availing lower credit periods), the company shall be able to get competitive prices for its raw materials which would result in a reduction in the raw material cost as a percentage of sales thereby increasing the profitability of the Company. Thus the Company has estimated lower credit period which would in turn help in reducing the cost of sales and improve profitability margins.
Other Current Liabilities	Other Current Liabilities are computed from the historic Restated Standalone Summary Statements. Our Company has assumed the holding level of other current liabilities as 30 days of cost of goods sold for each of the Financial Years 2018 and 2019. Holding days are expected to remain unchanged.
Short Term Provisions	Short Term Provisions are computed from the historic Restated Standalone Summary Statements. Our Company has assumed the holding level of short term provisions as 21 days and 34 days of cost of goods sold for each of the Financial Years 2018 and 2019 respectively.

Pursuant to the certificate dated September 1, 2017, M/s. S T Mohite & Co, Chartered Accountants, have compiled the working capital estimates from the restated standalone financial statements and the working capital projections as approved by the Board of Directors by the resolution dated September 1, 2017. For details, see section “*Material Contracts and Developments*” on page 339 of this Prospectus.

### **General corporate purposes**

In terms of Regulation 4(4) of the SEBI ICDR Regulations, the extent of the Net Proceeds proposed to be used for general corporate purposes is not estimated to exceed 25% of the proceeds of the Issue.

Our management will have flexibility in applying ₹ 2,667 lacs of the Net Proceeds towards general corporate purposes, including (i) brand building and other marketing efforts; (ii) acquiring fixed assets; (iii) meeting expenses incurred towards any strategic initiatives, partnerships, tie-ups, joint ventures, acquisitions, etc.; and (iv) any other purpose as may be approved by our Board, subject to compliance with the necessary provisions of the Companies Act.

Our management, in accordance with the policies of the Board, will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board. The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

### **Issue related expenses**

The total expenses of the Issue are estimated to be approximately ₹ 1041 lacs. The expenses of this Issue include, among others, fees payable to the BRLMs, selling commissions, legal fees, fees to the Registrar to the

Issue, including processing fee to the SCSBs for processing ASBA forms submitted by the ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commissions payable to the Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertisements and publicity expenses and listing fees. The estimated Issue expenses are set forth below:

Item	Estimated expenses (₹ in lacs) *	As a % of the total estimated Issue expenses *	As a % of the total Issue size*
Fees payable to the BRLM & Registrar to the Issue, etc.	550	52.83%	3.53%
Brokerage and selling commission for Registered Brokers, RTAs and CDPs, Commission/ processing fee for SCSBs	280	26.90%	1.79%
Others			
- Listing fees, SEBI filing fees, book building software fees	55	5.28%	0.35%
- Printing and stationary	85	8.17%	0.54%
- Advertising and marketing expenses	35	3.36%	0.22%
- Miscellaneous	36	3.46%	0.23%
<b>Total estimated Issue expenses</b>	<b>1,041</b>	<b>100.00%</b>	<b>6.67%</b>

\* The Issue Expenses are based on certain estimates and are subject to change.

- 1) Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, which are directly procured by the SCSBs would be as follows:

Portion for Retail Individual Bidders <sup>#</sup>	0.25% of the Amount Allotted (plus GST)
Portion for Non-Institutional Bidders <sup>#</sup>	0.25% of the Amount Allotted (plus GST)
Portion for Eligible Employees <sup>#</sup>	0.25% of the Amount Allotted (plus GST)

# Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

No additional uploading/processing charges shall be payable by the Company to the SCSBs on the Bid cum Application Forms directly procured by them. The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid book of BSE or NSE.

- 2) Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, which are procured by the members of the Syndicate/sub-Syndicate/Registered Brokers/RTAs/CDPs and submitted to SCSBs for blocking would be as follows.

Portion for Retail Individual Bidders <sup>#</sup>	₹ 10.00 per ASBA Form (plus GST)
Portion for Non-Institutional Bidders <sup>#</sup>	₹ 10.00 per ASBA Form (plus GST)
Portion for Eligible Employees <sup>#</sup>	₹ 10.00 per ASBA Form (plus GST)

#Based on valid Bid cum Application Forms.

- 3) Selling commission on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, which are procured by members of the Syndicate (including their sub-Syndicate members), RTAs and CDPs would be as follows:

Portion for Retail Individual Bidders <sup>#</sup>	0.25% of the Amount Allotted (plus GST)
Portion for Non-Institutional Bidders <sup>#</sup>	0.25% of the Amount Allotted (plus GST)
Portion for Eligible Employees <sup>#</sup>	0.25% of the Amount Allotted (plus GST)

# Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

- 4) Bidding/uploading Charges payable to members of the Syndicate (including their Sub-Syndicate Members), Registered Brokers, RTAs and CDPs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, which are procured by them and submitted to SCSB for blocking, would be ₹ 10 per valid application. The selling commission and Bidding Charges payable to the Registered Brokers, RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

The Issue expenses shall be payable within 30 working days post the date of receipt of the final invoice from the respective Intermediaries by our Company.

### **Bridge financing facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Prospectus, which are proposed to be repaid from the Net Issue Proceeds.

### **Interim use of Net Proceeds**

Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934. In accordance with Section 27 of the Companies Act 2013, our Company shall not use the Net Proceeds for any investment in any equity or equity linked securities. Our Company confirms that it shall not use Net Proceeds of the Issue for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

### **Monitoring of utilization of funds**

Our Company has appointed HDFC Bank Limited as Monitoring Agency to monitor the utilization of IPO proceeds. The Monitoring Agency shall submit its report to our Company in the format specified in Schedule IX of SEBI ICDR Regulations on a quarterly basis, till at least 95% of the Net Proceeds, excluding the amount raised for general corporate purposes, have been utilized. Our Board and our management shall provide their comments on such report of the Monitoring Agency. Our Company shall thereafter, within 45 days from the end of each quarter, publically disseminate the report of the Monitoring Agency by uploading the same on our website as well as submitting the same to the Stock Exchanges.

Pursuant to the Listing Regulations, our Company shall disclose to the Audit Committee the uses and application of the Net Proceeds, on a quarterly basis. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Prospectus and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including deviations, if any, in the utilization of the Net Proceeds from the objects of the Issue as stated above and details of category wise variation in the actual utilization of the Net Proceeds from the objects of the Issue as stated above. The information will also be published in newspapers simultaneously with the submission of such information to the Stock Exchanges, after placing the same before the Audit Committee. We will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized.

### **Other Confirmations**

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoters, Directors, Key Management Personnel and the members of our Promoter Group. Further, no part of the Net Proceeds will be paid by us as consideration to our Promoters, Directors, Key Management Personnel and the members of our Promoter Group, except in the ordinary course of business.

### **Variation of Objects**

In accordance with Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the objects of the Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("Postal Ballot Notice") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoter or controlling Shareholders will be required to provide an exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price and in such manner, as may be prescribed by SEBI, in this regard.

We further confirm that the amount raised by our Company through the Issue shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM, on the basis of the assessment of market demand for the offered Equity Shares by the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is 27.50 times of the face value.

Investors should also refer to the chapters titled “*Our Business*”, “*Risk Factors*” and “*Financial Statements*” on pages 119, 18 and 169, respectively, of this Prospectus to have an informed view before making an investment decision.

### Qualitative Factors

We believe that the following strengths help differentiate us from our competitors and enable us to compete successfully in our industry:

- ✓ Strong track record in developing new technological systems and order execution
- ✓ Experienced team of R&D professionals and strong relationship with customers
- ✓ ISO 9001-2015 Certified Company
- ✓ CEMILAC Certified for Design of Avionic Systems

For more details on qualitative factors, refer to chapter “*Our Business*” on page 119 of this Prospectus.

### Quantitative Factors

The information presented in this section for the six month period ended September 30, 2017, Fiscal ended March 31, 2017, March 31, 2016, and March 31, 2015 is derived from our Restated Financial Statements prepared in accordance with Indian GAAP. Investors should evaluate our Company taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

#### 1) Earnings Per Share (EPS)

Year ended March 31,	Basic & Diluted	
	EPS (in ₹) <sup>(1)</sup>	Weights
2017	13.54	3
2016	7.29	2
2015	5.43	1
<b>Weighted Average</b>	<b>10.10</b>	

<sup>(1)</sup> Based on Restated Financials of our Company

The Basic and Diluted EPS for the six month period ended September 30, 2017 (not annualised) is ₹ 5.12 and ₹ 4.89 respectively.

#### Notes:

- a. Basic EPS has been calculated as per the following formula:

$$\text{Basic EPS (₹)} = \frac{\text{Net profit / (loss) as restated, attributable to Equity Shareholders}}{\text{Weighted average number of Equity Shares outstanding during the year /period}}$$

- b. Diluted EPS has been calculated as per the following formula:

$$\text{Diluted EPS (₹)} = \frac{\text{Net profit / (loss) as restated, attributable to Equity Shareholders}}{\text{Diluted Weighted average number of Equity Shares outstanding during the year /period}}$$

- c. Earnings per share calculations are in accordance with Accounting Standard 20 “Earnings per Share” prescribed by the Companies (Accounting Standard) Rules, 2006.



2) **Price Earnings Ratio (P/E) in relation to the Issue price of ₹ 275 per share of ₹ 10 each**

<b>Particulars</b>	
P/E ratio based on basic and diluted EPS for the year ended March 31, 2017 at the Issue Price	20.31
P/E ratio based on weighted average EPS for the year ended March 31, 2017 at the Issue Price	27.23

3) **Return on Networth (RoNW)**

<b>Year ended March 31,</b>	<b>RoNW (%)</b>	<b>Weight</b>
2017	29.30%	3
2016	22.32%	2
2015	21.40%	1
<b>Weighted Average</b>	<b>25.65%</b>	

The Return on Networth for the six month period ended September 30, 2017 (not annualised) is 9.33%.

**Note:** Return on Net worth has been calculated as per the following formula:

$$\text{RoNW} = \frac{\text{Net profit /loss after tax, as restated}}{\text{Net worth excluding preference share capital and revaluation reserve}}$$

4) **Minimum Return on Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2017**

The minimum return on increased net worth i.e. after Issue, required to maintain pre-Issue Basic / Diluted EPS of ₹ 13.54 for the F.Y. 2016-17 is 11.15.

**Note:**

*Net worth is the sum of the share capital, the reserves and the surplus less miscellaneous expenditure not written off.*

5) **Net Asset Value (NAV)**

<b>Financial Year</b>	<b>NAV (in ₹ in lacs)</b>
NAV as at September 30, 2017	54.46*
NAV after Issue	121.48
Issue Price (₹)	275.00

*\*On November 24, 2017, our Company had allotted 10,00,000 Equity Shares of ₹ 10/- each upon conversion of 10,00,000 CCDs at the rate of ₹ 200/- each. Hence the Pre-Issue NAV as on September 30, 2017 should be read as ₹ 64.17/- per share after adjusting for this post Balance Sheet date.*

**Note:** Net Asset Value has been calculated as per the following formula:

$$\text{NAV} = \frac{\text{Net worth excluding preference share capital and revaluation reserve}}{\text{Outstanding number of Equity shares at the end of the year}}$$

6) **Comparison with Industry Peers**

We believe following is our peer group which has been determined on the basis of listed public companies comparable in the similar line of segments in which our Company operates i.e. Defence, whose business segment in part or full may be comparable with that of our business, however, the same may not be exactly comparable in size or business portfolio on a whole with that of our business.

Name of the Company	Revenue from operations (₹ in crores)	Face Value (₹)	Basic EPS (₹)	P/E Ratio <sup>(3)</sup>	RoNW <sup>(4)</sup> (%)	NAV Per Share <sup>(5)</sup> (₹)
<b>Peer Group<sup>(1)</sup></b>						
Bharat Electronics Ltd	9,140.44	1.00	6.64	28.04	20.61%	33.62
Astra Microwave Products Ltd	425.08	2.00	6.53	17.99	12.45%	52.44
Centum Electronics Ltd	387.25	10.00	24.24	27.55	16.30%	148.32
<b>The Company<sup>(2)</sup></b>						
Apollo Micro Systems Limited	211.26	10.00	13.54	20.31	29.30%	46.22

1. Source: Based on audited financials as on and for the year ended March 31, 2017 filed with stock exchanges
2. Based on Restated Financial Statements as on and for the year ended March 31, 2017
3. P/E figures for the peer is computed based on closing market price as on November 30, 2017, of relevant peer companies as available at BSE, (available at [www.bseindia.com](http://www.bseindia.com)) divided by Basic EPS for FY 17 reported in the filings made with stock exchanges.
4. Return on net worth (%) = Net profit after tax \* 100 / Net worth at the end of the year
5. Net Asset value per share = Net worth at the end of the year / No. of shares outstanding at the end of year  
*Net worth is the sum of the share capital, the reserves and the surplus less miscellaneous expenditure not written off.*

The Issue Price of ₹ 275 has been determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand from investors for the Equity Shares determined through the Book Building Process and is justified based on the above qualitative and quantitative parameters. Investor should read the above mentioned information along with the section titled “Risk Factors” on page 18 of this Prospectus and the financials of our Company including important profitability and return ratios, as set out in the section titled “Financial Statements” on page 169 of this Prospectus. The trading price of the Equity Shares could decline due to the factors mentioned in section titled “Risk Factors” on page 18 of this Prospectus and an investor may lose all or part of his investment.

## STATEMENT OF TAX BENEFITS

**The Board of Directors**  
**Apollo Micro Systems Limited**  
Plot No 128/A, Road No. 12, BEL Road  
IDA Mallapur, Uppal Mandal,  
Hyderabad,  
Telangana - 500076

Dear Sirs,

**Sub: Statement of possible special direct tax benefits available to Apollo Micro Systems Limited and its shareholders**

We refer to the proposed initial public offer of equity shares of Apollo Micro Systems Limited (**‘the Company’**) and enclose the statement showing the current position of special direct tax benefits available to the Company, and to its shareholders as per the provisions of the Income-tax Act, 1961 (**‘the Act’**) for inclusion in the Offer Document.

This statement is provided for general information purposes only and each investor is advised to consult its own tax consultant with respect to specific income tax implications arising out of participation in the issue.

Unless otherwise specified, sections referred below are sections of the Act. The benefits set out below are subject to conditions specified therein read with the Income Tax Rules, 1962, as amended from time to time, presently in force.

The benefits outlined in the enclosed statement based on the information and particulars provided by the Company are neither exhaustive nor conclusive.

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

- a) The Company or its shareholders will continue to obtain these benefits in future;
- b) The conditions prescribed for availing the benefits have been/would be met with; and
- c) The revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include the enclosed statement regarding special direct tax benefits available to the Company and to its shareholders in the Offer Documents for the proposed initial public offer of equity shares issued under the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

Yours faithfully,

For **M/s. S.T.MOHITE & CO**  
**Chartered Accountants**  
**Firm Regn. No: 011410S**

Sd/-

**M. T. Sreenivasa Rao**  
**Partner**  
**Membership number: 015635**

Date: September 01, 2017  
Place: Hyderabad

Encl: Annexure

## **Annexure**

Statement of possible special tax benefits available to Apollo Micro Systems Limited (“**the Company**”) and to its shareholders.

### **Under the Income-tax Act, 1961 (“the Act”)**

#### **A. Special tax benefits available to the Company**

**Deduction under section 35(1)(iv):** As per section 35(1)(iv), expenditure of capital nature on scientific research related to the business carried on by the assessee, would be allowed as deduction in the year in which such capital expenditure is incurred. The company is eligible to claim 100% deduction of expenditure incurred on the prescribed assets, which qualify as per section 35(1)(iv).

#### **B. Special tax benefits available to the shareholders of the Company**

There are no special tax benefits available to the shareholders of the Company.

#### **Notes:**

1. The above is position as per the current tax law as amended by the Finance Act, 2017.
2. We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

## SECTION V – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section has been obtained or derived from “IRR Advisory Services Private Limited (IRR Advisory)” vide their Report dated September 11, 2017. Neither the Company nor the BRLM or any other person connected with the Issue has independently verified this Information, their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. IRR Advisory has taken due care and caution in preparing this Report based on the information obtained by IRR Advisory from sources which it considers reliable (Data). However, IRR Advisory does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest/ disinvest in any company covered in the Report and no part of this Report should be construed as on expert advice or investment advice or any form of investment banking within the meaning of any law or regulations. IRR Advisory especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as IRR Advisory providing or intending to provide any services in jurisdictions where IRR Advisory does not have the necessary permission and/or registration to carry out its business activities in this regard. The Company will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. No part of this Report may be published / reproduced in any form without IRR Advisory’s prior written approval.*

*Unless noted otherwise, the information in this section has been obtained or derived from “IRR Advisory Services Private Limited (“IRR Advisory”) vide their Report dated September 11, 2017. Pursuant to the engagement letter dated April 21, 2017 entered into by the Company with IRR Advisory, the Report has been published by IRR Advisory at a consideration of ₹ 3.50 lacs*

### INTRODUCTION

The Indian aerospace and defence market presents an attractive and significant opportunity to various industry stakeholders across the supply chain. India has one of the fastest-growing global defence markets and spends annually USD 40 billion (1.62% of GDP in FY17) on the sector. India is also one of the largest importers of conventional defence equipment and spends about 31.5% of its total defence budget on capital acquisitions.

Defence expenditure is expected to continue to grow, primarily due to the country’s ageing military hardware and technology which is in dire need of replacing, and demands for defence against domestic insurgencies and hostility from neighboring countries. Key items which are in demand include unmanned combat aerial vehicles (UCAVs), advanced electronic warfare systems, combat systems, rocket and missile systems, fighter and trainer aircraft, stealth frigates, and submarines. In addition, India’s expenditure on IT and communications is expected to increase significantly, with a strong focus on enterprise applications, systems integration, and real-time mobile communications. Further, following the increase in both domestic and foreign terrorist attacks, India’s spending continues to increase w.r.t. products such as surveillance technology, global positioning systems, radars and biometric systems.

However, about 60% of India’s defence requirements are met through imports. The story is similar for India’s USD75bn ESDM (Electronic System, Design and Manufacturing) sector. In order to build a domestic industrial base, the GoI (Government of India) has set for itself a challenging target of achieving 70% indigenization. Accordingly, GoI has laid out the Defence Offset policy and transparent bidding guidelines for defence procurement procedure (DPP). This provides tremendous growth opportunities to existing Indian players in the ESDM sector – for both defence and non-defence. This industry report accordingly provides an overview of the industry discusses the competition and highlights the opportunities and threats for AMS from existing players and new incumbents.

### THE INDIAN ECONOMY

India, the world’s third largest economy in PPP (purchasing power parity) terms and with over 1.2 billion people, has witnessed significant economic growth since the country was liberalized in early 1990s. Today, India is home to globally recognized companies in pharmaceuticals, engineering, information technology and services. India’s burgeoning young workforce is the largest and youngest the world has ever seen. The key problem which the Indian economy is facing is infrastructure deficit (both physical and social). If India has to

maintain sustainable growth of around 8% for a long time, the infrastructure deficit has to be narrowed down, sooner the better. GoI is therefore taking various initiatives to address these structural issues.

India now stands at a critical juncture which needs massive investments to create jobs, housing, and infrastructure to meet its people's aspirations. Hence, GoI has initiated host of bold new initiatives to address above challenges. For instance, the country's flagship 'Skill India' initiative seeks to equip India's growing young workforce with the skills needed to compete in today's rapidly changing work place. The skills program is complemented by the 'Make in India' initiative, as well as with efforts to ease the process of doing business in India. The Smart Cities and Atal Mission for Rejuvenation and Urban Transformation (AMRUT) programs focus on creating dynamic urban centers in towns and cities across the country. In addition, the country has renewed its focus on cleanliness by implementing the Swachh Bharat Mission (Clean India Mission) nationwide. To ease transportation bottlenecks, a string of inland waterways are being revived, and Indian Railways, is also being modernized.

Some of the policy initiatives on urban development, railways, roads, skill development and Make in India will help the Indian economy, but only in the medium- to long-term. Funding requirements of all these initiatives are huge and the government alone cannot fund these activities. Private sector participation is crucial for the success of these initiatives and thus investment/business climate has to improve.

Meanwhile, global economic developments are not satisfactory and major economies of the world are experiencing slowdown. While European and American economies have dominated global GDP since the industrial revolution and the conquest of the East by the West, global trade and economic activity concentration is shifting back to the east from American and European countries. China and India are expected to play key pivotal roles in global economic growth for the next two to three decades...

Recent global developments are likely to affect global growth and financial systems across the world. China's growth is already slowing down; and being the second-largest economy, China has the potential of slowing down global growth. India being a net commodity importer, slower global demand will be beneficial to its economy through a decline in commodity prices. China's slowdown will pave way for Indian companies to cater to global demand. Independent third-party external forecasters such as IMF and OECD believe India will be one of the fastest growing economies in the world going forward.

As already enumerated, India's growth is likely to be driven by factors like infrastructure and domestic consumption. The Government of India is taking every possible initiative to boost investments in the infrastructure sector. Subsequently, the Government has taken few measures and has notified 100% foreign direct investment (FDI) under automatic route in the construction development sector, has relaxed capital requirement and has liberalized the exit norms. Key opportunities for investment will include the infrastructure sector comprising of smart cities, ports, airports, roads, unconventional energy, irrigation and railways; real estate comprising of townships and low cost housing; and social infrastructure consisting of entertainment parks and solid waste management. India is expected to be the third largest consumer economy by 2025 and the second largest economy in terms of PPP by the year 2040.

#### **Economy to Grow at 7.4% in FY 18:**

India Ratings & Research Pvt. Ltd. (Ind-Ra) expects gross value added (GVA) to grow 7.3% in FY18 compared to 7.0% in FY17. All major sectors namely agriculture, industry and services are expected to contribute to the GVA growth. Under the assumption of a normal monsoon, Ind-Ra expects agricultural GVA to grow at 3% in FY18. Industrial GVA is likely to grow at 6.1% in FY18 as against 5.2% in FY17. Ind-Ra expects the services sector to grow 9.1% in FY18, a bit higher than 8.8% in FY17. Services sector growth in FY18, unlike in the recent past, will be led by 'financial, insurance, real estate and professional services' and 'public administration, defence and other services'.

(%)	FY14	FY15	FY16	FY17F	FY18F
GVA at FY12 prices	6.2	6.9	7.8	7.0 <sup>a</sup>	7.3
- Agriculture	5.6	-0.3	0.8	4.1 <sup>a</sup>	3.0
- Industry	4.2	6.9	8.2	5.2 <sup>a</sup>	6.1
- Services	7.7	9.5	9.8	8.8 <sup>a</sup>	9.1
Real GDP	6.5	7.2	7.9	7.1 <sup>a</sup>	7.4
- Private final consumption expenditure	7.4	6.8	7.3	6.5 <sup>a</sup>	8.9
- Government final consumption expenditure	0.6	9.4	2.9	23.8 <sup>a</sup>	9.0
- Gross fixed capital formation	1.8	4.1	6.1	-0.2 <sup>a</sup>	4.9
Average wholesale inflation <sup>b</sup>	6.0	2.0	-2.5	3.8	4.5
Average retail inflation <sup>b</sup>	9.5	5.8	5.0	4.9	4.2
Year-end interest rate <sup>b</sup>	8.8	7.8	7.5	6.5-6.7	6.4-6.5
Average exchange rate (INR/USD) <sup>b</sup>	60.5	61.1	65.5	67.2	69.2
Fiscal deficit (central government, % of GDP) <sup>b</sup>	4.4	4.0	3.9	3.5	3.2
Current account deficit (% of GDP) <sup>b</sup>	1.7	1.3	1.1	0.9	1.0

F: Ind-Ra's forecast

<sup>a</sup> First advance estimates of national income, 2016-17

<sup>b</sup> FY17 and FY18 numbers are Ind-Ra's forecast

Source: Ind-Ra, Central Budget, CSO and RBI

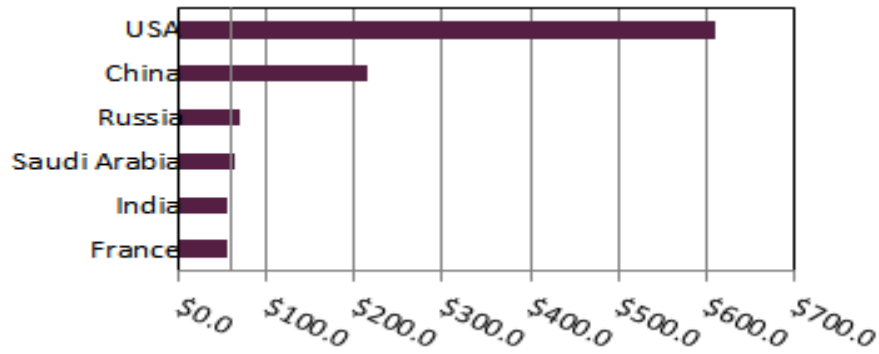
Ind-Ra expects Wholesale and Consumer Price Index based inflation to come in at 4.5% and 4.2%, respectively, in FY18 (FY17: 3.8% and 4.9%). A normal monsoon in 2017 implies that the food inflation, the most volatile component of both wholesale and retail inflation in the recent past, will remain soft in FY18. Over the past few months, the price pressure that was building up in case of cereals particularly wheat has been quelled by the removal of duty on wheat import by the Government. Yet, aberration in the prices of selective agricultural commodities due to supply shocks (like it happened in FY16 in case of onion and pulses) cannot be ruled out. Firming up of global commodity prices especially crude will exert some pressure on inflation; Ind-Ra believes it will be more than offset by the benign food and manufacturing inflation.

Ind-Ra expects CAD to come in at 1% of GDP (USD 23.6 billion) as against 0.9% in FY17. So long as global demand conditions remain weak, exports are unlikely to witness any significant growth. Similarly, so long as domestic investment cycle does not revive, even imports growth will remain subdued. Although inflow in the capital account would depend a lot on the stance of the US President Donald Trump, forex reserve is likely to go up by USD 17.6 billion mainly on account of the replenishment of banking capital. Banking capital depleted in FY17 due to redemption in foreign currency non-repatriable account.

## OVERVIEW OF GLOBAL DEFENCE INDUSTRY

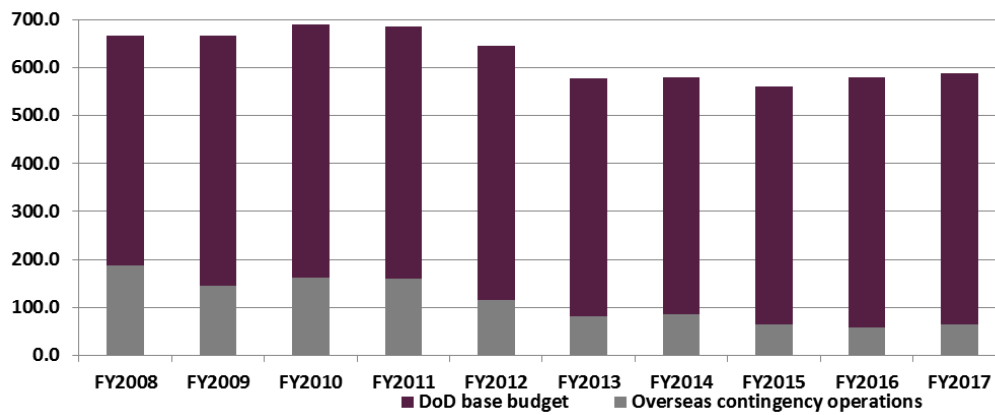
The global Defence sector is likely to experience robust growth in 2017 on the account of resurgence of global security threats, expected increase in US's, as well as higher defence expenditure from other major regional powers such as Japan and India. The Defence subsector revenues are likely to grow at a much faster 3.2% in 2017 as defence spending in the US has returned to growth, after decline in defence budgets over the years. With the US President Donald Trump administration's focus on strengthening the U.S military and amid global tensions persisting, the US military in addition to boosting the number of troops is likely to add more aircraft and ships, which will drive revenue growth over the next few years.

The total expenditure by all countries in defence sector in 2016 amounted to USD 1,644.7 billion. The US is among the top spending countries on defence sector followed by China, Russia and Saudi Arabia. In 2015, India stood in 7<sup>th</sup> place after France & UK; however in 2016, India overtook France & UK and stood among the top five spending nations. The graph below gives a brief on spending by top six countries:



Source: Stockholm International Peace Research Institute (SIPRI), IRR Advisory

The expenditure of the US Military on defence sector came down from USD 666 billion in 2008 to USD 611.2 billion in 2016 and further to USD 589 billion in 2017. The Department of Defence (DoD) base budget accounted for USD 479 billion and USD 524 billion in 2008 & 2017 respectively. The US government spending on defence during the period 2008 – 2017 is provided below. With USA again planning to increase its defence expenditure, the global defence industry is expected to remain buoyant.



Source: US Government, IRR Advisory

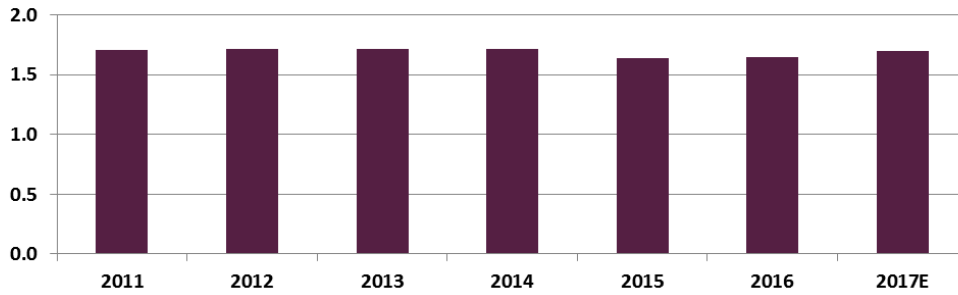
### Global tensions:

With rise in global tensions, international demand for defence and military products is increasing in the Middle East, Eastern Europe, North Korea, and the East and South China Seas. As a result, there is an increase in defence spending globally, especially, in the United Arab Emirates (UAE), Saudi Arabia, India, South Korea, Japan, India, and China. Most of the above mentioned countries have already started to augment purchases of next generation military equipment's. Various kinds of threats which continue to evolve includes traditional land based force on force, to maritime disputes, hybrid warfare, island building, high seas piracy, urban insurgency, lone-wolf civil attacks, cyber-attacks, to anti-access, area denial. The US and its allies in the South China sea region are expected to pursue more aggressive intelligence, surveillance and reconnaissance operations and may even carry out joint patrols with Japan.

Russia and Ukraine continue to be at odds related to Russia's takeover of Crimea and their military actions in eastern Ukraine. North Korea continues to threaten its neighbors with its nuclear ambitions and aggressive rocket launches. The Islamic State of Iraq and Syria (ISIS) continues to be a major threat in Syria, Iraq, and Afghanistan which is also carrying out terror strikes in Europe, Africa, and elsewhere. With the bombings and terror attacks in Brussels, Turkey, Nice, Paris, Beirut, Mali, the Sinai Peninsula, as well as other places, countries across the globe have joined the fight against terrorism.

Accordingly, the global defence industry is expected to grow to around USD 1.7 trillion by end of 2017.

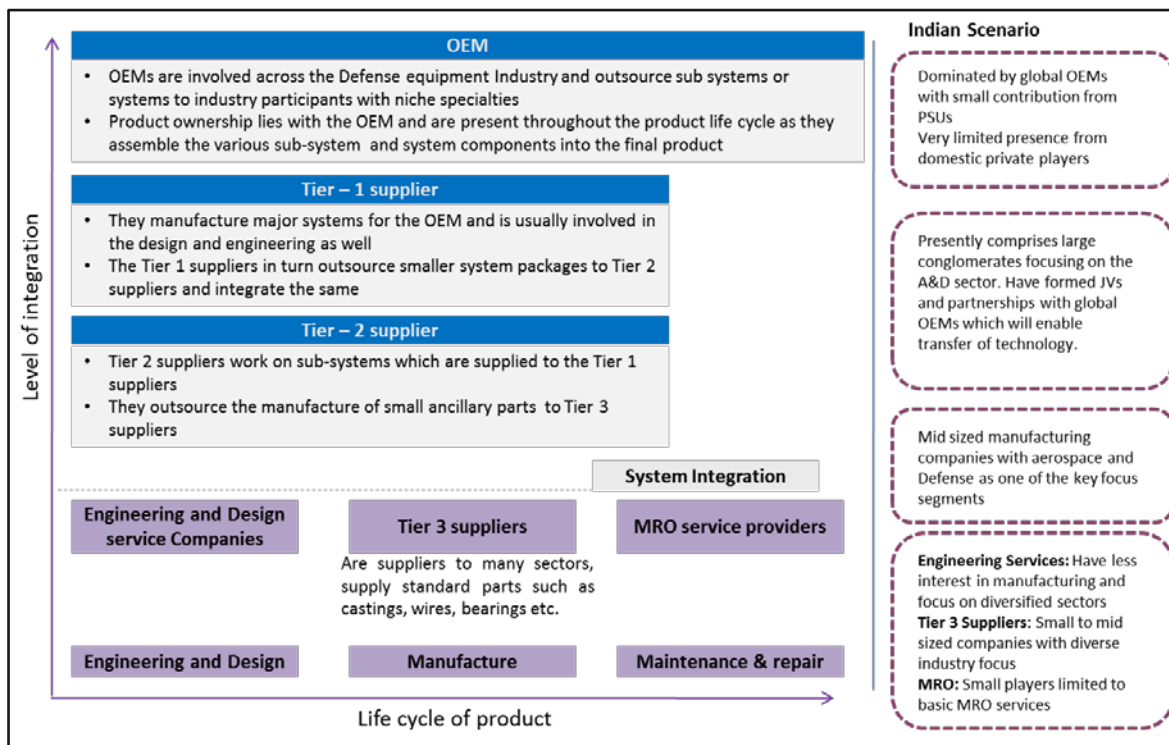




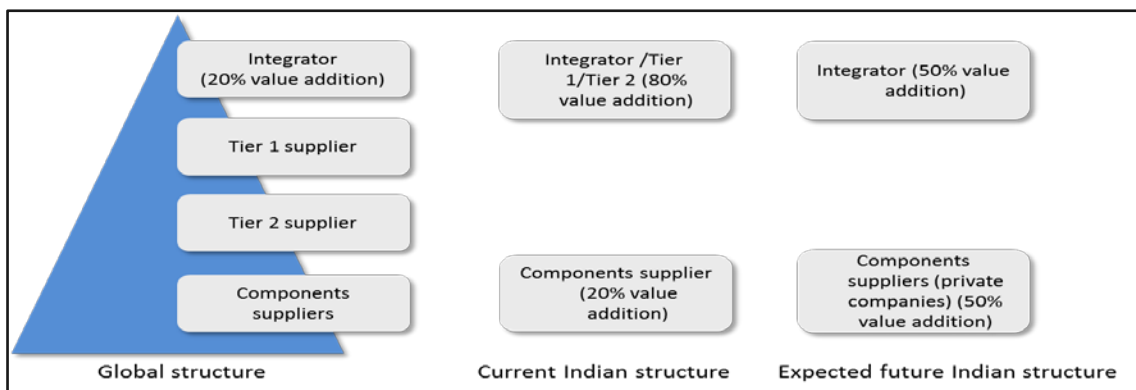
Source: SIPRI, IRR Advisory

**Defence Industry structure:**

The defence industry consists of System integrators, OEM's, tier-1, tier-2 component suppliers, each having significant role in the value chain. The exhibit below shows level of integration across life cycle of product:

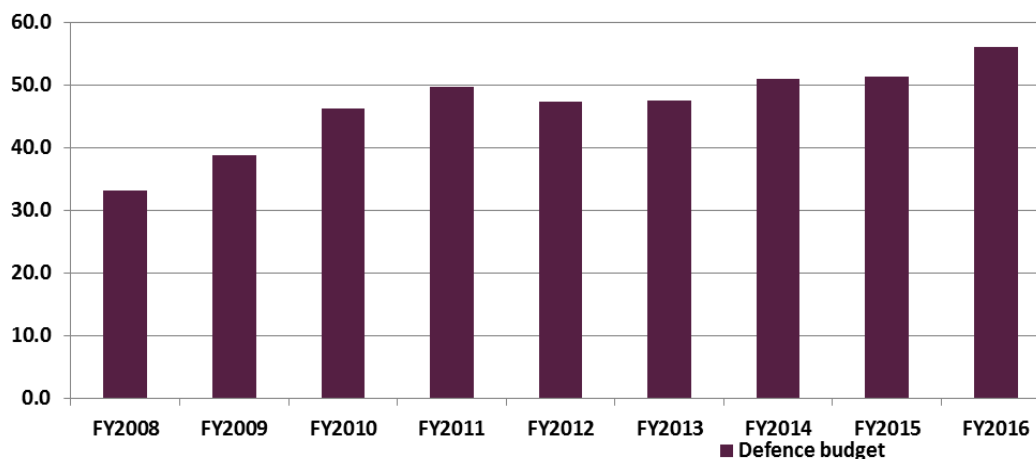


On a global level, the system integrators provide 20% value addition, however in India, the component supplier contributes for 20% value addition and rest 80% is contributed by integrators, tier-1, tier-2 suppliers. The exhibit below shows the contribution of various stakeholders in the value chain:



**Government capital spending:**

The Government’s capital expenditure on defence has increased from USD3billion in 2000 to USD 55.9 billion in 2016. Most of the capital expenditure was done through inter-governmental purchases which basically are non-competitive in nature or through bi-lateral agreements. The Indian Government’s defence expenditure breakdown in terms of revenue expenditure & capital expenditure is given below:



Source: Ministry of Defence

Various categories under defence include:

- Military hardware: This covers broad range of machinery, systems, equipment and weapons used by defence forces.
- Air defence systems: These are defined as all measures designed to nullify or reduce the effectiveness of hostile air action. They include ground- and air-based weapon systems, associated sensor systems, command and control arrangements and passive measures. This equipment may be used to protect naval, ground and air forces wherever they are positioned, but does not include the missile defence system.
- Missile defence systems: These are systems, weapons or technologies involved in the detection, tracking, interception and destruction of attacking missiles.
- Naval defence systems: These are used to protect sea lanes and ferry troops, or to attack other navies, ports or shore installations. The portfolio includes surface ships, amphibious ships, submarines, and seaborne aviation.
- Homeland security (HLS): This involves the protection of a country’s civilians and critical infrastructure from natural or man-made disasters. Its margins extend to border and maritime patrol, customs checks in ports and airports, search and rescue operations, disaster recovery, combating terrorism and cyber-attacks. The Central Reserve Police Force (CRPF) is a part of HLS.

**Current macro-economic outlook in the defence industry:**

Despite the global economic environment being gloomy, the Indian economy continues to be a bright spot, with about 7% growth in Gross Domestic Product (GDP) for three consecutive years between 2014-15 and 2016-17. If the Finance Minister maintains the last year’s defence expenditure relationship of 1.65% of GDP (GDP estimated at INR 173 trillion for 2017-18), the budget estimate (BE) for defence expenditure is estimated at INR 2.85 trillion. The targeted defence expenditure (as percentage of GDP) is provided below:

Particulars	Actual	Revised Estimate	Actual	Budget Estimate	Target for	
	FY15	FY16	FY16	FY17	FY18	FY19
Total defense expenditure (%)	1.76	1.66	1.66	1.65	1.60	1.60
Fiscal deficit (%)	4.10	3.90	3.90	3.50	3.00	3.00

Source: Ministry of Defence

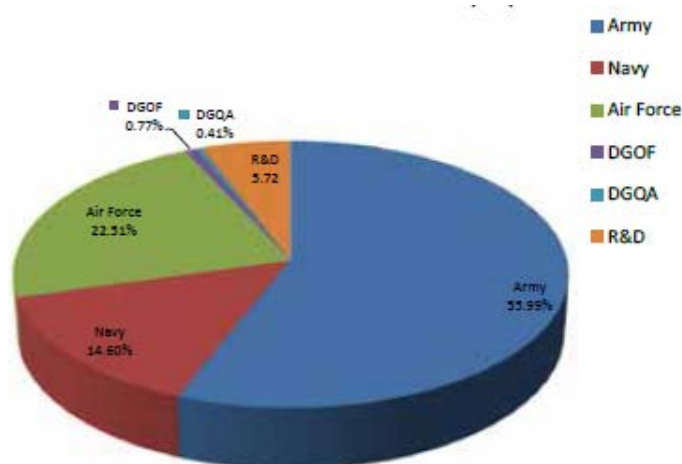
**Current outlook on the defence spending by Government of India:**

India meets its current defence requirements mostly by the way of imports. India spends around 31.5% of its total defence budget on imports, which accounts to around 60% of total defence equipment. The defence planning process has been historically linked to the five-year planning process; the Planning Commission had to indicate the resources available for defence, which constitutes a major item of the central government expenditure. The Finance Minister (FM) in the union budget 2017-18 has allocated INR 2.74 trillion, as against INR 2.58 trillion in 2016-17, with 6% rise, to the Ministry of Defence (MoD). Compared to the previous budget, the FM also made certain changes in the format of the defence Demand for Grants (under which defence money is distributed among the armed forces and other defence agencies), bringing further complexity to the task of estimating the various heads that make up India’s official defence budget. India is likely to spend USD 150 billion on various defence platforms, out of which USD 70 billion is likely to be used for Navy in next three years.

As per MoD Annual report FY17, the following are the details of defence expenditure/ estimates:

Particulars	FY15 Actual (Rev+Cap)	FY16 Actual (Rev+Cap)	RE FY17 (Rev+Cap)	BE FY18F (Rev+Cap)
Army	1145.6	1143.3	1312.8	1451.7
Navy	359.5	348.7	374.1	378.4
Air force	525.4	522.2	520.6	583.7
Directorate General of Ordnance Factories (DGOF)	15.8	11.0	21.5	19.9
Director General of Quality Assurance (DGQA)	8.1	8.7	9.9	10.7
Research & Development (R&D)	132.6	132.9	131.5	148.2
Total	2186.9	2166.7	2370.5	2592.6

Source: Ministry of Defence



Source: Ministry of Defence

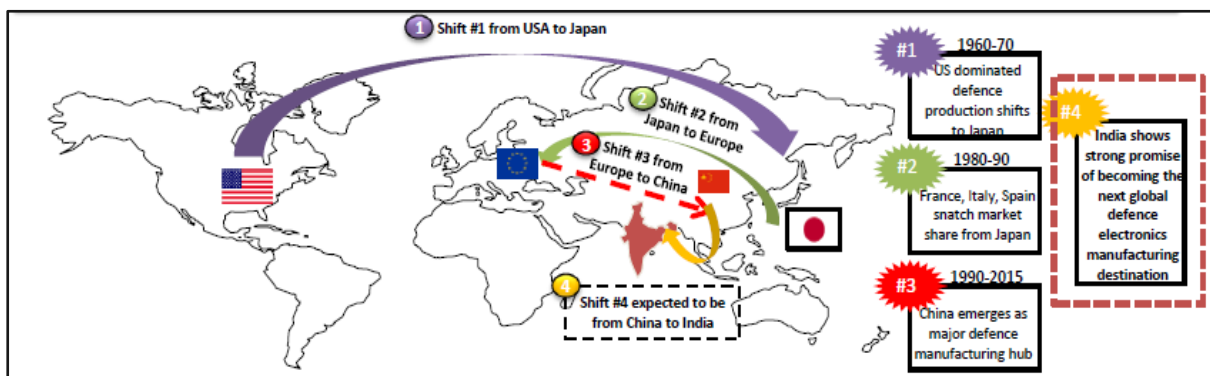
**Current market opportunities in defence and allied sector:**

The Government of India’s initiative, ‘Make in India’ aims to boost the nation’s domestic manufacturing sector as well as to create market by targeting exports. The initiative aims to make India a preferred manufacturing destination comprising of 25 sectors that includes ESDM, automobiles, chemicals, IT, aviation, design manufacturing, renewable energy and several other sectors that rely heavily on electronics, expanding the opportunities to create employment, purchasing power, expenditure and supply. The defence electronics manufacturing sector is expected to create an INR 4 trillion worth market opportunity during the period FY16 – FY26E. The demand for electronics hardware in the country is projected to touch USD 400 billion by 2020, which is expected to create a unique opportunity for companies in the ESDM (Electronic System Design & Manufacturing) sector to look at India as their next destination to cater to the domestic demand as well as to act as an exports hub. The industry assumes immense requirement for skilled manpower mostly engineers and hence, requires a pool of talent equipped for electronics ecosystem.

Government of India (GoI) has launched the National Policy on Electronics 2012 (NPE 12) with the vision to make India a globally competitive destination for Electronics System Design and Manufacturing (ESDM) for both domestic as well as to serve the International market. The objectives of the Policy include significantly enhancing the availability of skilled manpower in the ESDM sector. The National Skill Development Policy targets to train around 500 million people by 2022, therefore has set a target for the Department of Electronics and Information Technology (DeitY) to skill 10 million people by 2022 in the domain of Electronics & ICT. As India attempts to become a manufacturing hub, the ESDM start-up ecosystems are uniquely positioned to drive innovation and deliver path-breaking products. The upcoming start-ups have an added advantage of being able to focus on niche, cutting-edge technologies while also managing to remain extremely skillful.

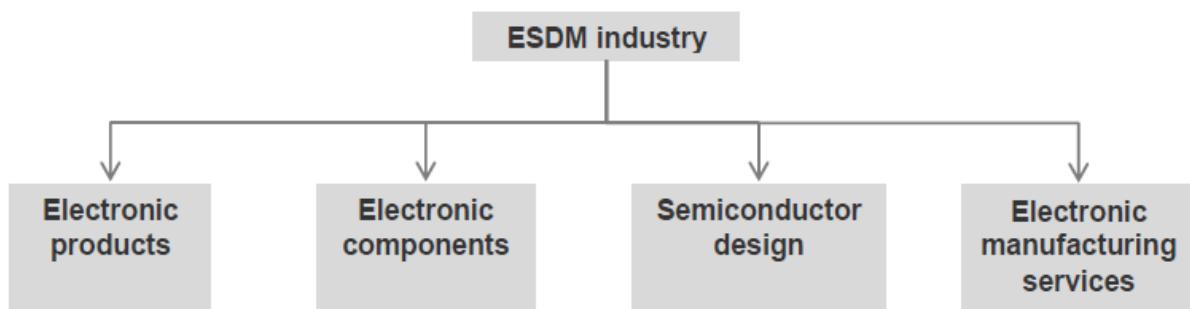
**Overview of Global ESDM Market:**

The Global ESDM industry reached market size of USD 2 trillion in 2016 and is expected to reach USD 3 trillion by 2020. Maximum growth has been achieved due to commodities markets like smart phones, PC’s, tablets and digital television. The Global ESDM market has shifted the focus from high cost destinations like USA to low costs geographies like China, Korea, India and Taiwan thereby contributing immensely to their economies. China was estimated to account for more than 38% of electronic equipment production in 2017, which was just 2% in 1995. The following figure shows the shift in paradigm over last five decades.



Source: Stockholm International Peace Research Institute (SIPRI), Roland Berger

ESDM is segregated into 4 sectors as given below:



**Electronic Product industry** basically consists of the firms producing consumer electronic production including automotive electronics, medical devices, industrial electronics etc. The global electronics products industry is expected to attain a size of USD 838.85 billion by 2020 at growth rate of 4.0%.

**Electronics Components industry** consist of the firms involved in production of core electronic components like resistors, resonators, connectors, transformers, relays etc., which are required in development of electronic circuits and devices. The Global Electronics component market is expected to attain a size of USD 191.8 billion by 2022 at 4.8% CAGR.

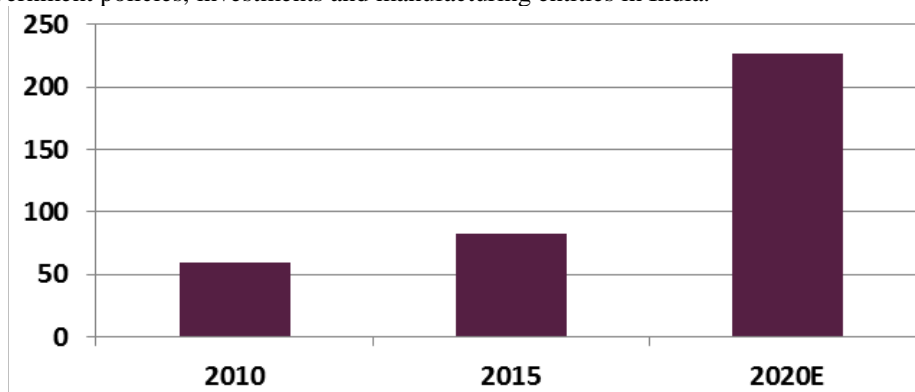
**Semiconductor Design Industry** consists of companies dealing with design and fabrication of semiconductor devices. It involves production and design of memory products like Dynamic random-access memory (DRAM) and NAND flash, Very-large-scale integration (VLSI) based devices etc. The worldwide semiconductor market

is projected to gain a market size of USD 655.6 billion by 2025 from the market size of USD 335.17 billion in 2015 with a growth rate of 6.7%.

**Electronic Manufacturing Services (EMS)** consists of designing, testing, manufacturing, distribution, and maintenance of electronic components and assemblies of Original equipment manufacturers (OEM). The Global Electronics Manufacturing Services (EMS) is expected to grow from USD 430 billion in 2015 to USD 580 billion in 2020 at a CAGR of 6.2%. The EMS industry is following the growth projections of the overall Original Equipment Manufacturers (OEM) electronics market which has been growing at 2-3% a year. Industries which have projected growth include highly complex sectors like industrial automation, medical, aerospace and automobile. Electronics manufacturing overall is expected to experience slow growth in early 2017.

### **Indian market for electronic systems and design manufacturing**

The Indian ESDM industry is one of the fastest growing sectors in the country. The market size of ESDM industry in 2017, estimated at USD 100 billion, improved from USD 82 billion registering a CAGR of 5% from 2013. The Indian ESDM industry is forecasted to grow from a market size of USD 100 billion during 2016-17 to USD 228 billion by 2020 with a growth rate of 16-23%. The sector size is projected to reach USD 400 billion by 2023-2026. These forecasts are derived from the parameters like overall GDP growth of India, currency movement, inflation, existing trade agreements, consumer sentiments, potential government consumption, existing government policies, investments and manufacturing entities in India.



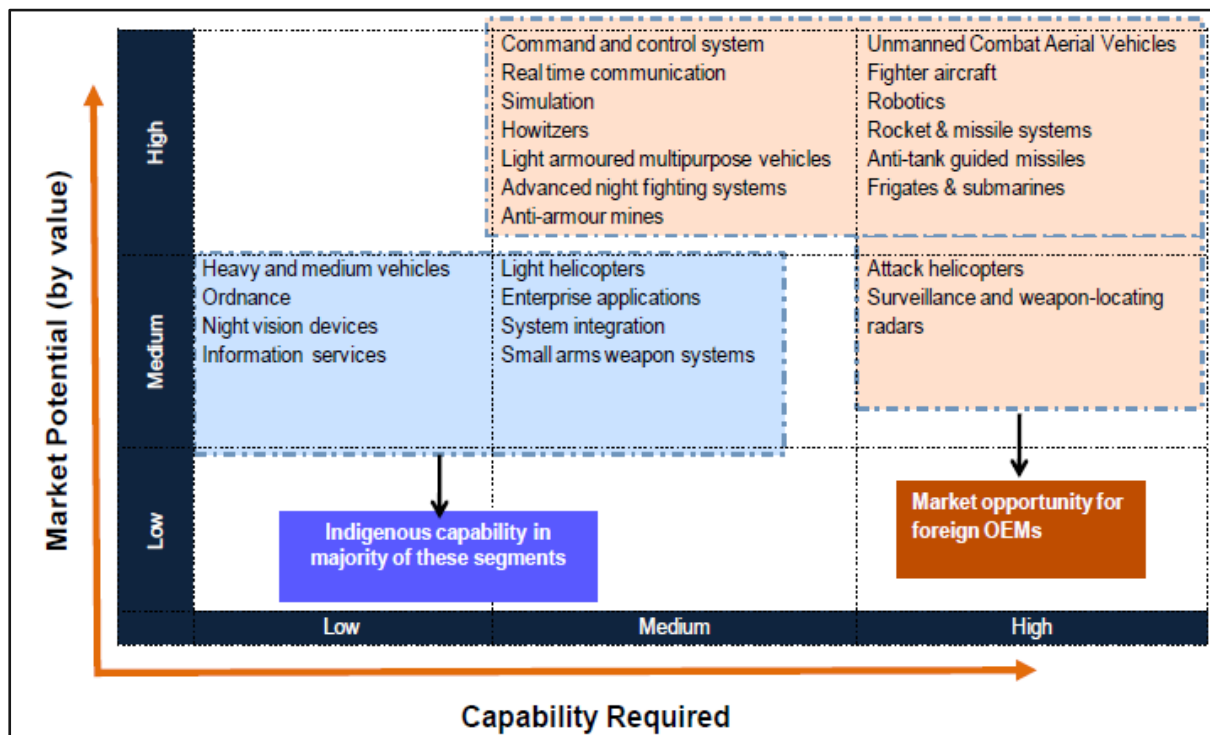
Source: IESA, IRR Advisory

### **Innovations and Technological advancements in Defence and non-Defence ESDM sector:**

India has needs to modernize its Aerospace & Defence capital equipment base by addressing obsolescence as well as build additional capability through new capital acquisition. The market opportunity for Aerospace and Defence electronics sector is expected to cross USD 70 billion in next ten years, out of which USD 53-54 billion is expected to be spent on electronics as part of platform and about USD 17-18 billion is expected to be spent on Indian Army's Project like Battlefield Management System (BMS) and Tactical Communication Systems (TCS). The capital acquisitions of defence hardware over next 10 years is expected to be approximately INR 15 trillion, of which around INR 5.2 trillion is expected to be spent on aerospace, INR 3.5 trillion on naval system, INR 6 trillion on land systems and INR 0.3 trillion on security.

Over the past two years the Defence Acquisition Council (DAC) was on an acquisition spree giving approvals to 66 capital acquisitions worth INR 1.98 trillion. The government is bullish about domestic production, which will give a major boost to the laggard defence manufacturing sector. It aims to achieve 70% indigenization by 2027. The majority of the growth in the coming years will be driven by the aerospace, electronics and shipbuilding segments. Going forward, the defence landscape will evolve with adequate private involvement. 'Make in India' initiative of the Government is likely to generate the required momentum for private players to tap the market. As suggested in DPP 2016, an increase in indigenous products can have a multiplier effect on the economy and can improve India's self-reliance in defence production. The MSMEs will have to be ready to venture into domestic manufacturing space to provide components and service the sub-assembly requirements.

The following figure shows the key areas to target in the Indian defence industry:



Source: Ministry of Defence

India is dependent on foreign resources for its 60% of defence requirements and spends about 31.5% of its total defence budget on capital acquisitions. India had limited indigenous development and manufacturing activities for defence products till 2001. Defence Research and Development Organization (DRDO) labs had primary responsibility for Research & Development (R&D) and Department of Public Sector Undertakings (DPSU's) and ordnance factories had responsibility of manufacturing. With introduction of new technologies in defence, the Ministry of Defence has announced major plans in the area of electronic system- Tactical Communication system, network for spectrum, Army strategy communication network(ASCON phase 4), Battlefield Management System, Futuristic Infantry Soldier as System (FINSAS), Army Wide Area Network (AWAN), Battlefield Surveillance System. The Electronic Warfare Category has been allocated to DSPU's (Defence PSU's).

There is an emerging market for defence electronics where ESDM plays a vital role some of these sectors are as follows:- Avionics, high power lasers, radars, computing and communication networks, Nano devices, stents, high power electro magnetics, data, nitrogen systems etc. Miniaturization and micro miniaturization of systems like sensors is taking place due to nanotechnology.

**ESDM in other industries:**

- **Automobile:** ESDM in automotive industry has led to introduction of new field called Advanced Driver Assistance Systems (ADAS). ADAS has created a new market for electronics and semiconductor industries. ADAS includes several technologies like lane departure warning, adaptive cruise control, blind spot detection, airbags, electronic power steering, active braking system and collision warning.
- **Medical Electronics:** Semiconductors are the most crucial part of the medical equipment which includes all high end imaging devices to small hand held devices. ESDM plays a critical role as medical equipment are moving towards portable and small devices.
- **Telecom Sector:** Adaption to innovative solutions will lead to extension of the life of network assets like microwave radios, optical transmission equipment and reuse of fiber on the ground to support data, VAS and content services. Active sharing of infrastructure among operators is achieved due to introduction of these new technologies. Improved capabilities like service virtualization, hierarchical QoS, connection oriented Ethernet and self-provisioning customer portals has enabled the trend of infrastructure sharing.



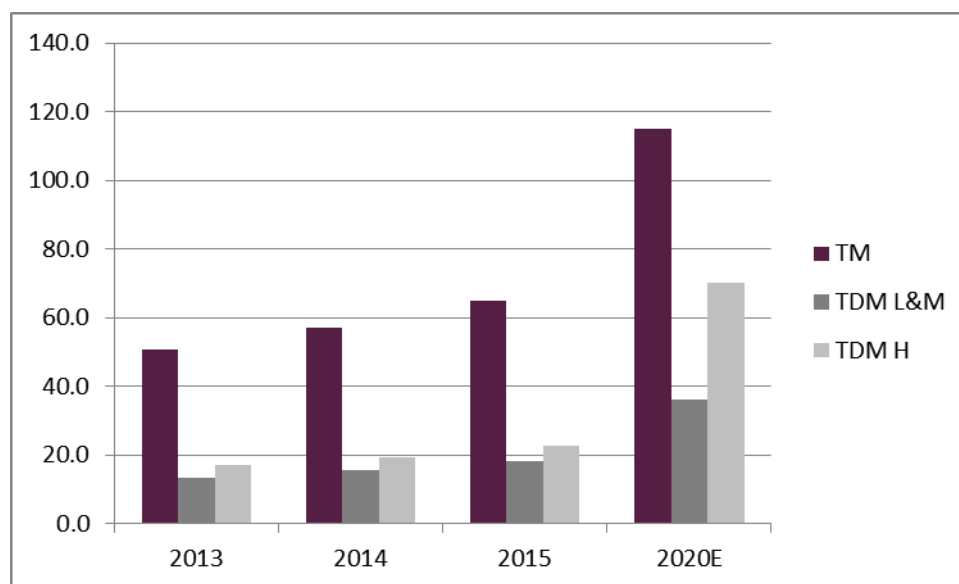
**Market size, demand estimation and growth projections for the next 10 years:**

The ESDM industry in India includes following components:

- **Electronic Products:** The Size of Electronics Product Market (EPM) was USD 61.8 billion. It is growing at a CAGR of 10% over the past 2 years. The industry is expected to attain a market size of USD 150-200 billion by 2020 with CAGR of 1-05-15%.The largest segment among the Electronic Product is the mobile device segment, which is driven by the rising demand for mobile handsets, reduced prices and tariff. The mobile device market is expected to grow at a CAGR of 17% and is expected to attain a market size of USD 36.9 billion by 2020. There has been an increase in demand for tablet in 2013 and then stabilized by 2014-15.
- **Total Market (TM) – Domestic Electronic Consumption in India** which therefore includes all locally manufactured and locally consumed products as well as imports  
**Total Domestic Manufacturing (TDM)-** Refers to the domestic production that caters to domestic demand.

Following are the Projection for Growth rate and Market Size for year 2020:

- Projected CAGR: - 10-15%
- Market Size: - USD 150-200 billion

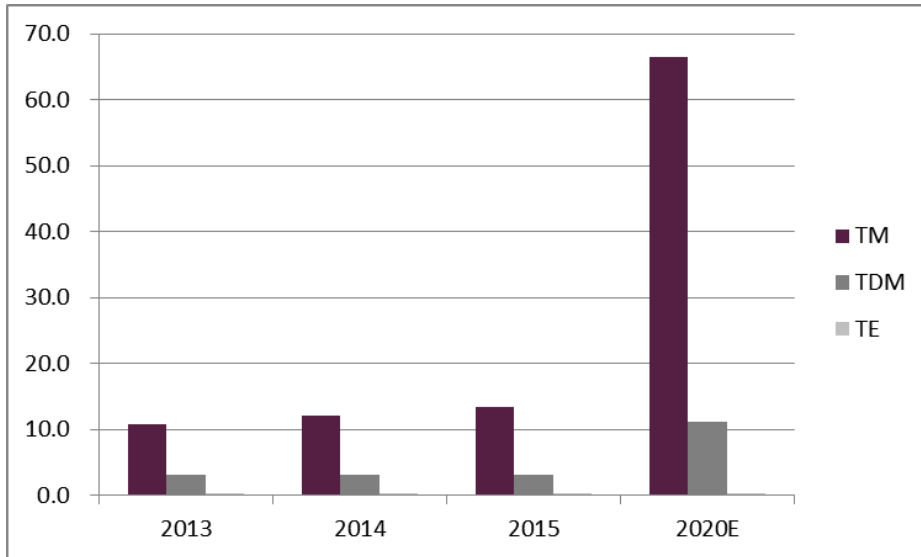


Source: IESA & IRR Advisory

- **Electronic Components:** There has been a steady growth in Electronics Component Market (ECM) with a CAGR of 12% over the past 2 years. It has led to achieving a market size of about USD 13.6 billion in 2015.By 2020 the market is estimated to grow at CAGR of 22-33% to attain a size of USD 36.6-56.5 billion. Majority of demand for electronic component is met through imports. Within the country, manufacturing of the components is dominated by electromechanical and passive components which form about 70% of total components manufactured in country. Manufacturing of active components is very limited in India in spite of presence of efficient R & D units in the country.

Following are the Projections for Growth rate and Market Size for year 2020:

- Projected CAGR: - 22-33%
- Market Size: - USD 36.6-66.5 billion



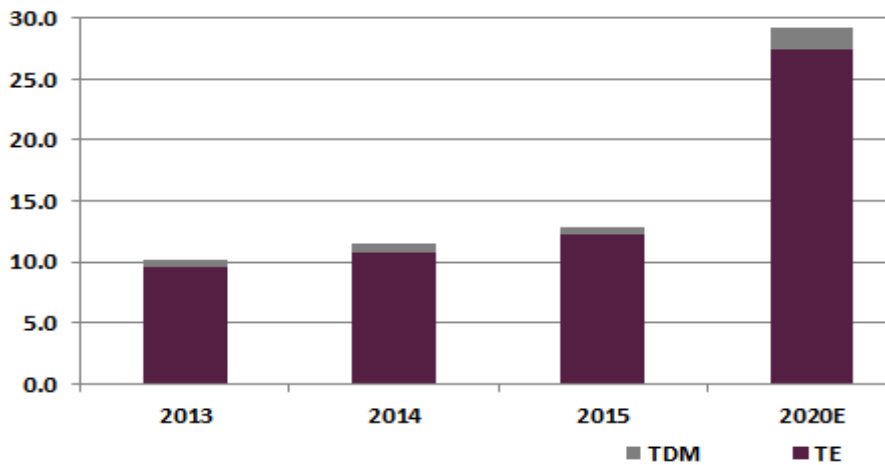
Source: IESA & IRR Advisory

- Semiconductor Design: Semiconductor Design Market (SDM) has grown steadily from 2013 at a CAGR of 12% to attain a market size of USD 12.9 billion in 2015. By 2020, market size of semiconductor design is forecasted to attain a size of USD 23.5-29.2 billion at a CAGR of 13-18%. Due to the entry of number of domestic and Multinational players, there has been a strong growth in the sector over the last decade.

Following are the Projections for Growth rate and Market Size for year 2020:

Projected CAGR: - 13-18%

Market Size: - USD 23.5-29.2 billion



Source: IESA & IRR Advisory

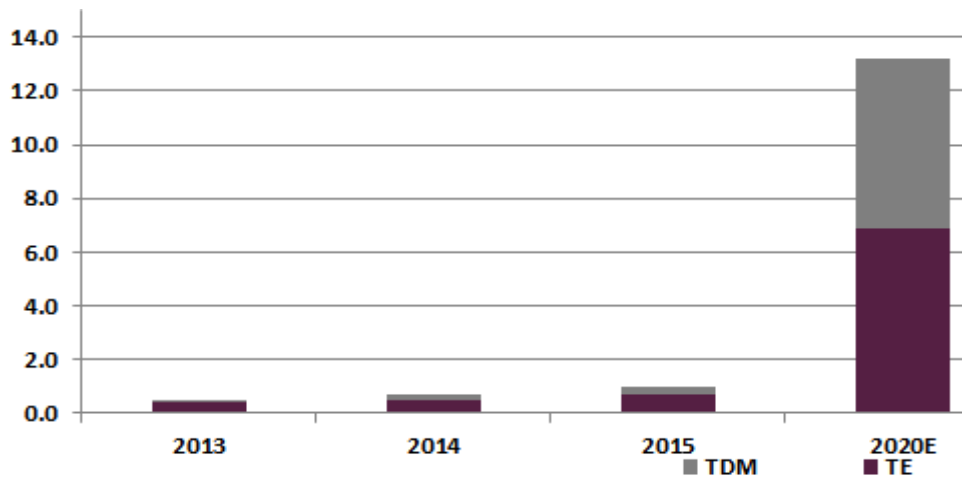
- Electronic Manufacturing Services: Electronic Manufacturing Services (EMS) market has recorded a huge growth over the last few years. The market size has increased from USD 0.5 billion in 2013 to USD 1.0 billion in 2015. A growth of 42-68% is projected over the next five years along with a market size of USD 6-13.2 billion by 2020 in EMS market. EMS market in India is majorly driven by mobile manufacturing.

Following are the Projections for Growth rate and Market Size for year 2020:

Projected CAGR: - 42-68%

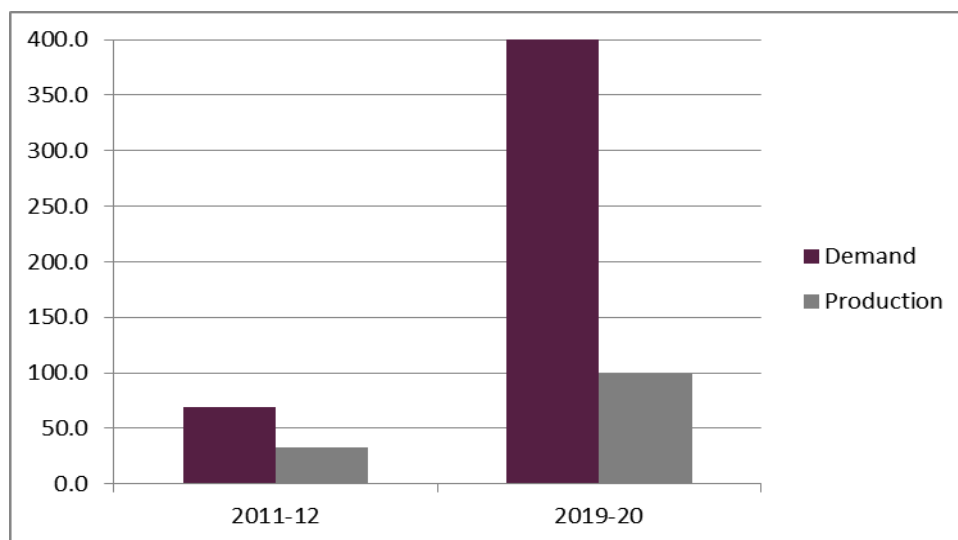
Market Size: - USD 6-13.2 billion





Source: IESA & IRR Advisory

The Demand for electronics hardware in the country is projected to increase to USD 400 billion by year 2020; However the production or supply for the same is projected at USD 104 billion by year 2020. So there is gap of USD 296 billion in demand and production:



Source: - <http://meity.gov.in/esdm>

Few of the high priority products under ESDM sector include Mobile Phones, Digital Camera, Desktops, Notebooks, Inverters and UPS, Memory cards and USB flash Drives, 4W EMS, LCD Monitors, Servers, Base Stations, Power Supplies, Printers and MFD's, Routers/Switches, Car Radio, CFL, Energy Meters, Smart Cards, Digital Instrument Clusters.

**Key projects initiated by Government of India in defence procurement/manufacturing:**

Few of the key projects initiated by Army, Navy, and Air force are as following:

**Indian Army**

International deals: Government of India has signed a deal with US Government for the purchase of 145 M777 Ultra-light Howitzer, complete delivery of 5 regiments is expected by 2020.

**Make in India initiative:**

The up gradation of common barrel system and ammunition of T-72 and T-90 tanks is expected to complete by 2020. The upgraded version of T-72 is expected to have a life extension to remain operational beyond 2025. Up gradation includes 1,000 HP Engine with other peripherals for T-72 tank. Introduction of Individual under Water Breathing Apparatus (IUWBA) and Environmental Control Units (ECU) for T-90 tanks is also being

taken. T-90 tanks will also be provided with Auxiliary Power Unit (APU). The order for Arjun MBT mk-2 is placed and the delivery is likely to begin by 2018. The Future Infantry Combat Vehicle (FICV) who are to replace the existing BMP/2k by 2030. Upgradation of 1400 BMP's will be complete by 2025. Tata Motors has announced the partnership with General Dynamics Land Systems of US for the FICV program.

Indian Small Arms System (INSAS) rifle to be replaced by Deadlier Assault rifle of higher caliber (7.62\*51). Other purchases like 3<sup>rd</sup> Generation Anti-Tank Guided Missile and Very Short-range Air-Defence System (VSHORADS) are among the new projects in Army. The Tracked Light Dozer will be introduced into the army which could be used for earth moving tasks such as construction, leveling, land slide and snow clearance etc.

Other Equipment to be Introduced includes:- 1) Mechanical Mine Layer (Self Propelled) envisaged to lay Anti-tank bar mines, the quantity to be procured is 239. 2) Mechanical Minefield Marking Equipment (MMME) used to mechanically erect perimeter fence for making minefields in plains, semi-deserts and desert terrain, the quantity to be procured is 239. 3) Self- Propelled Mine Burier (SPMB) used to lay ant tank mines in plain, semi-deserts and deserts terrain, quantity to be procured is 2369.

### **Indian Navy**

Government of India has cleared the acquisition of 24 submarines over the period of 30 years from 1999, out of which six of the submarines were scorpene class. All six will be with Navy till 2020. In nuclear class of submarines, the indigenous Arihant class whose manufacturing involves participation of major private enterprises like Larsen & Tubro, has completed the sea trials and is scheduled to undertake missile testing. Under aircraft carriers, India currently Posses INS Vikramaditya, INS Vikrant is under construction and INS Vishal is in the planning stage.

Under Surface Ships Category, the Mazgaon Dock and Garden Reach Shipbuilders and Engineers have orders of six stealth frigates, in collaboration with Fincantieri. 4 ships of Project 15B destroyer are expected to enter the naval fleet by July 2018, July 2020, July 2022 and July 2024 respectively. 7 Frigates of Project 17 A are expected to deliver to the Indian Navy post 2018. Under Naval AIR ARM, 8 aircraft of Boeing P-8I Long Range Maritime Reconnaissance (LRMR) were ordered, 4 of which are already delivered to the Navy and additional 2 are expected to be delivered in the current year. Light combat Aircraft (LCA) Navy Mk1 is expected to enter in to the service by 2020.

Make In India Initiative: Following projects are to be developed:-1) Diesel Engine for Ships, development of approximately 40 by 2017. 2) Target for Combat torpedo firing. 3) Deck Winches (for Shipping Application). 4) Chaff and Flares, tentative quantity to be developed is around 1 lakh chaff and 2 lakh flares.

### **Indian Air force**

International deals: The Government of India has signed a deal of 36 Rafale Fighter planes with the French government. The Indian Air force has inducted the 3 Falcon Airborne Warning and Control System developed by the Israelis on an IL 76 aircraft. The orders for 2 more have been placed and the third radar system is to be made by DRDO. Indian Air Force is in process of developing 250 to 300 First Generation Fighter Aircraft (FGFA) and is also expected to replace existing MIG 29 and Su 27 of Russian Air force. Indian Air force is in process to procure 6 Airbus 330 mid-air refuellers.

National deals: Order for 120 Light Combat Aircraft (LCA) developed by Hindustan Aeronautics Limited (HAL) has been placed. Upgrades for more than 50 Mirages, 60 Jaguars, 60 MIF 29s and 100 SU 30s are final stage of negotiations. In 2016, Tata Advanced System Ltd & Boeing formed a joint venture -named TATA Boeing Aerospace Limited (TBAL), for manufacturing of Aero structures for aircraft; the deliveries are expected to start from 2018.

Make in India Initiative: Projects like Modern Aircraft refueling Pump are designed to supply fuel, without anti-icing additives to aircrafts. Tentative quantity to be build is around 434. Other Projects include Upper Air Sounding System to generate aviation MET reports, MI series Main Rotor Blades (MRB) and Trail Rotor Blades (TRB) are to be procured, Long Range Glider Bomb (LGRB) compatible with Su-30 MKI aircraft are to be developed indigenously.

### **The procurement of defence product by India is categorized under two types of contracts namely:-**

- **Government to Government (G2G):-** G2G Contracts are done directly between the Governments of respective countries without any involvement of the producing companies. As of 2016-17 the Ministry of Defence has preferred G2G as compared to commercial tenders. The Major G2G defence procurement deals include procurements done from countries like France, US, Japan and Russia. The Major agreements signed as of 2016 include procurements from Russian Government like the Russian S-400 Triumf missile system, Russian Kamov 2260T helicopters. In December 2016, the Indian Government signed for procurement of 145 BAE Systems M777 lightweight Howitzers from US government, procurement of 245 stringer air to air missile launchers from Raytheon of US government, this deal amounts to USD3.1bn, this deal also includes procurement of helicopters, weapons, radars and electronic warfare suites. India has requested for the supply of 22 Harpoon missiles of USD81mn and KC-46 aerial tanker from US Government manufactured by Boeing. Indian Government signed a contract of EUR7.87bn with French Government during sept-2016 for supply of 36 Rafale fighter jets, India was involved in acquisition of 12 Japanese US-2 amphibious aircraft for navy amounting to USD 1.4 bn.
- **Commercial tenders-** Commercial tenders are the ones where dealing is done with the company producing defence equipment. India was involved in deals with foreign companies which include Airbus(Netherlands) for production of C-95 aircraft, Atlas Elektronik (Germany) for production of active tower array sonar systems, BAE systems (UK) for production of Hawk-132 jet, DCNS(France) for acquisition of Scorpene class submarine and Thales (France) for upgrade of Mirage 2,000 fleet.

### **Indian defence exports deals**

The value of Indian defence exports amounted to INR 11.0 bn during FY 2013-14 and INR15.8bn during 2014-15. The defence export has increased to INR 20.6 bn during FY 2015-16. According to the annual reports of Ministry of Defence, the provisional value of defence exports for FY 2016-17 (upto Dec-16) is INR 11.0bn. Indian defence Export is expected to increase to USD2bn by 2019. India is expected to export defence products to the countries like Vietnam, Mauritius, Bangladesh, Philippines, Afghanistan, Taiwan, Ethiopia, Israel and Oman. Bridging equipment, Missiles, warships, Off-Shore Patrol Vessels (OPVs) and Self Propelled Artillery Guns (SP Guns) are the major defence equipment exported by India.

India is expected to export 'BrahMos' missile to Vietnam. Export of 'Varunastra' a 533 millimeter heavyweight torpedo developed by DRDO is expected in upcoming years with Hanoi. India expects upcoming exports deals with Vietnam which mainly involves 'Varunastra' and its upgrades. India has exported light helicopters to Afghanistan, Nepal and Namibia. India has exported rocket launchers, mortars, rifles, radars, night-vision devices, Gypsies, bailey bridges, communication and Inmarsat sets as well as road construction equipment like dozers, tippers and soil compacters to the Myanmar's armed forces and also has entered into a contract worth USD37.9bn to supply indigenously developed lightweight torpedoes.

### **New Initiatives of the Government:**

- **Defence Procurement Procedure 2016:**

Defence Procurement Procedure (DPP) 2016 was formed by a committee which included stake holders from Department of Defence Production, Service Head Quarters, and Ministry of Defence (Acquisition Wing), Ministry of Defence (Finance), Defence Research Development Organization and Representatives from Indian and Foreign Defence Industry, legal and tax system and academia.

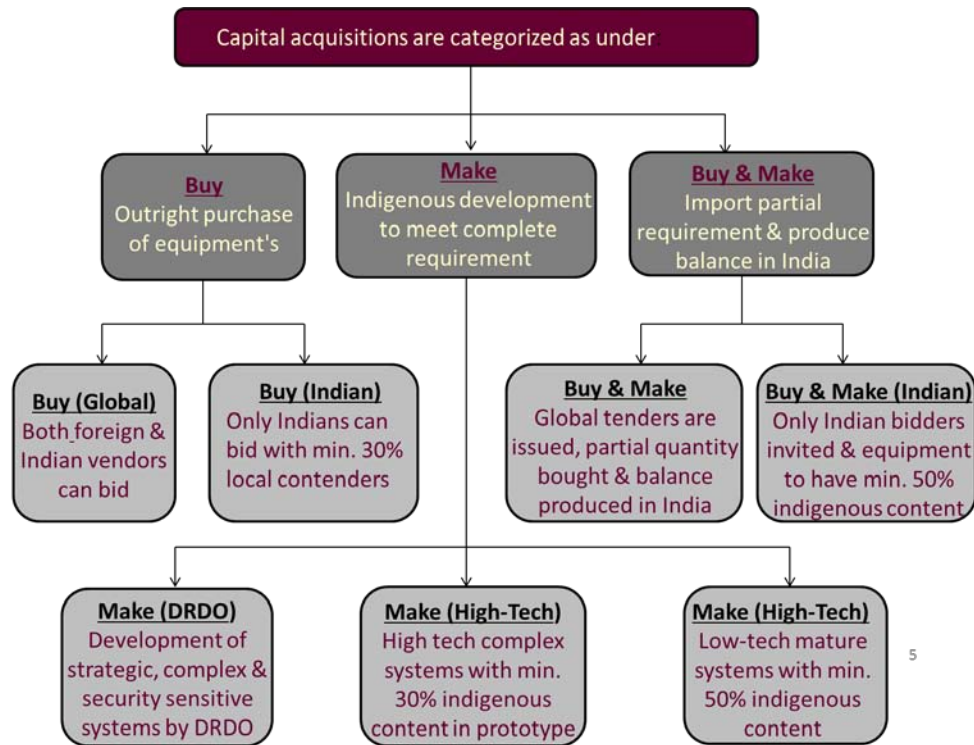
Defence Procurement Procedure 2016, was implemented with the aim of Standardizing, regulating and simplifying defence procurement procedure. Apart From the above mentioned, it was also implemented with a view to promote 'Make in India' Initiative of Government of India.DPP 2016 has introduced a new procurement category named as 'Buy' Indian Indigenously Designed Developed and Manufactured (IDDM).Implementation of this policy has improved the participation of Indian MSMEs in defence sector. Salient Features of DPP 2016 includes reduction in time delay of procurement procedure, standardized and streamlined process, transparency in overall procedure and Making India Self-reliant in terms of Defence Equipment.

DPP 2016 has covered all capital acquisitions which were undertaken by the Ministry of Defence, Defence Services and Indian Coast Guard both from indigenous sources and import. Medical Equipment doesn't come under the scope of DPP 2016.

### Key Initiatives under DPP 2016

- Acquisition Categories,

Following shows the procurement types of defence equipments:



Source: IRR Advisory

There has been an increase in threshold of Defence Offset from previous INR 3 billion to INR 20 billion under the 'Buy' and 'Buy and Make' categories. This will allow 30% domestic value addition for the purchases above INR 20 billion by the foreign companies. Also creation of Indian Designed Developed and Manufactured (IDDM) category of procurement is given highest priority in the current year offset policy. Details of Buy (India- IDDM) is given below:

#### **Buy (Indian-IDDM) Procurement Category:**

Buy Indian Indigenously Designed Developed and Manufactured (IDDM) procurement is the new category introduced in DPP 2016. It has been given the highest priority. It is mainly used for procurement of locally designed and developed items under the revamped 'Make' Category. Under this Category, the indigenously designed equipment with 40% Indigenous Content (IC) or equipment not designed indigenously but with 60% IC will be considered for procurement procedure. Industry's claim will be examined by a committee of scientist and officials from DRDO, service headquarters depending on the guidelines provided to them. Some of the key initiatives include:

- Increase in Indigenous Content: DPP 2016 has increased the Indigenous Content requirement from previous 30% to 40% in the 'Buy (Indian)' Category in order to enhance the participation of local players in procurement and thereby promote Make in India.
- Flexible Indigenous Content: Along with increasing the Indigenous Content, DPP 2016 has focused on Flexibility in indigenization requirement. Thus High or low indigenization is provided depending on merits of the project. It would help in meeting the demand of local industry along with providing standard equipment. It has been extended to 'Buy and Make (Indian)' Procurements.

- Standardized Request for Information Process: DPP 2016 has introduced Request for Information (RFI) process which is more standardized as compared to earlier DPP. The Process of standardization has brought transparency in procurement procedures by increasing the number of steps involved in 'Buy' and 'Buy and Make'. RFI had positive effect on following things like Indigenization, competitiveness and timeline of procurement.
- L1-T1 Methodology for Selection of Supplier: DPP 2016 has introduced new methodology of selecting supplier of military goods under 'Buy' and 'Buy and Make' schemes. According to this new method the vendor is selected on the basis of combination of parameters like superiority of the technology offered by the vendor and price which was initially been selected on the basis of lowest price offered by the supplier.
- L1-T1 Methodology purchases equipment with Enhanced Performance Parameters (EPP): EPP is a newly introduced feature which involves parameters which are higher in level and are mandatory to be met by suppliers.
- Single OEM, Multiple Bids' and 'Multiple Bids by Single Indian Vendor': 'Single Original Equipment Manufacturer (OEM), Multiple Bids' is likely to occur in case of 'Buy and Make (Indian)' category in which a single foreign original equipment manufacturer offers the same product through multiple bids in collaboration with a number of Indian companies. 'Multiple Bids by Single Indian Vendor' is likely to occur in case of 'Buy and Make' Procurement Category in which one Indian company submits multiple bids in collaboration with foreign vendors.
- Reduction in validity of Acceptance of Necessity (AoN): According to the new rule introduced by DPP 2016, the reduced validity of AoN implicates that Request For Proposal (RFP) has to be issued within six months from the date of sanction of AoN, failing to which the SHQ will revalidate the case and seek fresh AoN with due justification for not processing the case in time. The new rule introduced will help to reduce the procurement time under 'Buy' and 'Buy and Make' schemes.
- Procurement of Single Bid Situation: DPP 2016 has provided the provision to continue the procurement process in situations where only one bid is received in response to RFP. The only condition is approval of DAC, which should ensure that there is no scope for change of the RFP conditions.
- Categorization of DPP 2016: DPP 2016 is divided into two parts A & B. Essential Parameters (EP) include how armed forces want a particular equipment to possess. EP-A includes features of contemporary equipment available in the market and form core of services qualitative requirements (SQRs) for the purpose of testing and validation at the crucial field evaluation requirements (FET) stage. EP-B may not be available at the time of FET, but can be developed by the vendor after entering in to a contract. EP-B is necessary to be approved by DAC and must be met prior to the commencement of delivery of the contracted item.

#### **Offset policy of the Government of India:**

Defence Offset Policy (DOP), which was initially introduced in 2005 implicates that the foreign supplier essentially ensures the benefits a buyer gets from the seller in the form of technology which leads to building capacity of the country. The year 2005, saw an introduction of offset clause, as an obligation of foreign defence suppliers, where it was stipulated that for contracts over INR 300 crore, the foreign company has to buy from Indian companies (or invest in India), 30% of the contract value. Out of the 24 contracts signed between 2007 and 2013, total offset obligations were close to INR 300 billion. About 90% of them left the annual offset obligations remain unfulfilled and under-performed their targets. The Defence Ministry has brought about major changes in offset provisions in the Defence Procurement Procedure (DPP) 2016, under which, the value of new contracts for which offset obligations are mandatory, has been increased to INR 2,000 crore.

#### **Offset Opportunities:**

Ministry of Defence has signed 19 contracts amounting to USD 15 billion with major foreign companies like Boeing, Lockheed Martin till 2012, 30% of these deals which accounts to USD 4.5 billion are expected to be offset opportunities. The Rafale deal is expected to generate Euro 3 billion in offset opportunities. Offset opportunities are expected to rise from USD 2.4 billion in 2013-14 to USD 10 billion in upcoming years. As of 2013, offset contract signed amount to USD 5.7 billion with USD 12 billion of offset on anvil. The Bifurcation

of offset contracts signed is such that 42% contracts are of Public sector companies while the remaining 58% are of private sector. As of 2014, Ministry of State for Defence has stated the conclusion of 24 offset contracts with execution period being till 2022. As per the data USD 11 billion worth of offset contracts are on anvil.

**Defence Procurement Organisation (DPO):**

India has often been conferred with the title of the 'world's largest arms importer', and during the period 2012 - 2016, the country accounted for 13% of all global arms exports. The figures tabled by the Government in the Lok Sabha put the value of arms imports at INR 824.9 billion between 2013 and 2016. The reason for these imports is a capacity and capability gap. India's defence production base which consists of portfolio of network of arms factories, shipyards and laboratories with 200,000 employees is unable to meet the requirements of the military. India's Defence Public Sector Undertakings (DPSUs) will supply arms and ammunition worth INR 570.0 billion this year, but this will be insufficient to meet the requirements of the armed forces. This gap is bridged by off-the-shelf imports, which do not result in technology gains for Indian industry.

**Importance of private players in developing competencies in defence manufacturing:**

Earlier-the manufacturing of defence equipment was restricted to the government sector only, which mainly included firms like Defence Research Development Organization (DRDO) and Ordnance and Ammunition factories. The development and progress in terms of the project handled by these firms was slow due to many rules and regulations, delay and approvals by the Government. Entry of private players has changed the scenario where these firms are well equipped with latest technologies and skilled manpower. Over the years many private players like Tata Group, Mahindra Group, Larsen & Toubro, Bharat Forge and Reliance Industries have involved themselves in the defence manufacturing activities. These private players provided the defence forces with latest and efficient products as compared to the government firms, thus increasing demand for such products.

In order to gain the market share the government organization like DRDO, Bharat Heavy Electrical Limited (BHEL) and ordnance factories started focusing on improvement in technology. Huge amount of funds were spend on R & D, over the years, firms like Hindustan Aeronautics limited (HAL), DRDO etc gained in terms of competition with private players. Many private players have collaborated with government firms in defence sector thereby sharing knowledge, skills and technology. Ex INS Arihant, which was inducted in Navy last year was constructed by a consortium of the Bhabha Atomic Research Centre, the Indian Navy and private sector firms in Visakhapatnam, with around 70% indigenous content.

Over the past two years, private sector firms like Ashok Leyland and Tata Motors have nearly eliminated the monopoly enjoyed by public sector BEML's controversial TATRA vehicles. These two private sector firms have snapped up contracts for 1,694 HMVs worth INR 12.84 bn for towing field artillery guns and for mobile rocket launchers. But without more such big ticket orders, private players can get easily crowded out of the defence space.

**Implication of Offset policy on MSME sector:**

The Defence Offset policy introduced in the Defence Procurement Policy 2016 (DPP-2016) will have many positive effects on the Indian MSME sector. The defence procurement by MSME sector is expected to increase by 6% during 2016-17 thereby making the percentage of procurement by MSME to be 15%. The increase in threshold of Defence offset from INR 3 billion till 2015 to INR 20 billion in 2016 is highest as compared to other countries like Australia, Brazil and Israel. DPP 2016 has introduced various provisions to improve the indigenization of defence products, with respect to these provisions Ministry of Defence has aimed 7% indigenization till 2027.

In order to enhance the participation of MSME, projects having development cost of up to INR 100 million and INR 30 million under the sub-categories 1 and 2 of 'Make' projects have been earmarked specifically for MSME sector.

MSME are largely dependent on Defence Public Sector Units (DPSU's) and Ordnance Factories (OF) for their business expansions. Government of India is largely focused on giving boost to MSME sector in defence, one of the major steps in this direction is taken by Bharat Electronics Limited (BEL) which increased its outsourcing to an extent of 20% to MSME sector. If the same initiatives is taken by other DPSU's then the outsourcing is

expected to increase to an amount for INR 88.2 billion. Different initiatives like ‘Virtual Clusters’ and ‘Compass Communication’ provide a platform for MSME’s to develop their business processes.

MSME’s possess huge potential to collaborate with large players in defence industry like Tata, Mahindra, L&T and Bharat Forge thereby interfacing with them in order to provide different services. Many large players in defence sector have involved MSME’s as a part of their supply chain. The opportunity in this field is expected to be around INR 100.0 billion. The Offset Opportunity is expected to be around USD 10-12 billion in upcoming 5 years. The opportunity to optimize the incentives provided by ministry of Defence is expected to be between USD 800 mn to USD 1,000 million.

Ministry of Defence in its concept note introduced INR 300.0 billion corpus for Venture Capital Funds (VCF) in defence production sector in order to provide support to the defence research in MSME sector which currently is the part of supply chain for larger players in defence sector.

#### **Opportunities for MSME in military hardware:**

Government of India’s ‘Make in India’ initiative has introduced different opportunities for MSME sector in defence sector. It includes the inclusion of ‘Buy (Indian- IDDM)’ and ‘Buy and Make (Indian)’ schemes in the Defence Procurement Policy (DPP-2016). These schemes will promote domestic manufacturing as well as development of MSME sector in India. DPP 2016 will give boost to the MSME’s which are suppliers to DSPU’s and ordnance factories.

100% FDI in defence sector will allow major foreign players to collaborate with Indian firms which in turn will help the Indian MSME sector to gain access to latest defence tool and technologies. The Exchange Rate Variation (ERV) protection will allow technology transfers between foreign players and Indian MSME companies. Government of India has introduced the Zero Effect and Zero Defects (ZED) policy for the MSME sector in order to provide MSME’s the competitiveness and competence in manufacturing activities. Under ZED the products manufactured by MSME’s should have zero defect and zero effect on environment.

#### **MSME sector in Defence (Air, Land and Water):**

Implementation of DPP 2016 has provided different opportunities for participation of MSME in defence sector. MSME participation is eligible in following key defence areas:-Production of Mortar, Cannons, guns, howitzers and their ammunition. Production of Bombs, Torpedoes, Missiles, explosive devices, military equipment, propellants, Armoured Vehicle with ballistic propulsion system etc. MSME’s are also eligible in production of electronics and communication equipment designed for military use which includes electronic counter measure equipment, data processing and signalling, guidance and navigation equipment, imaging equipment, night vision devices etc.

MSME sector is also eligible for the production of Special Naval system and its equipment which includes upgrade of weapons, sensors, armaments, propulsion system, machinery control system and other marine equipment and hull forms of warships, submarines and auxiliaries. Naval system also includes software designed and developed for warships, submarines and auxiliaries etc.

MSME sector is eligible for following fields in Air defence systems it includes production of unmanned airborne vehicle, aero engines and aircraft equipment, high velocity kinetic weapon systems and related equipment.

#### **MSME sector in (Civil Aerospace):**

MSME sector is eligible for design, development, manufacture and upgrade of fixed wing and rotary wing aircraft, aero engines, avionics, instrument and related components. It is also involved in simulators for training purpose, software and computer based training modules, Guidelines and navigation equipment.

#### **Smart Cities and Digital India:**

‘Smart Cities Mission’ of Government of India is the project under which the Government of India (GOI) has decided to develop 100 smart cities. This mission basically includes renewal and development of the existing cities. The ultimate aim of GOI is the sustainable development of Indian cities. Currently the target city has been increased to 109.

In view of Smart Cities Mission the GOI has launched various other programs like Smart Cities Awas Yojana. An amount of INR 980 billion has been approved by GOI. Another Scheme called Atal Mission for Rejuvenation and 'Urban Transformation (AMRUT) launched by GOI. A list of First 20 Cities was compiled initially which were the first to be developed in to smart cities in the first phase by 2022.

Government of India launched the 'Digital India Project' on 1 July 2015 in order to make the government services electronically available to the citizens of India by providing improved and robust online infrastructure.

Digital India Project includes 3 components:-

- The Creation of digital infrastructure;
- Delivery of services digitally;
- Digital literacy.

Government of India has progressed in the direction of digital India by introducing services like Digital locker, E-Governance where most of the government services are accessible - online, education and national scholarship portals. Government of India has recently launched services under Digital India which mainly includes Geographical Information System (GIS)- based decision support system. Some of the key offering included setting up cloud service for government departments, online laboratory for students to perform virtual experiments for all CBSE schools, incubation of 10 projects in the area of Chip to system design, development of a native operating system which will support text-to-speech technology for nine regional languages. Apart from abovementioned services other services like Aadhaar Pay, BHIM app and Bharat Net are also introduced.

## **FUTURE PROSPECTS**

The Indian Defence sector has registered a robust growth over the past decade. India's growing wealth and regional influence has given ability to develop a more technologically advanced defence industry. The Government's capital expenditure on defence has increased from USD 3 billion in 2000 to USD 55.9 billion in 2016. The Finance Minister in the FY18 Union Budget allocated INR 2.74 trillion for Defence sector. India spends around 31.5% of its total defence budget on imports, which accounts to around 60% of total defence equipment; However Government of India's, 'Make in India' initiative is expected to generate the required momentum for private players to tap the market and also target exports. GoI aims to achieve 70% indigenization by 2027. Accordingly, GoI has laid out the Defence Offset policy and transparent bidding guidelines for defence procurement procedure (DPP). This provides tremendous growth opportunities to existing Indian players in the ESDM (Electronic System Design & Manufacturing) sector – for both defence and non-defence. The defence electronics manufacturing sector is expected to create an INR 4 trillion worth market opportunity during the period FY16 – FY26E. The ESDM sector is one of fastest growing sector in India with estimated market size of USD 100 billion for 2017. The Global ESDM market has shifted the focus from high cost destinations like USA to low costs geographies like China, Korea, India and Taiwan, thereby contributing immensely to their economies. Thus, India is expected to become next global defence electronics manufacturing destination, thus creating opportunities for private companies.



## OUR BUSINESS

*In this section, unless the context otherwise requires, any reference to “our Company, we, us or our” is to Apollo Micro Systems Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Statements.*

### Overview

We are an electronic, electro-mechanical, engineering designs, manufacturing and supplies company. We design, develop and sell high-performance, mission and time critical solutions to Defence, Space and Home Land Security for Ministry of Defence, government controlled public sector undertakings and private sectors. Our customised solutions are developed using common hardware and software technology IP's which can be re-configured to suit the end application and domain requirements of end customer. The huge repository of knowledge and technology base that our Company has developed since inception is a strong base to outperform the competition and be abreast in the market. This supports our Company to constantly upgrade the technologies to meet present and futuristic requirements of our customers.

We offer custom built COTS (Commercially off-the shelf) solutions based on specific requirements to defence and space customers. The systems undergo various stages of approvals right from design, prototyping, functional acceptance, manufacturing and qualification testing. As the systems are exclusively developed for a programme, the developed systems enjoy proprietary status. Thus specially developed and approved systems have no competition.

Our Company has its participation in several Indigenous Missile programmes, underwater electronic warfare, underwater missiles, surface to air missiles, nuclear missile programmes, surface to surface missile programmes, indigenous submarine programmes UAV's long and short endurance, ships, space programmes. The solutions offered by us were used by our customers during development and user trials on account of which these solutions are qualified to be a part of supply chain in production phase. The defence and space solutions require expertise in advanced technology development and engineering knowledge to make the systems withstand harsh environmental conditions. Our Company has proven track record of executing projects which are qualified in several programmes.

The defence systems supplies can be broadly classified as On-Board Systems and Ground support equipment. On-Board systems means the electronic systems which are integrated On-Board a Weapon or a Vehicle (Vehicle could be a Missile, Aircraft, Ship, Submarine or Battle Tank) which are used for navigational requirements, on-board computation, instrumentation & control, telemetry, Payload acquisition and encoding, command & Guidance. Signal Processing, Seeker data processing, Height Analyzers requirement (Altimeter), Power Electronics to power the On-Board Electronics. Ground Support Equipment means any other electronics which are associated and communicate with On-Board equipment or other support equipment which are required for command control communication, Ground Checkout, Launch of Vehicles and other associated systems. We offer both On-Board Systems as well as Ground support equipment.

A detailing on classification of verticals and the solutions offered by us are as under:-

**Defence Avionic Systems:** We offer Avionic Systems which are integrated in Aircrafts or UAV. The Avionic systems are safety critical equipment as it involves human involvement in driving the vehicle in airspace. Hence the qualification levels are very stringent for both On-Board as well as ground support equipment. The systems supplied are approved by quality assurance agencies like CEMILAC and CRE-CRI. We are an approved company to undertake Avionic system designs. The solutions which we have offered till date for Avionics applications are PCM Encoder and Decoder, Gimbal Payload Electronics, Spread Spectrum Modem.

**Defence –Aerospace Systems:** We offer On-Board Weapon System Electronics solutions and Ground Checkout and Launcher Controller Systems for Missile System requirements. The qualification requirements of weapon system electronics vary for different types of missiles. The On-Board solutions offered by us include On-Board Computer, Missile Interface Unit, Seeker Signal Processor, RPF-DSP, Actuator Controller for Missile Fins, Integrated Avionics Modules, PCM Encoder and many more. The ground support equipment solutions offered by us include Launcher Interface Unit, Missile Launcher Command System, Ethernet Controller, Platform Levelling & Launcher Controller to name a few.

**Defence-Naval Systems:** We offer On-Board Weapon system electronics and Ground Support Systems for Under Water Missiles (Torpedoes), Anti Torpedo Decoys and Jammers, Submarines and Ships. The On-Board solutions offered by us include On-Board Computer, System Manager Card, Five Processor DSP Board, Gyro Actuation Interface Box, Homming System, Front End Cage Electronics, SPU Section, Instrumentation Section, Signal Analyzer Card, Indigo Modules, Abhay Transmitter System, Turret Control System, Turret Power Systems to name a few.

**Satellite Space Systems:** We offer Ground Checkout Systems and Earth Station acquisition systems for Space applications. Our solutions are configured for communication and other satellite programmes. The solutions offered by us are Frame Synchronizer, Bit Synchronizer, Payload Checkout System, Data Simulator and similar ground support equipment.

**Homeland Security & Telematics:** We offer telematic and integrated surveillance systems like GPS based vehicle tracking system, integrated surveillance systems consisting of CCTV and boom barriers. We have developed live tracking solutions for cargo carriers and transport vehicles and for effective productivity monitoring for Ore Mining companies. Our focus on this sector is only for deployment of systems which can withstand harsh environmental conditions, as our core expertise supply of defence systems which can withstand harsh environmental conditions.

**Transportation:** In Transportation sector, we have worked on solutions related to telematics, data handling systems and automotive electronics. Our solutions are configured for Indian railways for applications such as Coach Guidance Display Systems, Tyre Pressure Monitoring Systems for Off Road vehicles such as Dumpers in mining, Token Display System, Arrival/ Departure Information Display System, Destination Display Boards, Advertising Displays, Station Announcement Systems (Digital Tape Recorder).

Our team has diverse experience in Analog and Digital electronic systems, varied communication protocols, Field Programmable Gate Array (“FPGA”) design, embedded system software, application software, high speed printed circuit board (“PCB”) design, Signal Integrity analysis, thermal analysis and mechanical engineering design product management, quality management, test engineering and reliability engineering. Design team works closely with production team who have multi-disciplinary knowledge on manufacturing electronic, electro-mechanical and mechanical systems backed with requisite infrastructure has enable dusto develop over 100 On-Board Systems and more than 50 types of ground support equipment and more than 100 other designs in Defence and non-defence markets.

Our manufacturing facility is located at Hyderabad. We are an ISO 9001: 2015 certified company in relation to design, development and manufacturing of electronics and electro-mechanical systems including software. Our Company is CEMILAC certified for Design of Avionic Systems. Further, our working lab areas confirm with electrostatic discharge requirements with ESD safe furniture and controlled environment.

As total solutions are offered under one roof, it allows our Company to stay ahead of competition and also enables to scale- up production activity without depending on outsourced processes and delays involved due to supply chain and quality rejections in outsourcing. We sell our solutions predominantly through a combination of direct sales to system integrators and end users.

We are well-positioned to take advantage of the growth opportunities arising out of the Digital India and the Make-in-India programs of the Indian Government. Our Company is also well positioned to address the growing requirements in Defence Electronics through Indigenous programmes in which we have been partners for past several years apart from which the Defence offset business which is poised to grow constantly year after year opening newer opportunities for Indian Defence electronics manufacturing companies. The initiatives of Government of India in terms of smart cities, Digital India, Make in India and huge initiatives to grow ESDM (Electronic System Design and Manufacturing) Sector is an added advantage for our Company.

For the six months period ended September 30, 2017 and Fiscal 2017, Fiscal 2016, Fiscal 2015 Fiscal 2014 and Fiscal 2013, our total income, was ₹ 10,947.41 lacs, ₹ 21,179.98 lacs, ₹ 15,953.17 lacs, ₹ 10,876.83 lacs, ₹ 7,288.18 lacs and ₹ 3,745.81 lacs respectively and our profit after tax, was ₹ 711.15 lacs, ₹ 1,857.11 lacs, ₹ 1,000.05 lacs, ₹ 744.76 lacs, ₹ 534.39 lacs and ₹ 295.95 lacs respectively. The Company's Order Book (as Defined hereinafter) is ₹ 9,750.11 lacs excluding GST as of November 25, 2017.

## **Our Competitive Strengths**

**We believe that our principal competitive strengths are as follows:**

### ***Proven track record in developing new technological systems and order execution***

We started our journey by designing specialised electronic sub-systems and systems. Our Company is aided with specialized technical skills, strong research and development expertise and a competent management, has developed the ability to design, develop and manufacture complex electronic control systems and associated digital electronics. Our Company has its participation in several Indigenous Missile programmes, underwater electronic warfare, underwater missiles, surface to air missiles, nuclear missile programmes, surface to surface missile programmes, indigenous submarine programmes UAV's long and short endurance, ships, space programmes. The solutions offered by us were used by our customers during development and user trials on account of which these solutions are qualified to be a part of supply chain in production phase.

We believe that our expertise and proven track record in implementation of projects provides us with significant competitive advantages. Further this enables us to be in a better position to deal with implementation risk. Our Company has also developed various advanced solutions individually and in association with government research laboratories. We are focussing, *inter alia*, on development of components/sub-systems for the defence segment, developed subsystems for large defence programmes and new technologies. On account of the long-standing presence and with constant improvement and adoption of technologies, augmented with quality, we believe that we enjoy considerable brand equity and reliability in the industry where we operate. Our core competency lies in understanding the changing trends, the needs of our customers and accordingly quality products to suit their requirements.

### ***Recurring orders from existing programs***

Over last two decades, we have developed an established brand name, acceptance and recall value in the defence ESDM Sector. Our Company has developed and supplied sub-systems and systems for various programs of the Ministry of Defence. These programmes provide a recurring opportunity for our Company. We believe, our ability to provide end to end solutions to our clients help us in getting repeat orders from them, further it also helps us in adding new clients and our ability to develop new platform helps us in serving our clients in more efficient manner, which helps us in getting repeat and larger orders from our clients.

We have skilled manpower good organisational processes, professional approach to risk and its containment all of which translates into our ability to manage multiple, large and technically complex projects. We believe this gives us the competitive edge to procure repeat orders.

### ***Strong R&D Capabilities***

In the defence and space sector, it is critical for sub-system manufacturers to work closely with their key customers for designing, developing and production activities. A strong understanding of the futuristic customer requirements is essential. Further, the ability to design and manufacture these systems is challenging owing to the advancement of technologies. We have a strong R&D team of 56 engineers with core competencies in development of Embedded Hardware and Software along with engineering designs team. Our R&D professional has varied experiences in electronics and electro - mechanical engineering.

We undertake dedicated R&D in our existing services and solutions primarily with a focus to improve yields and process efficiencies. We focus our R&D efforts in areas where we believe there is significant growth potential. We spent ₹ 678.59 lacs, ₹ 1,286.46 lacs, ₹ 865.01 lacs, and ₹ 146.81 lacs towards our R&D activities during the six months period ended September 30, 2017 and financial years 2017, 2016, and 2015 respectively. We believe that our emphasis on R&D has been critical to our success and a differentiating factor from our competitors. By developing new solutions with our customers and by offering a broad range of services across segments, we are able to increase customer dependence on us and position ourselves as a preferred supplier to defence ESDM Sector.

### ***Qualified and experienced workforce and senior management***

We have a dedicated team of skilled individuals with technical background and domain experience in each of our verticals with a focus on evolving technologies. These teams follow a structured applied innovation and solutions development process and work with delivery functions to identify the key concerns of our customers and generate solutions, ideas and concepts to address the concerns.

Our Company has qualified and trained manpower working in Embedded Systems, FPGA Based Systems, Firmware and Application Software Development. Our electronics team, along with the engineering team jointly coordinate in designing mechanical enclosures. Our design team has delivered designs for special purpose aerospace applications. Our engineering team with its innovative approach handles the toughest of jobs and has executed several jobs which involved designing right from the concept. To support the design and engineering team, the machining facility is equipped with high speed machines capable of delivering the jobs quickly. We have the capability to handle several kinds of fabrication activities involving different kinds of metal. Our mechanical engineering division has trained engineers who have the capability to assemble and test units with varying levels of complexity.

Our management team has considerable experience in the defence ESDM industry. The members of our senior management have diverse skills which have helped us to grow and develop solution faster. We believe that our experienced and dynamic senior management team have been key to our success. The vision and foresight of our management enables us to explore and seize new opportunities and to introduce new services and solution to capitalize on the growth opportunities in the defence ESDM industry.

### ***Quality control***

We have undertaken various initiatives and adopted various systems and processes in order to augment our commitment to focus on quality which is crucial for our and the industry we operates. Our manufacturing unit is well equipped with modern quality checking and testing equipment's for quality assurance. Our customers also require us to maintain extremely rigorous and strict checks on compliance with all necessary quality and safety standards.

We are an ISO 9001: 2015 certified company in relation to design, development and manufacturing of electronics and electro-mechanical systems including software. Our Company is CEMILAC certified for Design of Avionic Systems. Further, our working lab areas confirm with electrostatic discharge requirements with ESD safe furniture and controlled environment. Our strength in Quality Assurance is supported by the philosophy of delivering a high quality component in a prompt and precise manner. We have a successful track record of executing projects meeting stringent quality requirements in terms of environmental testing, which is a testimony of our engineering and quality adherence.

### ***Our Business Strategy***

Our objective is to continue to offer quality of services and solutions to the customers and we also intend to expand our reach in various jurisdictions with an advanced technology in an efficient manner. To sustain our future growth and development, we have and will continue to employ the following strategies:

#### ***Focus on R&D to develop complete systems to enhance the long-term prospects of our Company***

We continue to identify various strategic initiatives to improve our operational efficiencies and invest in modern technology and equipment's to upgrade the quality and functionality of our solutions to address changing industry trends and customer requirements. We intend to continue providing such customised products to meet varied requirements of our customers. We will consistently invest in research and design to innovate and develop new products and become preferred solution provider for our customers.

We believe that it is critical for sub-system manufacturers to work closely with their key customers for designing, developing and production activities. A strong understanding of the customers' requirements based on their future product development programs is essential. To harness growing market opportunities and to maintain our lead position of a quality and reliable system supplier, we intend to focus on enhancing our technical knowhow to the next generation by assimilation of technology and using our strong R&D base.

### ***Improving our productivity and competitiveness***

We intend to increase the efficiency and competitiveness of our operations by continuously investing in state of the art machinery and equipment and related operating methods, in order to maximize efficiency of labour, material and reduce our costs and the time taken to execute our projects. We believe that cost leadership will be a key enabler for us to increase the market share of the services and solution we offer to the customers. We believe that our ability to increase our productivity and competitiveness at lower cost will be strengthened by our continued focus on offering a wide range of innovative products across all our business verticals.

We also intend to improve our cost efficiency and productivity by implementing effective and efficient operational techniques. Our operations team, comprising experienced design and engineers and senior management, adopts best practices in line with industry standards across the defence ESDM sector. We will continue to leverage our in-house technological and R&D capabilities to effectively manage our operations, maintain strict operational controls and enhance customer service levels. We intend to continue to focus on performance and project execution in order to maximize client satisfaction and further focus on energy efficiencies aimed at reducing both capital and operating expenditures for our clients. Our experience enables our engineering teams to incorporate international best practices and we leverage advanced technologies, designs and project management tools to increase productivity and maximize asset utilization in capital intensive project activities.

### ***Leverage Build To Print opportunity***

Build To Print (BTP) business means customer produces work instructions, assembly drawings, and calls out specific and detailed manufacturing practices used in building the parts along with the specification of the component's functional requirements. BTP business vertical got built in our Company with the existing infrastructure and skills sets which helps in generating incremental revenue and profits with low working capital cycle. Our Company is expecting more revenue from BTP since it has proven technical skills in defence electronics space. Our Company has come up with a state-of-the-art manufacturing facility, which helps in process improvement and operational efficiencies.

### ***Expand our business and geographical footprint through selective acquisitions***

We intend to augment our growth by continuing to pursue selective acquisitions and strategic alliances that provide us access to better infrastructure, industry knowledge, technology expertise and geographical reach. We have historically expanded our business through organic growth and henceforth we intend to grow through acquisitions and strategic alliances also. We intend to pursue acquisitions that enhance our existing service offerings either qualitatively or geographically or to add new services that can be integrated with our existing services. We seek to identify markets where we believe we can provide cost and operational advantages to our clients and distinguish ourselves from other competitors.

Though, as on the date of this Prospectus, we have not identified any particular strategic alliance for this purpose, such association will enable us to leverage our strength in defence ESDM sector to expand our presence in those geographies. In order to expand our operations, we continue to identify strategic partners whose resources, capabilities and strategies are complementary to and are likely to enhance our business operations in such regions.

### ***Continue to grow our overall market share by leveraging our presence in existing business verticals***

The aim of market penetration is to effectively use the product, enter the market as quickly as possible and seize a large market share. In order to penetrate the market, we are leveraging already designed and developed technologies to increase the sale of strategic projects for the customers. We will continue to focus on improving our market share across all our business verticals.

We will continue to leverage our service offerings to develop an in-depth understanding of how industries are structured and operate, key trends within the industries and how companies are affected by these trends, and how companies can create or diminish value. We intend to continue expanding our range of service offerings in order to increase business from our existing clients and acquire new clients. We strive to leverage our industry expertise and technology and business process skills to help clients discover and create new business models and, in many cases, transform entire business functions. We are well positioned to develop and implement new business models and operate critical business functions for our clients, based on the competencies we have

developed and our successful implementation of various projects. Further, Make in India, Indigenization, Strategic projects, Offset opportunities are some of the major drivers for our market penetration.

### ***Business Diversification***

We intend to diversify our services and solution categories into other industries or marketplaces. Although our focus has always been defence sub-systems / systems development and manufacturing including space, defence, aerospace, strategic electronics, we intend to develop technologies for railways, homeland security to expand our roots in non-defence sectors. We also intend to foray into emerging market like e vehicles. We are also planning to foray into missiles and other system integration including wiring harness. We intend to participate into growth opportunities arising out of the Digital India and the Make-in-India programs of the Indian Government. We intend to continuously identify and introduce new services and solution categories into other industries or marketplaces in order to diversify and de-risk our business profile and provide potential for further growth.

### **Our Business Segments**

We classify our business into the following six key segments, where we have Defence Avionic Systems, Defence –Aerospace Systems, Defence-Naval Systems, Satellite Space Systems, Homeland Security & Telematics and Transportation. Within these industry segments, we offer solutions to our customers across the product engineering life cycle ranging from product conceptualisation, design and engineering to prototype, sustenance and certification support services. We offer services in areas such as embedded systems, software engineering, manufacturing engineering, engineering application software, process industry, mechanical engineering, product lifecycle management, engineering analytics.

Our Company has expertise in development of ruggedized weapon system electronics, signal processing systems for sonar and radar, on board instrumentation system for missile applications, high speed satellite and missile telemetry, automated test equipment, on-board electronics for under water missiles, electronic warfare signal processing systems for ground defence and under water defence, decoying systems, rudder controls for ship borne application, ground support equipment for missile and satellite checkout applications, high speed data acquisition systems, actuator controllers.

The systems range from subsystems which are part of major system to integrate turnkey systems which consist of Electronic hardware and associated software along with application software as an engineered ruggedized system meant for harsh environments

Our services across our business segments can be classified broadly into the following categories:

**Defence Avionic Systems:** We offer Avionic Systems which are integrated in Aircrafts or UAV. The Avionic systems are safety critical equipment as it involves human involvement in driving the vehicle in airspace. Hence the qualification levels are very stringent for both On-Board as well as ground support equipment. The systems supplied are approved by quality assurance agencies like CEMILAC and CRE-CRI. We are an approved company to undertake Avionic system designs. The solutions which we have offered till date for Avionics applications are PCM Encoder and Decoder, Gimbal Payload Electronics, Spread Spectrum Modem.

**Defence –Aerospace Systems:** We offer On-Board Weapon System Electronics solutions and Ground Checkout and Launcher Controller Systems for Missile System requirements. The qualification requirements of weapon system electronics vary for different types of missiles. The On-Board solutions offered by us include On-Board Computer, Missile Interface Unit, Seeker Signal Processor, RPF-DSP, Actuator Controller for Missile Fins, Integrated Avionics Modules, PCM Encoder and many more. The ground support equipment solutions offered by us include Launcher Interface Unit, Missile Launcher Command System, Ethernet Controller, Platform Levelling & Launcher Controller to name a few.

**Defence-Naval Systems:** We offer On-Board Weapon system electronics and Ground Support Systems for Under Water Missiles (Torpedoes), Anti Torpedo Decoys and Jammers, Submarines and Ships. The On-Board solutions offered by us include On-Board Computer, System Manager Card, Five Processor DSP Board, Gyro Actuation Interface Box, Homming System, Front End Cage Electronics, SPU Section, Instrumentation Section, Signal Analyzer Card, Indigo Modules, Abhay Transmitter System, Turret Control System, Turret Power Systems to name a few.

**Satellite Space Systems:** We offer Ground Checkout Systems and Earth Station acquisition systems for Space applications. Our solutions are configured for communication and other satellite programmes. The solutions offered by us are Frame Synchronizer, Bit Synchronizer, Payload Checkout System, Data Simulator and similar ground support equipment.

**Homeland Security & Telematics:** We offer telematic and integrated surveillance systems like GPS based vehicle tracking system, integrated surveillance systems consisting of CCTV and boom barriers. We have developed live tracking solutions for cargo carriers and transport vehicles and for effective productivity monitoring for Ore Mining companies. Our focus on this sector is only for deployment of systems which can withstand harsh environmental conditions, as our core expertise supply of defence systems which can withstand harsh environmental conditions.

**Transportation:** In Transportation sector, we have worked on solutions related to telematics, data handling systems and automotive electronics. Our solutions are configured for Indian railways for applications such as Coach Guidance Display Systems, Tyre Pressure Monitoring Systems for Off Road vehicles such as Dumpers in mining, Token Display System, Arrival/ Departure Information Display System, Destination Display Boards, Advertising Displays, Station Announcement Systems (Digital Tape Recorder).

### **Business Life Cycle:**

The business life cycle of our Company can be broadly classified in three stages:



#### **Business Acquisition:**

This encompasses -

##### ➤ **Lead Generation**

Lead is generated through various direct and indirect marketing strategies, such as web surfing, existing contacts, cold calls, newspapers, tenders (proprietary tender, open tender, limited tender, global tender), repeat business from existing customers.

We get direct opportunities from various Private System Integrators for the project specific solutions which are developed and qualified with end customers, as System Integrators approach is to integrate solutions which are proven and recommended by end customers. We are an approved vendor in DRDO and we also get Limited tender opportunities based on our technical capabilities and previous track record. Our Business Development Group markets our technical capabilities to source such opportunities. Customers publish expression of interest before tendering to pre-qualify the vendors, and we participate in such opportunities as well. We also work closely with many large scale system integrators in submission of proposal for integration of electronic controllers and signal processing systems which are our core expertise and we have proven solutions in these technologies, which give us an edge over the competitors.

We have also appointed consultant on retainer ship basis to source projects from international customers which are on case to case basis, this arrangement is to reduce the marketing overheads on international arrangements as the lead generation in defence systems is lengthy process.

##### ➤ **Prospect qualification & submission of proposal**

Business Development functionaries make calls on the prospective customers and collect basic information about the requirements. The prospected requirements are discussed with technical team about the feasibility of the lead. On ascertaining the feasibility of the lead, a detailed requirement gathering is done for submission of technical presentation/ proposal. The qualified prospect could be a cold call generated requirement or tendered requirement.

Our business is project-specific as solutions are custom built. Hence, we cannot quantitatively assess our available capacity to any uniform measure. However, we pre-qualify the lead before bidding is done. We believe that our dedicated tendering team enables us to streamline our bidding processes while effectively managing our current and future resource allocation.

In case of limited and proprietary tenders we become directly eligible by which we get direct tenders based on our capabilities and proven criteria. The opportunities which come through open and global tenders specify the criteria and we only bid for such opportunities for which we are eligible. Proprietary tenders are repeat business from existing customers.

A tender notice inviting bids may either involve pre-qualification, or short-listing of suppliers, or a post-qualification process. In a pre-qualification or short listing process, the customer stipulates technical and financial eligibility criteria to be met by the potential applicants. Pre-qualification applications generally require us to submit details about, inter alia, our organizational set-up, financial parameters (such as turnover, net worth and profit and loss history), employee information, plant and equipment owned, portfolio of executed and ongoing projects and details in respect of litigations and arbitrations in which we are involved. In selecting contractors for major projects, customers generally limit the issue of tenders to contractors they have pre-qualified based on several criteria, including experience, technical ability and performance, reputation for quality and timely performance of projects, although the price competitiveness of the bid is often the primary selection criterion. Wherever required, our representatives attend the pre-bid meetings convened by the customers, during which we raise any queries or requests for amendments to certain conditions of the proposed contract. Any ambiguities or inconsistencies in the document issued by the customer are brought to the attention of the customer for further clarification. Post which a detailed presentation/proposal is made covering, functional scope in terms of hardware and software, previous case studies, and delivery plan including commercial proposal.

#### ➤ **Technical Evaluation & Negotiation Stage**

After submitting the proposal (tender / enquiry), on request of the tenderer, AMS will nominate its technical representatives for Technical Evaluation. In case of critical technologies the technical evaluation involves presentation of design approach and simulation results to get shortlisted for next stage called price bid opening stage. Our technical team is competent enough to handle this stage at ease by virtue of repository of design database maintained by them to be prepared for such technical evaluation stage. In fact this evaluation criteria is pre-qualified within the company before bidding itself and adequate care is taken to address the technical evaluation stage. The set of technologies which are developed and proven are presented along with project specific technology requirement, its expected results, challenges to be encountered and critical path in designs are well presented to get qualified at this stage.

Upon qualifying in Technical evaluation, the customers shall conduct price bid opening stage in which if we are L1, commercial negotiation for procurement of the items is done with our nominated representative who carries out this stage in consultation with Whole time Director(Operations).

#### ➤ **Contract sign off/ Receipt of Purchase Order**

Upon receipt of Purchase Order the Business Development Team reviews the contract. Any deviation in agreed terms during negotiation is escalated to customer for necessary corrections. After internal review, order acceptance is communicated to customer and Project Initiation Note (PIN) is generated for Project implementation in consultation with Whole time Director (Technical).

### **Project Implementation**

#### ➤ **Project Initiation**

The process starts when the Project Manager receives the PIN which specifies the project name and quality objectives for the project. It also provides the details such as project name and number, customer name, reference of contract or customer purchase order number, project due date and major deliverables.



### ➤ **Resource Identification and Planning**

The Project leader along with Project Manager identifies the resource requirements in terms of manpower, hardware and software, test equipment etc. based on the contractual requirements, Technical skill sets will be identified and allocated.

### ➤ **Project Management Plan**

Project Management Plan comprises of Project Time Schedules, Milestones, documents to be prepared, resource allocation matrix.

### ➤ **Design Implementation**

The allocated team undertakes the design implementation along with all stake holders who are nominated in project management plan. The Design implementation involves teams from Embedded Hardware Design, Software Design, Engineering Design along with assembly and machining team. Core team remains with the project until its final delivery and rest of team are deputed on need basis who bring in their expertise in design implementation phase. This phase involves close interaction with customer and various intermittent stages in building a prototype. This stage also includes the prototype building and final deliverable units testing and qualification.

### ➤ **Procurement Action**

PM coordinates with PL for preparation of BOM (Bill of Material). As soon as the BOM is ready, action will be initiated for procurement of required components and material. Priority is accorded for long lead items during design stage itself. This stage is a parallel stage to Design implementation stage.

### ➤ **Project Documentation**

PM coordinates with PL, to prepare necessary documents as listed in project management plan. The project documentation is a vital parallel stage as the qualification and testing by third party qualification agency nominated by customer is done based on these documents.

### ➤ **Test and Evaluation**

PM in association with PL will arrange test and evaluation of equipment/products developed under the project. Customer's representative along with third party qualification agency representative will be present on continual basis during this stage. We have entire ESS test facilities in house and some of the Qualification tests like EMC-EMI which are done batch wise or one unit is outsourced on case to case basis.

### **Delivery & Post Delivery**

After successfully conducting factory evaluation tests (FAT's), the project will be delivered to customer. Customer is informed before the proposed delivery so that he will be able to take necessary actions at his end such as site preparation etc. After delivery customer carries out integration testing which are once again FAT's for an integrated system and our team participates in such testing and support for smooth integration of the system. This is equally an important stage as technical challenges are encountered in this stage, which are addressed for clearance of Integrated FAT's.

The Systems carries warranty and maintenance for all On-Board systems of aerospace requirements the support is continual upto integration and trials and once trials are complete the system is fire and forget. In case of Ground Support Equipment (GSE), warranty and support is extended and post warranty annual maintenance contract or refurbishment contracts are secured for which a dedicated support team extends the support of the system. The reliability of the system is vital to upkeep the working of the systems and the same is addressed during design stage.

### **Our Order Book**

Our order book, as of any particular date, consists of the value of unexecuted portions of our outstanding orders, that is, the total contract value of the existing contracts secured by us, minus any revenue already recognised by

the Company until the date of such order book (“Order Book”). As on November 25, 2017, our total Order Book is ₹ 9,750.11 lacs excluding GST.

The revenue generated from our top 5 customers for the periods indicated below are as follows:

Particulars	March 31, 2015	March 31, 2016	March 31, 2017	September 30, 2017
Revenue from top 5 customers	42.81%	35.09%	30.84%	63.80%

We confirm that there is no direct / indirect relationship between the above mentioned entities and our company or our promoter / directors.

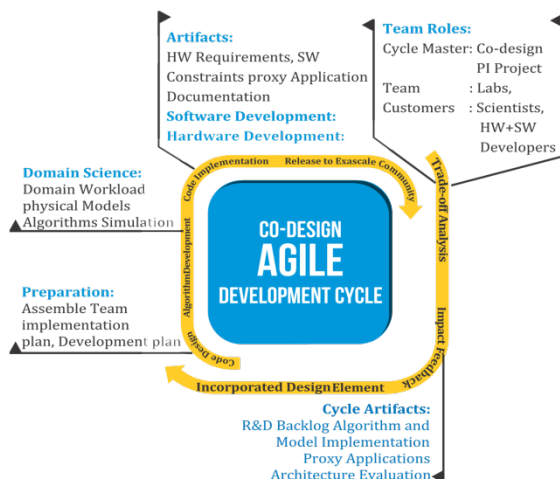
## Research & Development

We have a strong R&D team of 56 engineers with core competencies in development of Embedded Hardware and Software along with engineering designs team. We build customized solutions for customers around a proven Hardware and Software IP. We have a huge repository of re-usable “building blocks” of hardware as well as software, which enables us to customize solutions for our customers with proven logics and time to market.

Our hardware designs team has extensive industry experience and expertise in designing hardware and software; including packaging of electronic hardware for various verticals. Our competent board design and engineering practices makes us a unique choice for our customers. We have immense working knowledge and various controllers, processors, DSP’s (Digital Signal Processors), FPGA’s (Field Programmable Gate Arrays) etc. Our Company is a leading service provider in board design for the ADS (Aerospace, Defence and Space) markets. The broad spectrum of experience which we have built over a period enables us to offer end to end solutions as a composite package, “All under One Roof”.

We have built our leadership team to include personnel with experience in Embedded systems, FPGA designs, embedded software, power electronics, control systems, application software, high-speed PCB designs, thermal and mechanical design, product management, quality and test engineering and reliability engineering working on strategic and cutting edge technologies.

Our in-house R&D centre, is CEMILAC certified to develop Airworthiness systems. Our R&D team has a unique expertise working on varied verticals of market viz., Aerospace, Avionics, Space, Naval, Automotive for On-Board Systems and Ground Support Equipment.



Our development team follows agile development cycle with co-design of Hardware, Software & Engineering designs. With Agile, both hardware and software features are broken down into smaller chunks – only the methodology is a bit different for each. Once software is working, it can be deployed either on any available hardware “modules”, or in a test or simulation environment. This allows the early identification and fixing of race issues and bugs that arise, and reduces the amount of “fixing” and lengthy hours reworking that must occur during late integration

The repository of knowledge base available with our Company includes Hardware IP of proven designs, Software IP in terms of Device Drivers, Verilog Codes, protocol software’s, application software, BSP’s etc.

Electronic Hardware Design team, Software team, engineering team work closely in realizing engineered model which can withstand harsh environmental conditions specified in the project requirements.

There are various stages involved in research and development



## Research and Development Process

### Software:

Software design services include development of embedded application software and Graphical User Interface in popular RTOS like RT Linux, Vx works, PSOS, Wince, QNX. Porting and verification of embedded application on any controller or processor based systems. Device Driver Development, Firmware Development, Protocol and Stack Development, IP Core Development, Data base development in SQL server or Oracle.

The operating system we work on depends on the requirement of the customer as these are custom built systems and we source the software license from customer during the development phase.

Our software team has expertise working on Avionics Protocols viz., 1553B, ARINC 429, Automotive Protocols viz., CAN Bus. We also work on protocols such as Ethernet, MODBUS, and SCRAMNET etc. We develop interface drivers and software for ISA, PCI, PCI-X, PCIe, cPCI, VME, VME64X, VXI in 32 bit and 64bit architecture.

### Hardware products

The key stages of the hardware product Research & Development process for a typical, Military and Industrial Electronics Hardware development process can be outlined as under.

Electronic Hardware development is different from software development. Consumer electronics, while often including integrated firmware and cloud based and/or mobile software, is especially not like a pure software product. There are several key stages involved in hardware designs which leads to longer time cycles.

### Long lead times in designing a subassembly.

- A subassembly with multiple parts that fit together in intricate ways need to be designed together – the more “designed” the product, the greater the packaging challenge from a physical standpoint and the longer it takes to complete the detailed design.
- Therefore it is very hard to “complete” the detailed design of any one part until the entire subassembly is designed. Even the most carefully designed part could need to change at the last minute to accommodate assembly considerations as the subassembly is being finalized.

### Long lead times in procuring custom parts.

- Agile methodology, practiced properly, can yield working software at all times, and key milestones in 2 or 3 week sprints (definitely no more than 4 weeks).
- For hardware, the elapsed times to procure custom parts can run much longer than that. Rapid prototyping itself takes 10-12 weeks. But if you need a complex 3D metal part made (such as custom gearbox housing), the machining lead times can run from 4-6 weeks. Cable harness lead times are generally in the 2-4 week range. PCB procurement run 1-3 weeks at prototype quantities of simple PCB's and upto 8 Weeks for multilayered complex MIL Standard PCB's. Production lead times are usually even longer.

### **Sequential phases resulting in longer elapsed times from start to finish.**

- While a lot of engineering tasks can be parallelized, at the end of the day, each prototyping phase is complete when the entire product is assembled, debugged, and “brought up” to yield a functional prototype.
- The functional prototype supports both engineering testing and user testing, neither of which can be done until the prototype is complete – resulting in a sequential schedule and timeline.
- The results of engineering and user testing provide input into the next phase, causing another cross dependency.

### **System integration takes longer timelines**

- With pure software products, as long as the software design is rigorously conducted prior to writing code, once the design is done and APIs are defined and documented, developers can write code and test code in parallel based on the agreed upon APIs between modules. Integration will still take time, but a lot of the legwork is done prior to that point, so the elapsed time can be shorter.
- For hardware products with software running on board, no matter how much care is put into system architecture and design, unexpected side effects come up when each prototype is assembled and tested for the first time. Like integration of Device Drivers with application software vis-a-vis Board Support Package, Kernel Level integration and end application definition along with integration of developed system with third party system brings in much more challenges. Unfortunately, these side effects won't show up when you test modules in isolation – only when the entire product is fully assembled. This is where the length of experience in the leadership who are involved in the designs comes handy along with their domain expertise to handle integration for the application which is a key strength of our company.
- For this reason, system integration for hardware/software products is usually measured in weeks (for simple products) or months (for highly complex products).

### **High level of capital investment required in tooling, requiring careful due diligence.**

- Unlike software projects, there is usually a high level of non-recurring engineering cost (NRE) in designing and developing the hardware product itself, and the cost and lead time for procuring prototypes and pre-production builds at each stage of the game. You can use rapid prototyping techniques to iterate your design quickly in the early prototyping phases, up to a point. But at some point you have to lock and load and invest in tooling.
- The tooling cost is a function of the complexity of the product, the number of custom parts that require custom tools, test jigs, fixtures, the processes used to make these custom parts, and the projected volume.

### **Various phases in Research and Development**

#### **Research & Design Phase:**

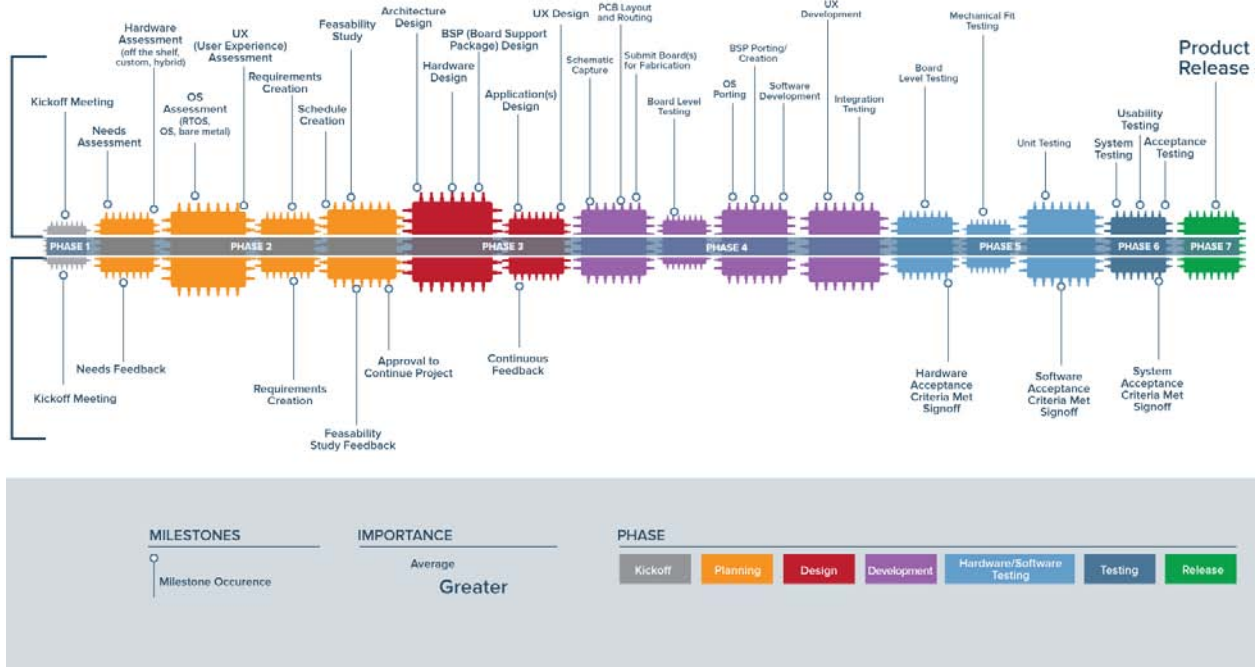
Every program starts with a light bulb moment. In Research Phase significant time and efforts are invested in understanding the complexity of the solution and marketability in the market. Our company works on existing challenges in the markets that we address and we do not work in doing marketability research.

Design Research is done on the idea/concept in terms of new technology or upgradation of technology to meet advanced technology requirements. The research activity involves simulation and algorithm designs in obtaining results which impact the design phase.

#### **Development Phase:**

In this phase, the technical team constructs a series of quick engineering prototypes. The objective of these prototypes is to prove the efficacy of the science and technology behind the idea. The Co-development methods are adapted in development phase to build prototypes and manufacturable systems.

Firmware is dependent on having a custom embedded platform. The systems that we develop are based on the existing architectures that we have already developed for some other customers and target platforms are usually available with the teams until new system prototype is assembled. This reduces development cycle as agile model. Once the final prototype is developed the developed firmware is ported and tested once again. A typical hardware development process is outlined in the picture below.



There is a coordinated effort for industrial design, mechanical, embedded engineering (PCB, cable harness development, firmware development) and software engineering to work together to create a fully integrated system. It is critical to incorporate design for manufacturing (DFM) thinking into the engineering development work at this phase as First time right designs. This is vital owing to the normal timelines of the project.

For enclosures, it may involve machining. For PCBs there are a lot of quick turn PCB fabrication services who can create a small run SMT board for a fee. Cable harnesses are usually produced using prototyping techniques as well.

Design review at the conclusion of Development Phase is done which includes software review, timing review of the software response which also depends on the hardware design and overall system engineering review. Any findings from the assembly process, as well as product research in the field and in the lab are integrated to help generate a short list of things to tweak / change in Qualification Phase.

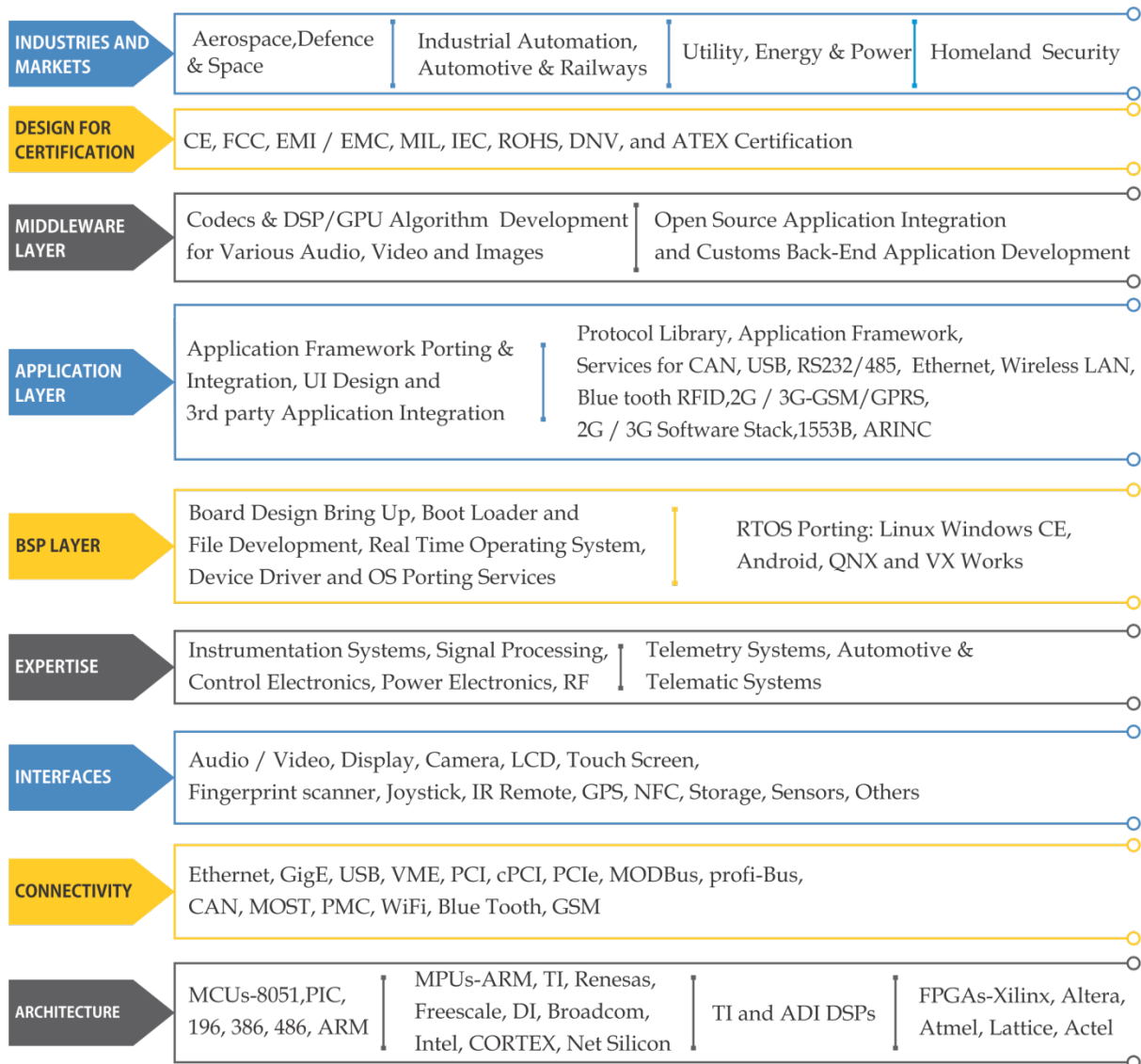
### Qualification Phase:

Every system produced is subjected to qualification. Solution engineering and Design for manufacturing are critical in Defence Electronics compared to commercial electronic systems. Every component of the produced system is subjected to quality checks and every stage of assembly and manufacturing involves quality checks and inspection both in house and also by external nominated agency by the customer.

There is no batch qualification, every system is subjected to qualification and hence the defence system assembly and qualification cycle are very long and stringent in nature. The stringency levels are also based on the end application like On-Board or Ground Support equipment. On-Board Systems for Avionics are more stringent being safety critical in nature. Our Design team is CEMILAC Certified to Design and Develop Airworthy products one of the prestigious certifications in this Industry.

The engineering sustenance and reliability of the systems is key for ground support equipment. The assembly and manufacturing phase is treated as Qualification Phase as every system is an engineered tested system and is not a general manufacturable item in mass, it involves expertise at every stage.

## Embedded System Development & Engineering Expertise Matrix



Our Design team has expertise on varied technologies and target processors and controllers, operating systems and interface designs. A detailed matrix of our expertise is mentioned in above table.

### Customers

We design, develop and sell high-performance, mission and time critical solutions to Defence, Space and Home Land Security for Ministry of Defence, government controlled public sector undertakings and private sectors. We are certified company to carry out Airworthy designs by CEMILAC (Centre for Military Airworthiness), we are registered vendor of DRDO and Defence public sector undertakings and other public sector undertakings. We are collaborative R&D partner for Bharat Electronics Limited in Embedded Hardware Designs, Embedded Software Designs, IP Cores for FPGA & DSP (Radar, SONAR and image). We are an identified production service provider for Bharat Electronics Limited in the areas of Electronic Manufacturing Facilities and Mechanical Precision Machining Facilities.

### Quality assurance and quality control (“QA/QC”):

We believe that process quality assurance and product quality control are essential for client satisfaction and for sustainable and profitable growth of our Company. We have received an ISO 9001: 2015 certified for our quality management system. Further, our R&D team and facility is approved by CEMILAC for development of

airworthy solutions. We have established design, development and testing infrastructure in-house, which helps us monitor our quality management. Our systems undergo stringent quality approvals right from procurement of raw material to final inspection and testing. We have built an exclusive team in quality management which constantly trains the team in quality systems procedure.

As our systems being multi-disciplinary in nature, we train the technicians as quality inspector in maker, checker concept and the QA team will handle the final inspection in sub-assembly and assembly level inspections. Our QA team adapts constantly to the requirements of the customer owing to the nature of the requirements and deployment of requirements. The QA procedure varies in terms of compliance and documentation for Naval, Avionics, Aerospace (Missiles) etc. within that either ground support or On-Board Systems. The requirements specific to customer requirement will either be specified in tender document or in purchase order or during the course of preparation of QA document specific to the system, which is compiled by the production team.

### **Raw material**

Raw Material used by us can be broadly classified into Electrical Components, Electronics Components, Mechanical Components, Solvents Viz., conformal coating material, isopropyl for cleaning or protection of electronic assemblies. Electronic Components viz., Integrated Circuits, Resistors, Capacitors, switches, relays, DC-DC converters, EMI Filters, Connectors, Printed Circuit Boards, Transformers, PTFE Cables, Copper Slugs, Aluminum Bars, Aluminum Blocks, Aluminum Sheets in different shapes and sizes. ESD safe material such as gloves, tips, ESD covers, potting material, brushes, bins, Stationary etc.

We procure raw materials from domestic and international vendors located at Singapore, Taiwan, USA, Germany, UK, Israel, Ireland, Canada, or through their Indian agents. We optimize the procurement based on consolidated purchase requirements of the projects on hand and projects envisaged to ensure that the cost of procurement and inventory levels are maintained and also ensure that the material is available in time.

The Contribution of our top 5 suppliers to the total purchases for the periods indicated below are as follows:

<b>Particulars</b>	<b>March 31, 2015</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>September 30, 2017</b>
Contribution of top 5 suppliers to the total purchases	17.98%	31.16%	53.96%	53.83%

### **Information technology**

We use information technology systems to enhance our performance and efficiency. We are in the process of implementing Enterprise Resource Planning (ERP) software across various business functions in our Company to integrate systems amongst our departments including procurement, dispatch and accounting. We also have backup support for all systems, and all of our data is protected by security measures. These measures helps us in maximizing our server utilization and in decreasing the operational costs.

### **Competition**

We operate in a competitive industry where the key factors of competition primarily comprise quality, cost and time of delivery. Some of our competitors include names like Bharat Electronics Limited, Astra Microwave Products Limited, Centum Electronics Limited, Datta Patterns India Private Limited, Ananth Technology Private Limited etc. Should we fail to either compete with our competitors or maintain our competitive advantages, our operations could be adversely affected. Any increase in competition can adversely affect our market share, which may lead to price reductions. Any of these events could have a material adverse effect on our financial condition, results of operations and prospects. We believe that our wide experience, accredited manufacturing facility coupled with, marketing initiatives, use of advanced technology, management of resources and scale of operations along with matured technologies already approved provides us with competitive advantages.

### **Intellectual Property**

We have applied for registration of our corporate logo, with the Trade Marks Registry at Chennai, for registration under various classes under the Trademark Rules, 2002. The application is currently pending

registration. See “*Risk Factors –The trademark being used by us for our business are not registered and our inability to obtain this registration may adversely affect our competitive business position. Our inability to protect or use our intellectual property rights may adversely affect our business*” on page 18 of this Prospectus.

## Human Resources

As on September 30, 2017 we have 186 permanent employees on the payroll of our Company. Remuneration to our permanent employees comprises a fixed component as well as variable pay. Variable pay consists of direct incentives and shared incentives. Our direct and shared incentives are linked to performance targets being achieved by employees. We have an annual performance appraisal system for all employees. Annual increments are awarded only for employees who meet minimum performance standards in their job.

None of our employees is represented by a union or covered by a collective bargaining agreement. Further, as of the date of this Prospectus, we have not experienced any work stoppages and believe our employee relations are good.

The following table sets forth the break-up as of September 30, 2017

S. No.	Departments	No. of employees
1.	Research and Development	74
2.	Operations and Production	71
3.	Procurement and inventory management	5
4.	Sales, service and marketing	15
5.	Finance, accounts and administration	21
<b>TOTAL</b>		<b>186</b>

The frequency distribution for salaries paid to the employees as on September 30, 2017 is as follows:

S.No	Slab	No. of Employees
1	250000	107
2	250000 to 500000	70
3	500000 to 1000000	5
4	1000000 +	4
		<b>186</b>

## Insurance

Our operations are subject to various risks inherent in the ESDM industry as well as fire, earthquake, flood, acts of terrorism and other force majeure events. Our insurance cover includes, among others, standard fire and special perils policy and motor goods carrying vehicle policy. In addition to the aforesaid, we have availed a group accident policy and a group gratuity policy to insure the employees of our Company.

We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. Our policies are subject to standard limitations and, in the case of business interruption insurance, among other things, limitations apply with respect to the length of the interruption covered and the maximum amount that can be claimed. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. See “*Risk Factors –Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, financial condition and results of operations*” on page 18 of this Prospectus.

## Manufacturing Facility and Other Properties

Our Company’s manufacturing facility and registered office is situated at Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad,– 500 076, Telangana, India. Our manufacturing unit is well equipped with modern quality checking and testing equipment’s for quality assurance. Our manufacturing facility is equipped with Precision Machining Facility for Mechanical Fabrication, State of the art SMT Line for Large scale PCB assembly, Climatic Chambers for Hot and Cold simulation on Electronics, Vibration Facility, Inspection systems like X-Ray Inspection system; Digital Scopes; Gauges; etc.



In addition to our operational facilities, we also have one sales office located at 606, Shakuntala Building, 59, Nehru Place, New Delhi – 110 019, Delhi, India and have one flat, having built up area of 1200 sft, located at A-2, 402, Third Floor, Green City Homes, Tunlam Village, Gajuvaka, Visakhapatnam to facilitate the staff movement, undertake liaisoning and integration activities.

### **Legal Proceedings**

For details on the outstanding litigation against our Company, our Directors and our Promoter, see “*Outstanding Litigation and Material Developments*” on page 246 of this Prospectus.

## KEY REGULATIONS AND POLICIES

*The following is an overview of the important laws, regulations and policies which are relevant to our business in India. The description of law, regulations and policies set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.*

*Except as otherwise specified in this Prospectus, taxation statutes such as the Income Tax Act, 1961 and Central Sales Tax Act, 1956, various labour laws and other miscellaneous laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

### ***Information Technology Act, 2000***

The Information Technology Act, 2000 is an act which deals with cybercrime and electronic commerce. The main objective of the act is (i) to give legal recognition to any transaction which is done by electronic way or use of internet (ii) to give legal recognition to digital signature for accepting any agreement via computer (iii) to provide facility of filing document online relating to school admission or registration in employment exchange, (iv) any company can store their data in electronic storage (v) to stop computer crime and protect privacy of internet users (vi) to give legal recognition for keeping books of accounts by bankers and other companies in electronic form (vii) to make more power to Indian Penal Code, Reserve Bank of India and Indian Evident Act for restricting electronic crime. The scope of the Act is (i) it is not applicable on the attestation for creating trust via electronic way, physical attestation is must (ii) it is not applicable on the attestation for making will of anybody, physical attestation by two witness is must (iii) it is not applicable in a contract of sale of any immovable property (iv) Attestation for giving power of attorney of property is not possible via electronic record

A major amendment was made in 2008. It introduced the Section 66A which penalized sending of "offensive messages". It also introduced the Section 69, which gave authorities the power of "interception or monitoring or decryption of any information through any computer resource". It also introduced penalties for child porn, cyber terrorism and voyeurism

### ***Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011***

The rules includes the sensitive personal data or information which are listed under the rules but it doesn't include any information that is freely available or accessible in public domain or furnished under the Right to Information Act, 2005 or any other law for the time being in force as they are not regarded as sensitive personal data or information. Under the rules the body corporate or any person who on behalf of body corporate collects, receives, possess, stores, deals or handle information of provider of information, shall provide a privacy policy for handling of or dealing in personal information including sensitive personal data or information. Such policy shall be published on website of body corporate or any person on its behalf and shall provide for (i) Clear and easily accessible statements of its practices and policies (ii) type of personal or sensitive personal data or information collected under rule 3 of this rules (iii) purpose of collection and usage of such information (iv) disclosure of information including sensitive personal data or information as provided in rule 6 of this rules (v) reasonable security practices and procedures as provided under rule 8 of this rules.

Rules also provide for the manner in which the information should be collected by body corporate or any other person. Disclosure of sensitive personal data or information by body corporate or any other person to any third party requires prior permission from the provider of such information provided that the information can be shared without obtaining prior consent from provider of the information with the Government agencies. Body corporate or any person on its behalf may transfer sensitive personal data or information and may be allowed only if it is necessary for the performance of the lawful contract between the body corporate or any person on its behalf and provider of information or where such person has consented data transfer

The rules also prescribe certain reasonable security practices and procedures which the body corporate or its person behalf shall have to comply with.

### ***Micro, Small and Medium Enterprises Development Act, 2006***

The Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act”) is an act to provide for facilitating the promotion, development and enhancing the competitiveness of micro, small and medium enterprises. Any person who intends to establish micro, small or medium enterprise shall file industrial entrepreneur memorandum (IEM) with the authority under section 8 of MSMED Act. After filing IEM to Government of India, it gives acknowledgment receipt in part I to the applicant and informs the Directorate of Industries. The acknowledgement receipt in part I is valid for 2 years and thereafter, immediately after commencement of commercial production, part B has to be filed.

### ***The Industries (Development and Regulation) Act, 1951***

The Industries (Development and Regulation) Act, 1951 (“**Industries Regulation Act**”) is an act which governs the development and regulation of industries in India. The main objectives of the Industries Regulation Act is to empower the Government:- (i) to take necessary steps for the development of industries; (ii) to regulate the pattern and direction of industrial development; (iii) to control the activities, performance and results of industrial undertakings in the public interest. The Industries Regulation Act applies to the 'Scheduled Industries' listed in the First Schedule of the Act. However, small scale industrial undertakings and ancillary units are exempted from the provisions of the Industries Regulation Act.

The Industries Regulation Act is administered by the Ministry of Industries & Commerce through its Department of Industrial Policy & Promotion (“**DIPP**”). The DIPP is responsible for formulation and implementation of promotional and developmental measures for growth of the industrial sector. It monitors the industrial growth and production, in general, and selected industrial sectors. Certain categories of industries require industrial licensing under the Industries Regulation Act. Such industries have to file an Industrial Entrepreneur Memoranda (“**IEM**”) with the Secretariat of Industrial Assistance (SIA), Department of Industrial Policy and Promotion to obtain an acknowledgement.

### ***Factories Act, 1948***

Factories Act, 1948 (“**Factories Act**”) regulates the provisions relating to labour in factories. The Factories Act defines a factory as any premises on which ten or more workers are employed or were employed on any day of the preceding twelve months and on which an electronic manufacturing process is carried on. Further, it also includes any premises on which twenty or more workers are employed or were employed on any day of the preceding twelve months and on which a manufacturing process is ordinarily carried on without the use of electricity. The applicant needs to submit the prior plans and obtain the approval of the respective State Government for the establishment, registration and licensing of factories. The provisions for the same are contained in the rules made by the respective State Governments. The Factories Act provides for provisions relating to health and safety, cleanliness and safe working conditions. Employment of women and children in the factories is prohibited under the Factories Act. Violations to any of the provisions of the Factories Act or the rules framed there under may lead to the imprisonment of the occupier or the manager of the factory for a term not exceeding two years and/or with a fine of ₹ 1,00,000 or both. If any continuing violation after conviction is observed, a fine of up to ₹ 1,000 per day of violation may be levied.

The Ministry of Labour and Employment proposes to amend the Factories Act, 1948 vide Office Memorandum dated June 5, 2014 wherein it is proposed to redefine the term “hazardous process” as a process in which a hazardous substance is used and the term “hazardous substance” would have the same meaning as assigned in the Environment Protection Act, 1986. An Occupier would now be required to take permission from the State Government for expansion of a factory within certain prescribed limits. Various safety precautions have been taken by the State Government to prevent persons to enter any confined space unless a written certificate has been given by a competent person and such person is wearing a suitable breathing apparatus. The occupier of a factory which is engaged in a hazardous process is required to inform the Chief Inspector within 30 days before the commencement of such process. An Inquiry Committee will be appointed by the Central Government to inquire into the standards of health and safety observed in the factory.

### ***Export Promotion Capital Goods Scheme (“The EPCG Scheme”)***

The EPCG Scheme provides that importers can benefit from reduced duties on the import of capital goods provided that they fulfil an export obligation to export a prescribed amount of their goods manufactured or services rendered (such amount being a multiple of the duty saved) within a specified period. Export obligations

can be fulfilled by physical exports or by way of “deemed exports”, which are transactions deemed to be exports.

#### ***The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952***

The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 (the “EPF Act”) applies to factories employing 20 or more employees and such other establishments and industrial undertakings as notified by the government from time to time. The EPF Act requires all such establishments to be registered with the Regional Provident Fund Commissioner and requires the employers and their employees to contribute in equal proportion to the employees’ provident fund, the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State Provident Fund Commissioner.

#### ***The Employees’ State Insurance Act, 1948***

The Employees’ State Insurance Act, 1948 (the “ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is required to register such factory or establishment under the ESI Act and maintain prescribed records and registers. Every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to ₹ 15,000 per month is entitled to be insured under the ESI Act.

#### ***The Foreign Exchange Management Act, 1999 (“FEMA”) and Regulations framed there under***

Foreign investment in India is governed primarily by the provisions of the FEMA, and the rules, regulations and notifications there under, as issued by the RBI from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion. The Department of Industrial Policy and Promotion (“DIPP”), Ministry of Commerce and Industry has issued ‘Consolidated FDI’ (“FDI Policy”) which consolidates the policy framework on Foreign Direct Investment (“FDI”), with effect from August 28, 2017.

Vide an office memorandum dated June 5, 2017 (“Office Memorandum”), issued by Ministry of Finance, Department of Economic Affairs the Government of India has abolished Foreign Investment Promotion Board (“FIPB”).

The RBI, in exercise of its power under the FEMA, has on November 7, 2017 notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 (“FEMA Regulations”) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for Foreign Direct Investment (“FDI”) under the “automatic route” within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the RBI. Foreign investment up to 100% is permitted in the Company under the automatic route. No approvals of the Administrative Ministries/Departments or the RBI are required for such allotment of equity Shares under this Issue. The Company will be required to make certain filings with the RBI after the completion of the Issue.

## **INTELLECTUAL PROPERTY LAWS**

#### ***National Intellectual Property Rights Policy, 2016***

The Union Cabinet has approved the National Intellectual Property Rights Policy (“IP Policy”) on May 12, 2016 which aims, among other things, to stimulate intellectual property creation and protection by Indian and foreign corporate, incentivize creation of IPRs in green technologies and manufacture of energy efficient equipment, encourage IPR generation for ICT technologies, cyber security and creation of design related IP rights. Furthermore, the IP Policy aims to commercialize IPR by exploring the feasibility of creation of an IPR exchange, facilitating access to databases on Indian intellectual property, enabling valuation of IP rights as intangible assets, facilitating securitization of IP rights and their use as collateral by creation of enabling legislative, administrative and market framework. Additionally, the policy aims at facilitating investments in IP driven industries and services through the proposed IP Exchanges. In addition to the domestic laws, India is a party to several international intellectual property related instruments including the Patent Co-operation Treaty,

1970, the Paris Convention for the Protection of Industrial Property, 1883, and as a member of the World Trade Organisation, India is a signatory to the TRIPS Agreement.

### ***Design Act, 2000***

The Design Act, which came into force in May 2001, along with the rules made there under consolidate and amend the law relating to protection of designs. A design refers to the features of shape, configuration, pattern, ornamentation or composition of lines or colours applied to any article, in two or three dimensional or both forms. In order to register a design, it must be new or original and must not be disclosed to the public anywhere in India or any other country by publication in tangible form or by use or in any other way prior to the filing date. A design should be significantly distinguishable from known designs or combination of known designs in order for it to be registered. A registered design is valid for a period of 10 years after which can be renewed for a second period of five years, before the expiration of the original period of 10 years. After such period the design is made available to the public by placing it in the public domain.

### ***The Trade Marks Act, 1999 and the rules made there under***

Indian trademark law permits the registration of trademarks for goods and services. The Trade Marks Act, 1999 (“Trademark Act”) governs the statutory protection of trademarks and for the prevention of the use of fraudulent marks in India. The right to use the mark can be exercised either by the registered proprietor or a registered user. An application for trademark registration may be made by individual or joint applicants and can be made on the basis of either use or intention to use a trademark in the future. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee. If not renewed after ten years, the mark lapses and the registration have to be restored. The Trademark (Amendment) Act, 2010 has been enacted by the government to amend the Trademark Act to enable Indian nationals as well as foreign nationals to secure simultaneous protection of trademark in other countries. It also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to align the law with international practice.

### ***The Patents Act, 1970***

The Patents Act, 1970 (“Patents Act”) governs the patent regime in India. Being a signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights, India is required to recognize product patents as well as process patents. In addition to broad requirement that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The Patents Act prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of the application for the patent.

### ***The Copyright Act, 1957***

Copyright laws serve to create property rights for certain kinds of intellectual property, generally called works of authorship. Copyright laws protect the legal rights of the creator of an ‘original work’ by preventing others from reproducing the work in any other way. Though the Indian Copyright Act provides for a procedure for registration of copyright, registration is not necessary for acquiring a copyright as it does not confer any special right except by registering it will serve as evidence of existence of the work on the date of registration. Copyright protection applies (i) only to the expression and not to the idea (ii) work originates from the author and is not a copied work (iii) work is represented in material form (iv) Copyright holders are deemed to consent to fair use of their work by others

The term of copyright is the lifetime of the author plus 60 years thereafter. There are some notable exceptions which are (i) Broadcasting organization has rights with respect to their broadcasts. The term of this right is 25 years from the beginning of the calendar year following the year in which the broadcast is made. (ii) Performers have some special rights in relation to their performance. These rights are for a period of 50 years from the beginning of the calendar year following the year of the first performance (iii) In case of posthumous publications, the rights stand for a period of 60 years after the publication. The creator of a work can prohibit anyone from (i) Reproducing the work in any form, such as print, sound, video etc (ii) Recording the work in compact disks, cassettes etc (iii) Broadcasting it in any form (iv) Translating it into other languages, and (v) Using the work for a public performance, such as a stage drama or musical performance if anyone does any of

the above act the copyright of the creator is said to have been infringed provided it is not done with the consent of the creator. If the right of the creator is infringed than the Copyright Act provides for both civil and criminal remedies for infringements of copyrights. On proving an infringement, the copyright owner is entitled to remedy by way of injunctions and order for seizure and destruction of infringing articles. The offending parties may also be asked to pay damages.

## **TAX RELATED LEGISLATIONS**

### ***Finance Act, 2017***

The Finance Act, 2017 received the assent of the President on March 31, 2017 and came into force on April 1, 2017 to give effect to the financial proposals of the Central Government for the financial year 2017-2018. The Finance Act contains necessary amendments in the direct taxes (e.g. income tax and wealth tax) and indirect taxes (e.g. excise duties, custom duties and service tax) signifying the policy decisions of the Union Government for the year 2017-2018. The act states that Income-tax shall be charged at the rates specified in Part I of the First Schedule.

The following is an indicative list of tax laws applicable to the business and operations of the Company:

- Income Tax Act, 1961 and Income Tax Rules, 1962 ;
- The Customs Act, 1962;
- The Central Excise Act, 1944;
- Central Excise Tariff Act, 1985;
- Customs Tariff Act, 1975;
- Taxation Laws (Amendment) Act, 2017

### ***Goods and Services Tax***

The Constitution (One Hundred and First Amendment) Act, 2016 which received presidential assent on September 8, 2016 paved the way for introduction of Goods & Services Tax (“**GST**”) by making Special provision with respect to goods and services tax. The Act grants both parliament and state legislature’s concurrent powers to make laws with respect to goods and services tax (GST) and demarcation of Taxation powers between Centre & States. The Government of India has on or about November, 2016 issued the Model GST Law which consists of the draft for the Act. Accordingly the following GST acts have been enacted:

- Central Goods and Services Tax Act, 2017 (“**CGST Act**”)
- Integrated Goods and Services Tax Act, 2017 (“**IGST Act**”)
- Union Territory Goods and Services Tax Act, 2017 (“**UTGST Act**”), and
- Goods and Services Tax (Compensation to States) Act, 2017

The Goods and Services Tax shall be levied on all supplies of goods and/or services at the rate specified in the Schedules to the Acts and collected in such manner as may be prescribed under the Acts. It is a destination based consumption tax meaning that tax shall accrue to the State or the Union Territory where the consumption takes place. It is a dual system wherein the Centre and States/ union Territories shall simultaneously levy tax on a common tax base. GST shall be payable by every taxable person in accordance with the provisions of the acts. The Levy of Goods and Service Tax has commenced from July 1, 2017.

### ***Tax on profession, trade, callings and employment***

Every person engaged in profession, trade, callings and employment is liable to pay tax at the rate prescribed. It is considered necessary to levy tax on profession, trade callings and employment in order to augment state revenues. Every state is empowered to make laws relating to levy of tax on profession, trade, callings and employment that shall serve as the governing provisions in that state.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on March 3, 1997 as “Apollo Micro Systems Private Limited”, a private limited company, under the Companies Act, 1956 with the certificate of incorporation issued by Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company was then converted into a public limited company on April 1, 2017 and subsequently the name of our Company was changed to “Apollo Micro Systems Limited” pursuant to a fresh certificate of incorporation consequent upon conversion issued by Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad. The corporate identification number of our Company is U72200TG1997PLC026556.

### Change in the registered office of our Company

The registered office of our Company was changed as follows:

Date of Change	Details of change	Reason for Change
April 3, 2017	The registered office of our Company was changed from Vaishnavi Complex, 1st Floor, Street No.6, Habsiguda, Hyderabad – 500 007, Telangana, India to Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad 500076, Telangana, India	For operational efficiency

### Amendments to the Memorandum of Association

The following amendments have been made to the Memorandum of Association of our Company, since incorporation:

Date of shareholder’s resolution	Nature of amendments
March 16, 1999*	<i>Increase in the authorized share capital of the Company from ₹ 1,00,000 divided into 10,000 equity shares of ₹ 10 each to ₹ 5,00,000 divided into 50,000 equity shares of ₹ 10 each</i>
March 31, 2006*	<i>Increase in the authorized share capital of the Company from ₹ 1,00,000 divided into 10,000 equity shares of ₹ 10 each to ₹ 50,00,000 divided into 5,00,000 equity shares of ₹ 10 each</i>
March 31, 2007	<i>Increase in the authorized share capital of the Company from ₹ 50,00,000 divided into 5,00,000 equity shares of ₹ 10 each to ₹ 1,00,00,000 divided into 10,00,000 equity shares of ₹ 10 each</i>
August 5, 2009	<i>Increase in the authorized share capital of the Company from ₹ 1,00,00,000 divided into 10,00,000 equity shares of ₹ 10 each to ₹ 1,75,00,000 divided into 17,50,000 equity shares of ₹ 10 each</i>
March 31, 2011	<i>Increase in the authorized share capital of the Company from ₹ 1,75,00,000 divided into 17,50,000 equity shares of ₹ 10 each to ₹ 3,00,00,000 divided into 30,00,000 equity shares of ₹ 10 each</i>
January 23, 2012	<i>Increase in the authorized share capital of the Company from ₹ 3,00,00,000 divided into 30,00,000 equity shares of ₹ 10 each to ₹ 10,00,00,000 divided into 1,00,00,000 equity shares of ₹ 10 each</i>
March 14, 2014	<i>Increase in the authorized share capital of the Company from ₹ 10,00,00,000 divided into 1,00,00,000 equity shares of ₹ 10 each to ₹ 14,00,00,000 divided into 1,40,00,000 equity shares of ₹ 10 each</i>
March 21, 2017	<i>Our Company was converted from private limited company to public limited company and subsequently the name was changed to “Apollo Microsystems Limited”</i>
April 12, 2017	<i>Increase in the authorized share capital of the Company from ₹ 14,00,00,000 divided into 1,40,00,000 equity shares of ₹ 10 each to ₹ 20,00,00,000 divided into 2,00,00,000 equity shares of ₹ 10 each</i>
August 26, 2017	<i>Increase in the authorized share capital of the Company from ₹ 20,00,00,000 divided into 2,00,00,000 equity shares of ₹ 10 each to ₹ 27,00,00,000 divided into 2,70,00,000 equity shares of ₹ 10 each</i>
	<i>Clause V was altered as follows –</i>

Date of shareholder's resolution	Nature of amendments
	<i>"V. The authorised share capital of the Company is ₹ 27,00,00,000 (Rupees twenty seven crores only) divided into 2,70,00,000 (two crore seventy lacs) equity shares of ₹ 10 each with a right to issue shares for consideration other than cash and to increase and reduce the capital and to divide or consolidate or cancel the shares in the capital for the time being into several classes and attach thereto respectively such rights and conditions in any manner the Board of Directors may deem fit from time to time"</i>

*\*Our authorised share capital was increased from ₹ 1,00,000 to ₹ 5,00,000 vide a resolution passed by the shareholders in EGM on March 16, 1999. However, we have been unable to trace the requisite form 5 filed with the RoC recording the increase in the authorised share capital in the year 1999. Thereafter, our authorised share capital was further increased from ₹ 5,00,000 to ₹ 50,00,000 on March 31, 2006. Further there is a discrepancy in form 5 filed for the year 2006 as it erroneously shows the increase in authorised share capital from ₹ 1,00,000 to ₹ 50,00,000 instead of ₹ 5,00,000 to ₹ 50,00,000. For further details see "Risk Factors – Some of our corporate records are not traceable in the records of the RoC and there are certain discrepancies in the records available with us" on page 18 of this Prospectus.*

## MAIN OBJECTS OF OUR COMPANY

The main objects of our Company are as follows:

- "To design, develop, assemble, manufacture, export, import, buy, sell, fit, repair, alter, maintain, improve and otherwise deal in all types of software, hi – tech systems, hardware and other electronic, electronic, mechanical and electro mechanical products."*
- To manufacture, buy, sell, import, export, conceive, advice, design, develop, prepare, modify, assemble, alter, repair, convert, overhaul, maintain, improve or otherwise deal in electronic systems, devices, methods, models and to conceive advice, develop, prepare, modify, maintain and improve software packages and programs for data processing, process control, control signalling and any other hi – tech processing, control system devises.*
- To establish and run data processing and to offer consultancy and other services that are normally offered by Engineers and to design, invent, prepare, own, make use of lease, sell or otherwise dispose of and generally to deal in all types of electronic devises."*

## Major Events and Milestones

The table below sets forth some of the key events, milestones in our history since its incorporation.

Year	Events
2000	First Indigenous Pay-Load Checkout System supplied to ISRO replacing Legacy Imported Systems
2004	Certificate of Quality System Assessment for design, development and manufacturing of electronic systems including hardware and software in conformity with ISO 9001 and Q9001:2000
2006	Supply of signal analyser cards to Naval Science and Technological Lab
2012	Certificate of conformity with ISO 9001:2008 for design, development and manufacturing of electronic systems including hardware and software Certificate of registration as vendor of scientific instruments with Defence Laboratory, Jodhpur
2013	Certificate of registration as vendor of electronics and control system with Defence Research and Development Organisation Certificate of registration as assembler, manufacturer, fabricator and serice contractor with Defence Electronics Research Lab, Ministry of Defence
2014	Certificate of registration as manufacturer with Naval Dockyard, Visakhapatnam Certificate of registration as approved vendor for supplier of mechanical power transmission equipment, metalworking machinery etc. with Research Centre IMARAT, Hyderabad
2015	Certificate for recognition of organizing National Level Vendor Development Programme Our Company reached a turnover of ₹ 100 crore



<b>Year</b>	<b>Events</b>
2016	Our Company got registered as a vendor of test equipment (outsourcing) with Hindustan Aeronautics Limited
	Our Company received management system certificate for conforming the quality management system standard ISO 9001: 2015 for design, development and manufacturing of electronic systems including hardware and software.
2017	Our Company received the design approval certificate from Centre for Military Airworthiness and Certification

### **Total Number of Shareholders**

The total number of shareholders of our Company is twenty four (24) as on the date of this Prospectus.

### **Other Details regarding our Company**

Details regarding the description of our Company's activities, services, products, market, growth, technology, managerial competence, standing with reference to prominent competitors, major suppliers, distributors and customers, segment, capacity/facility creation, capacity built-up, location of manufacturing facility, marketing and competition, please refer to the chapters titled "*Our Business*", "*Our Management*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" on pages 119, 146 and 219 respectively, of this Prospectus.

### **Injunction or Restraining Order**

Our Company is not operating under any injunction or restraining order.

### **Details regarding acquisition of business / undertakings, mergers, amalgamation**

No business acquisition, merger or amalgamation has been made by our Company since incorporation.

### **Raising of capital in the form of equity or debt**

Except as disclosed in the chapter titled "*Capital Structure*" on page 76 of this Prospectus, our Company has not raised any capital in the form of equity or debt.

### **Revaluation of assets**

Our Company has not revalued its assets since incorporation as on the date of this Prospectus.

### **Time and Cost Overrun**

Our Company has not experienced any significant time and cost overrun.

### **Changes in the activities of our Company during the last five years**

There has been no change in the activities of our Company during the last five years which may have had a material effect on the profit / loss account of our Company including discontinuance of line of business, loss of markets and similar factors.

### **Defaults or Rescheduling of Borrowings with Financial Institutions / Banks**

There are no defaults or rescheduling of borrowings from financial institutions or banks or conversion of loans into equity in relation to our Company.

### **Lock – out or Strikes**

There have been no lock – outs or strikes at the unit of our Company since inception.

## Holding Company

As on the date of this Prospectus, our Company does not have a holding company.

## Guarantees provided by our Promoter

Except as stated below our Promoter has not given any guarantees to third parties as of the date of filing this Prospectus –

Sr. No.	Details of the Guarantees given by our Promoter	Name of the Bank
1.	<ul style="list-style-type: none"><li>Cash Credit facility with sublimit of Working capital demand loan of ₹ 500 lacs with sublimit of ₹ 375 lacs</li><li>Letter of Credit with sublimit of Bank guarantee of ₹ 500 lacs with sub limit of ₹ 100 lacs</li></ul>	RBL Bank Limited
2.	<ul style="list-style-type: none"><li>Cash Credit facility with sublimit of FCNR (B) Account of ₹ 1,200 lacs</li><li>Letter of Credit with sublimit of Bank guarantee of ₹ 800 lacs</li><li>Derivatives of ₹ 200 lacs</li></ul>	ICICI Bank Limited
3.	<ul style="list-style-type: none"><li>Cash credit of ₹ 4,250 lacs</li><li>Term Loans of ₹ 1,760 lacs and ₹ 300 lacs</li><li>Letter of credit of ₹ 1,900 lacs</li><li>Bank guarantee of ₹ 1,750 lacs</li></ul>	State Bank of India

## Shareholders and Other Agreements

There are no shareholders or other material agreements entered into by us as on the date of this Prospectus.

## Material Agreements

Except as stated below, our Company has not entered into any material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by us or contract entered into more than two years before the filing of this Prospectus.

### ***Debenture Subscription Agreement dated May 29, 2017 entered between our Company, our Promoter, Ohm Commodity Broker Private Limited and Ohm Equity Solution India Private Limited (“Debenture Holders”)***

The Company maintains inventory of raw materials and components, work in progress and finished goods. The level of inventory increases the working capital needed to operate the business. The Company therefore due to its high working capital nature, requires continuous money to carry on its business. In the event of failure to furnish the bank guarantees for new contracts or satisfy the financial requirements prescribed by the banks / financial institutions, the Company will not be able to secure new contracts which could affect its business and operations. The Company has therefore entered into a debenture subscription agreement with Ohm Commodity Broker Private Limited and Ohm Equity Solution India Private Limited to meet the working capital requirements and general corporate purposes of the Company.

Our Company and our Promoter have entered into a debenture subscription agreement dated May 29, 2017 with the Debenture Holders by issuing 10,00,000 (ten lacs) unrated, unlisted, unsecured, compulsorily convertible debentures (“CCDs”) aggregating to ₹ 2,000 lacs on a private placement basis to meet the working capital requirements and general corporate purposes of our Company.

The CCDs have a maximum tenor of 10 years and shall rank *pari passu* with the existing equity shares of the Company upon conversion. The Debenture Holders have the right to convert the CCDs at least 1 day prior to filing the Red Herring Prospectus with the RoC or 3 weeks before opening the Issue whichever is earlier. The CCDs shall be converted at ₹ 200 per share or at 33% discount to the higher end of the Issue price per share, whichever is lower.

Further, in accordance with the terms of the agreement, the Company is required to make an initial public offering on or before May 31, 2018 or 12 months from the date of issuance of CCDs whichever is earlier pursuant to which the said equity shares shall be listed on BSE and NSE only. In the event of non – fulfillment of the above mentioned condition within the prescribed period, the Debenture Holders have the right to exit

thereby requiring the Promoter and our Company to purchase the CCDs, undertake the initial public offering of our Company or a secondary sale to an unrelated party with an extended time period of 18 months from the date of completion.

Further, in the event of non – materialization of the Issue within 12 months from the date of the allotment of CCDs, our Company and the Promoter shall provide an exit option to the Debenture Holders within 15 months from the date of allotment of the CCDs. If the Debenture Holders are unable to exit within 15 months from the date of allotment of CCDs, they can exercise the put option on our Company and the Promoter thereby requiring to us buy the CCDs at an IRR of 18% from the date of allotment of CCDs. In case of extension of the period beyond 15 months, 3% additional interest shall be applicable.

Further no other rights are given to OHM Commodity Broker Private Limited and OHM Equity Solution India Private Limited through the debenture subscription agreement and no other agreements have been entered into with them.

**10,00,000 CCDs have been converted into 10,00,000 Equity shares of ₹ 10/- each at a premium of ₹ 190/- per share on November 24, 2017.**

#### **Strategic and Financial Partners**

As on date of this Prospectus our Company does not have any strategic and financial partners.

#### **Our Subsidiary**

Our Company does not have any subsidiary as on the date of this Prospectus.

## OUR MANAGEMENT

### Our Board of Directors

Our Articles of Association require us to have not less than three (3) and not more than fifteen (15) Directors. As on date of this Prospectus, we have 6 (six) Directors on our Board, which includes 3 (three) Whole – time Directors, 1 (one) Non – Executive Director and 2 (two) Independent Directors (including one woman Director).

Set forth below are details regarding our Board as on the date of this Prospectus:

Name, Designation, Address, Occupation, DIN, Term and Nationality	Age (years)	Other Directorship
<b>Raghupathy Goud Theegala</b>	62	Nil
<b>Designation:</b> Chairman and Independent Director		
<b>Occupation:</b> Retired Government Servant		
<b>DIN:</b> 07785738		
<b>Address:</b> 1 – 8 – 506/55, Prakash Nagar, Near Registration Office, Begumpet, Hyderabad, 500016, Telangana, India		
<b>Term:</b> 5 years with effect from August 21, 2017 up to August 20, 2022		
<b>Nationality:</b> Indian		
<b>Karunakar Reddy Baddam</b>	55	1. Apollo Food & Beverages Private Limited
<b>Designation:</b> Managing Director		
<b>Occupation:</b> Business		
<b>DIN:</b> 00790139		
<b>Address:</b> Flat No. 202, Silver Heights Apartments, Sai Enclave, Habsiguda, Hyderabad 500007, Telangana, India		
<b>Term:</b> 5 years with effect from April 1, 2017 upto March 31, 2022		
<b>Nationality:</b> Indian		
<b>Venkata Siva Prasad Chandrapati</b>	46	Nil
<b>Designation:</b> Whole – time Director (Technical)		
<b>Occupation:</b> Service		
<b>DIN:</b> 03601703		
<b>Address:</b> H. No 6 – 105/1/A/103, Siddhartha Kalanjali Arcade, near Sai Sankalpa Nagar Arch, Durga Estates, Jeedimetla, Hyderabad 500055, Telangana, India		
<b>Term:</b> 5 years with effect from August 21, 2017 upto August 20, 2022		

Name, Designation, Address, Occupation, DIN, Term and Nationality	Age (years)	Other Directorship
<b>Nationality:</b> Indian		
<b>Krishna Sai Kumar Addepalli</b>	38	1. Apollo Food & Beverages Private Limited
<b>Designation:</b> Whole – time Director (Operations)		
<b>Occupation:</b> Service		
<b>DIN:</b> 03601692		
<b>Address:</b> Plot No. 92, Jawahar Rail Colony, Sikh Road, Tirumalagiri, Manovikasnagar, Hyderabad 500009, Telangana, India		
<b>Term:</b> 5 years with effect from August 21, 2017 upto August 20, 2022		
<b>Nationality:</b> Indian		
<b>Sri Lakshmi Reddy Vangeti</b>	43	Nil
<b>Designation:</b> Non – Executive Director		
<b>Occupation:</b> Professional		
<b>DIN:</b> 02757567		
<b>Address:</b> Flat No. 401, Sita Towers, Street No. 1, Lane No. 5, Brahmanwadi, Begumpet, Hyderabad, Telangana – 500016, India		
<b>Term:</b> Liable to retire by rotation		
<b>Nationality:</b> Indian		
<b>Srinivas Pagadala</b>	47	1. Mitchell Martin (India) Private Limited
<b>Designation:</b> Independent Director		
<b>Occupation:</b> Chartered Accountant		
<b>DIN:</b> 02669528		
<b>Address:</b> 1-2-597/36-42, B – 508, SVSS Sankalp, Indira Park Road, Beside HP Petrol Pump, Lower Tank Bund, Domalguda, Hyderabad – 500080, Telangana, India		
<b>Term:</b> 5 years with effect from August 21, 2017 upto August 20, 2022		
<b>Nationality:</b> Indian		

## **Relationship between our Directors**

Except for Karunakar Reddy Baddam and Sri Lakshmi Reddy Vangeti, who are cousins, none of the Directors of our Company are related to each other.

## **Brief Profiles of our Directors**

**Raghupathy Goud Theegala**, aged 62 years, is the Chairman and Independent Director of our Company. He holds a Bachelor's degree in commerce from Osmania University and a Bachelor's degree in law from Bangalore University. Prior to joining our Company, he worked with the Andhra Pradesh Lokayukta and Upa – Lokayukta and is experienced in handling matters related to financial irregularities, abuse of power and corruption etc. He has been on the board of our Company since August 21, 2017.

**Karunakar Reddy Baddam**, aged 55 years, is the Managing Director of our Company. He holds a Bachelor's degree in Arts from Osmania University. He commenced this business through a partnership firm in 1991 to primarily carry on the business of job works and developing electronic systems. Thereafter, post dissolution of the partnership firm in 1994, he continued this business as a proprietorship firm and then incorporated our Company in 1997. He has been associated with our Company in the capacity of an Executive Director since inception and is sphere heading the entire operations under the supervision of the Board.

**Venkata Siva Prasad Chandrapati**, aged 46 years, is a Whole – time Director (Technical) of our Company. He holds a Master's degree of Technology from Devi Ahilya Vishwavidyala, Indore and is experienced in designing and product development. He has been on the board of our Company since July 1, 2011 and looks after the technical activities of our Company.

**Krishna Sai Kumar Addepalli**, aged 38 years, is a Whole – time Director (Operations) of our Company. He holds a Bachelor's degree in Engineering (Electronics and Telecommunication) from University of Madras. Prior to joining our Company he was working with JVR Infotech Private Limited. He is experienced in technical and other allied activities. He is associated with our Company since 2003 and has been on the board of our Company since July 1, 2011. He looks after the overall operations of the Company.

**Sri Lakshmi Reddy Vangeti**, aged 43 years, is a Non – Executive Director of our Company. She holds a Bachelor's degree in Science from Osmania University. She is experienced in human resources and management. She has been on the board of our Company since April 1, 1999.

**Srinivas Pagadala**, aged 47 years, is an Independent Director of our Company. He holds a Bachelor's degree in commerce from Osmania University and is a certified Chartered Accountant from the Institute of Chartered Accountants of India. He is experienced in mergers and acquisitions, corporate restructuring, capital market, income tax and company law matters. He has been on the board of our Company since August 21, 2017.

## **Confirmations**

None of our Directors is or was a director of any listed companies during the five years immediately preceding the date of filing of this Prospectus, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such companies.

None of our Directors is or was a director on any listed companies which have been or were delisted from any stock exchange during the term of their directorship in such companies.

None of the Directors have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

## **Borrowing Powers of our Board**

Our Articles of Association, subject to applicable law, authorize our Board to raise or borrow money or secure the payment of any sum of money for the purposes of our Company. Our Company has, pursuant to an EGM held on May 15, 2017, resolved that in accordance with the provisions of the Companies Act, 2013, our Board is authorised to borrow, from time to time, any sum or sums of money on such terms and conditions and with or without security as the board of directors may think fit which, together with the moneys already borrowed (apart from temporary loans obtained in the ordinary course of business), which may exceed the aggregate of the paid

– up capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money / moneys borrowed by the board shall not exceed the limit of ₹ 50,000 lacs.

### **Terms of appointment and remuneration of our Whole – time Directors**

#### *Terms of Appointment of Karunakar Reddy Baddam*

Pursuant to a resolution passed by the Board of Directors at the meeting held on August 11, 2017 and by the shareholders of our Company at the AGM held on August 26, 2017, Karunakar Reddy Baddam was re – appointed as the Managing Director of our Company for a period of 5 years with effect from April 1, 2017 along with the terms of remuneration.

<b>Basic Salary</b>	₹ 5 lacs per month with increments as the board may decide from time to time
<b>Performance Bonus</b>	5% of the profits of the Company
<b>Perquisites / Allowances</b>	<ul style="list-style-type: none"> <li>• Medical insurance: as provided by the Company group mediclaim policy, insurance coverage upto a maximum of ₹ 5 lacs per annum</li> <li>• Personal accident insurance policy: as per Company’s policy</li> <li>• Company’s contribution to provident fund, superannuation fund or annuity fund shall be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961</li> <li>• Gratuity as per Gratuity Act, 1972</li> <li>• He is also eligible form one month’s leave with full pay and allowance for every 11 months of service. Leave accumulated but not availed in the previous financial year will be carried forward to next financial year</li> <li>• Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company</li> <li>• He shall not receive any fee for attending any meeting of the board or the committees thereof.</li> <li>• The aggregate remuneration inclusive of salary and other benefits shall be within the overall ceiling laid down in section 197 and schedule V and other applicable provisions of the Act</li> <li>• In the event of loss or inadequacy of profits, in any financial year during the tenure of the director’s salary, perquisites and other allowances as specified above are payable as minimum remuneration.</li> </ul>

#### *Terms of Appointment of Chandrapati Venkata Siva Prasad*

Pursuant to a resolution passed by the Board of Directors at the meeting held on August 11, 2017 and by the shareholders of our Company at the AGM held on August 26, 2017, Venkata Siva Prasad Chandrapati was appointed as the Whole – time Director (Technical) of our Company for a period of 5 years with effect from August 21, 2017 along with the terms of remuneration.

<b>Basic Salary</b>	₹ 2 lacs per month with increments as the board may decide from time to time
<b>Perquisites / Allowances</b>	<ul style="list-style-type: none"> <li>• Medical insurance: as provided by the Company group mediclaim policy, insurance coverage upto a maximum of ₹ 5 lacs per annum</li> <li>• Personal accident insurance policy: as per Company’s policy</li> <li>• Company’s contribution to provident fund, superannuation fund or annuity fund shall be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961</li> <li>• Gratuity as per Gratuity Act, 1972</li> <li>• He is also eligible form one month’s leave with full pay and allowance for every 11 months of service. Leave accumulated but not availed in the previous financial year will be carried forward to next financial year</li> <li>• Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company</li> </ul>

	<ul style="list-style-type: none"> <li>• He shall not receive any fee for attending any meeting of the board or the committees thereof.</li> <li>• The aggregate remuneration inclusive of salary and other benefits shall be within the overall ceiling laid down in section 197 and schedule V and other applicable provisions of the Act</li> <li>• In the event of loss or inadequacy of profits, in any financial year during the tenure of the director's salary, perquisites and other allowances as specified above are payable as minimum remuneration.</li> </ul>
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*Terms of Appointment of Krishna Sai Kumar Addepalli*

Pursuant to a resolution passed by the Board of Directors at the meeting held on August 11, 2017 and by the shareholders of our Company at the AGM held on August 26, 2017, Krishna Sai Kumar Addepalli was appointed as a Whole – time Director (Operations) of our Company for a period of 5 years with effect from August 21, 2017 along with the terms of remuneration.

<b>Basic Salary</b>	₹ 1.50 lacs per month with increments as the board may decide from time to time
<b>Perquisites / Allowances</b>	<ul style="list-style-type: none"> <li>• Medical insurance: as provided by the Company group mediclaim policy, insurance coverage upto a maximum of ₹ 5 lacs per annum</li> <li>• Personal accident insurance policy: as per Company's policy</li> <li>• Company's contribution to provident fund, superannuation fund or annuity fund shall be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961</li> <li>• Gratuity as per Gratuity Act, 1972</li> <li>• He is also eligible form one month's leave with full pay and allowance for every 11 months of service. Leave accumulated but not availed in the previous financial year will be carried forward to next financial year</li> <li>• Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company</li> <li>• He shall not receive any fee for attending any meeting of the board or the committees thereof.</li> <li>• The aggregate remuneration inclusive of salary and other benefits shall be within the overall ceiling laid down in section 197 and schedule V and other applicable provisions of the Act</li> <li>• In the event of loss or inadequacy of profits, in any financial year during the tenure of the director's salary, perquisites and other allowances as specified above are payable as minimum remuneration.</li> </ul>

*i. Remuneration to Whole – time Directors:*

The remuneration paid to the Whole – time Directors in the Fiscal 2017 is as follows:

		(₹ in lacs)
Sr. No.	Name of the Director	Remuneration
1.	Karunakar Reddy Baddam	48.00
2.	Venkata Siva Prasad Chandrapati	12.00
3.	Krishna Sai Kumar Addepalli	9.35

*ii. Sitting Fees to Non – Executive Directors:*

As on the date of this Prospectus, we have not paid any sitting fees to any of our non-executive Directors for attending meetings of our Board or the Committees.

**Payment or benefit to Directors of our Company**

Except for the normal remuneration for services rendered as a Director of our Company, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the Whole – time Directors of our Company.



### **Service Contracts entered into with the Directors**

Our Company has not entered into any service contracts pursuant to which the Directors are entitled to benefits upon termination of employment.

### **Loans to Directors**

There are no loans that have been availed by the Directors from our Company that are outstanding as of the date of this Prospectus.

### **Corporate Governance**

The provisions of the SEBI Listing Regulations and the Companies Act with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges.

We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

### **Committees of our Board**

In compliance with corporate governance requirements, our Company has constituted the following committees in addition to other non-mandatory committee:

- a) Audit Committee;
- b) Stakeholders' Relationship Committee;
- c) Nomination and Remuneration Committee;
- d) Corporate Social Responsibility Committee;
- e) Risk Management Committee and
- f) IPO Committee.

The details of the committees required to be constituted by our Company under the Companies Act, 2013 and the SEBI Listing Regulations are as follows:

#### **a. Audit Committee**

Our Audit Committee was constituted pursuant to resolution of our Board dated August 26, 2017. The Audit Committee comprises of the following:

<b>Sr. No.</b>	<b>Name of Member</b>	<b>Designation</b>
1.	Srinivas Pagadala	Chairman
2.	Raghupathy Goud Theegala	Member
3.	Krishna Sai Kumar Addepalli	Member

The Company Secretary shall act as the secretary of the Audit Committee.

The scope, functions and the terms of reference of our Audit Committee, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. Below are the scope, functions and the terms of reference of our Audit Committee:

#### **A. Powers of Audit Committee**

The Audit Committee shall have the following powers:

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; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

#### **B. Role of the Audit Committee**

The role of the audit committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii. changes, if any, in accounting policies and practices and reasons for the same;
  - iii. major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. significant adjustments made in the financial statements arising out of audit findings;
  - v. compliance with listing and other legal requirements relating to financial statements;
  - vi. disclosure of any related party transactions;
  - vii. modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. 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;
17. 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;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Further, the Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. Appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. statement of deviations:
  - i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations.
  - ii. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) the SEBI Listing Regulations.

As required under the SEBI Listing Regulations, the Audit Committee shall meet at least four times in a year, and not more than one hundred and twenty days shall elapse between two meetings. The quorum shall be two members present, or one third of the members, whichever is greater, provided that there should be a minimum of two independent directors present.

***b. Stakeholders' Relationship Committee***

Our Stakeholders' Relationship Committee was constituted pursuant to resolution of our Board dated August 26, 2017. The Stakeholders' Relationship Committee comprises of the following:

Sr. No.	Name of Member	Designation
1.	Raghupathy Goud Theegala	Chairman
2.	Karunakar Reddy Baddam	Member
3.	Venkata Siva Prasad Chandrapati	Member

The Company Secretary shall act as the secretary of the Stakeholders' Relationship Committee.

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference, powers and scope of the Stakeholders' Relationship Committee of our Company include:

1. To look into the redressal of grievances of shareholders, debenture holders and other security holders;
2. To investigate complaints relating to allotment of shares, approval of transfer or transmission of shares;
3. To consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends; and
4. To carry out any other function as prescribed under the SEBI Listing Regulations as and when amended from time to time.

The quorum of the meeting shall be either two members or one third of the members of the committee whichever is greater.

***c. Nomination and Remuneration Committee***

Our Nomination and Remuneration Committee was re-constituted pursuant to resolution of our Board dated October 24, 2017. The Nomination and Remuneration Committee comprises of the following:

Sr. No.	Name of Member	Designation
1.	Srinivas Pagadala	Chairman
2.	Sri Lakshmi Reddy Vangeti	Member
3.	Raghupathy Goud Theegala	Member

The Company Secretary shall act as the secretary of the Nomination and Remuneration Committee.

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and SEBI Listing Regulations. Set forth below are the terms of reference, powers and role of our Nomination and Remuneration Committee:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees;
2. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
3. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. Devising a policy on diversity of board of directors;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
6. To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The quorum of the meeting shall be either two members or one third of the members of the committee whichever is greater.

**d. Corporate Social Responsibility Committee**

Our Corporate Social Responsibility Committee was constituted pursuant to resolution of our Board dated February 24, 2017 and was reconstituted on August 26, 2017. The Corporate Social Responsibility Committee comprises of the following:

Sr. No.	Name of Member	Designation
1.	Karunakar Reddy Baddam	Chairman
2.	Raghupathy Goud Theegala	Member
3.	Sri Lakshmi Reddy Vangeti	Member

The Company Secretary shall act as the secretary of the Corporate Social Responsibility Committee.

The terms of reference, powers and scope of the Corporate Social Responsibility Committee of our Company is in accordance with Section 135 of the Companies Act, 2013. The terms of reference of the Corporate Social Responsibility Committee include the following

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII as amended from time to time;
2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) subject to the limit provided under Section 135 of the Companies Act;
3. To monitor the corporate Social Responsibility Policy of our Company from time to time;
4. To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company;
5. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

The quorum of the meeting shall be either two members or one third of the members of the committee whichever is greater.

**e. Risk Management Committee**

Our Risk Management Committee was constituted pursuant to resolution of our Board dated February 24, 2017 and was reconstituted on August 26, 2017. The Risk Management Committee comprises of the following:

<b>Sr. No.</b>	<b>Name of Member</b>	<b>Designation</b>
1.	Venkata Siva Prasad Chandrapati	Chairman
2.	Karunakar Reddy Baddam	Member
3.	Srinivas Pagadala	Member

The Company Secretary shall act as the secretary of the Risk Management Committee.

The terms of reference and role of the Risk Management Committee of our Company include the following:

1. To recommend risk management plan to the Board for implementation;
2. To monitor and review the risk management plan;
3. To lay down procedures to inform Board members about the risk assessment and minimization procedures;
4. To develop and implement the risk management policy for the company, identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company; and
5. To perform such other functions which are appropriate and necessary to manage the risk.

In addition to the abovementioned committees, our Company has also constituted the IPO committee:

**f. IPO Committee**

The IPO Committee was constituted pursuant to resolution of our Board dated August 26, 2017 passed by the Directors of our Company. The IPO Committee is authorized to, among other things, approve implement, negotiate, carry out and decide upon all activities in connection with the Issue, approve amendments to the Memorandum of Association and Articles of Association, approve dematerialization of Equity Shares, finalize and arrange for submission of Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, seek listing of the Equity Shares and submit applications and documents to relevant statutory and other authorities from time to time. The IPO Committee comprises of the following:

<b>Sr. No.</b>	<b>Name of Member</b>	<b>Designation</b>
1.	Karunakar Reddy Baddam	Chairman
2.	Krishna Sai Kumar Addepalli	Member
3.	Srinivas Pagadala	Member

The Company Secretary shall act as the secretary of the IPO Committee.

**Shareholding of Directors in our Company**

Except as stated below, none of the Directors of our Company hold any Equity Shares as on the date of filing this Prospectus:

<b>Name of Director</b>	<b>Number of Equity Shares</b>	<b>Percentage</b>
Karunakar Reddy Baddam	1,32,71,690	88.48
Venkata Siva Prasad Chandrapati	50,000	0.33
Krishna Sai Kumar Addepalli	40,000	0.27
Sri Lakshmi Reddy Vangeti	10	Negligible

## Interest of our Directors

Our Whole – time Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered as a Director of our Company and reimbursement of expenses, if any, payable to them. For details of remuneration paid to our see “*Terms of appointment and remuneration of our Whole-time Directors*” above.

Our Directors have no interest in the promotion of our Company other than in the ordinary course of business. Our Directors may also be regarded as interested to the extent of Equity Shares held by them in our Company, if any, details of which have been disclosed above under the heading “*Shareholding of Directors in our Company*”. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to this Issue.

Except as stated in the chapter titled “*Related Party Transactions*” on page 167 of this Prospectus, our Directors do not have any other interest in the business of our Company.

## Interest in property

Our Directors confirm that they have no interest in any property acquired by our Company during the last two years from the date of filing of this Prospectus or any property proposed to be purchased by our Company.

## Bonus or Profit Sharing Plan for our Directors

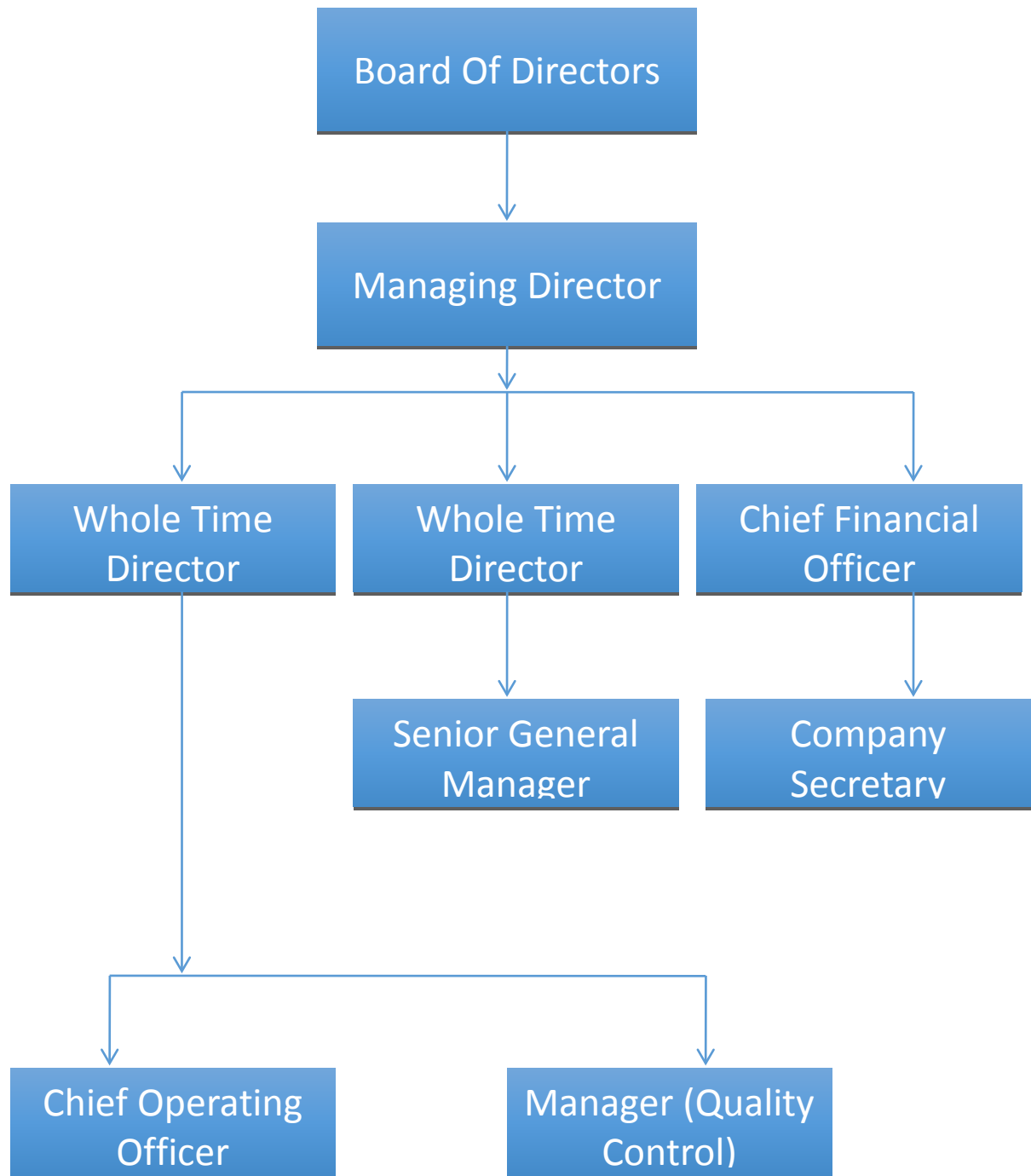
Except for Karunakar Reddy Baddam, whose details have been disclosed under the heading “*Our Management - Terms of Appointment of Karunakar Reddy Baddam*” on page 146 of this Prospectus, none of the Directors of our Company are a party to any bonus or profit sharing plan.

## Changes in our Board during the Last Three Years

Except as disclosed below, there have been no changes in our Board during the last three years.

Name of Director	Date of Appointment	Date of Cessation	Reason
Raghupathy Goud Theegala	August 21, 2017	-	Appointment as Independent Director
Srinivas Pagadala	August 21, 2017	-	Appointment as an Independent Director

**Management Organization Structure**



## **Our Key Managerial Personnel**

Set forth below are the details of the Key Managerial Personnel of our Company as on the date of filing this Prospectus:

**Ramidi Narsimha Reddy**, aged 71 years, is the Chief Operating Officer of our Company. He has completed his diploma in electrical communications engineering from State Board of Technical Education and Training and holds a Bachelor's degree in Engineering and a Master's in Engineering from Osmania University. He is also a member of the Institution of Telecommunication Engineers and Institution of Electronics and Telecommunication Engineers. He is experienced in information technology, administration services and corporate sector. Prior to joining our Company, he was working with Bharat Dynamics Limited, Sigma Microsystems Private Limited and Vem Technologies Private Limited. He has been associated with our Company since March 4, 2016. He received a gross remuneration of ₹ 12.00 lacs in Fiscal 2017.

**Sudarshan Chiluveru**, aged 64 years, is the Chief Financial Officer of our Company. He is an associate of the Indian Institute of Bankers and prior to joining our Company, he was working with State Bank of Hyderabad. He is experienced in banking and finance. He has been associated with our Company since April 1, 2017 and is currently responsible for handling the financial matters like cash management, maintaining credit institution relationships etc. in our Company. Since he joined our Company on April 1, 2017, he did not receive any remuneration in Fiscal 2017.

**Venkateswara Rao Aluri**, aged 45 years, is the Senior General Manager (Sales) of our Company. He holds a Master's degree in business administration from Shivaji University. Prior to joining our Company, he was working with Trident Infosol Private Limited, Realtime Techsolutions Private Limited and HBL Power Systems Limited and is experienced in marketing sector. He has been associated with our Company since July 2, 2016 and currently handling the sales and marketing activities of our Company. He received a gross remuneration of ₹ 14.40 lacs in Fiscal 2017.

**Jani Sulthana Begum**, aged 45 years, is the Manager (Quality Control) of our Company. She holds a diploma in electronics and communication engineering from State Board of Technical Education and Training. She is experienced in assessment of quality sector and prior to joining our Company, she was working with Analogics Tech India Limited, Kernex Microsystems (India) Limited, Tisht Computer Education and Siri Control Systems. She has been associated with our Company since September 16, 2015 and is responsible for looking after the quality control and other allied activities of our Company. She received a gross remuneration of ₹ 3.24 lacs in Fiscal 2017.

**Vitta Chaitanya Siva Shankar**, aged 28 years, is the Company Secretary and Compliance Officer of our Company. He holds a Bachelor's degree in business management from Krishnadevaraya University and a Master's degree in business administration from Jawaharlal Nehru Technological University. He is also a member of the Institute of Company Secretaries of India. He joined our Company as a Company Secretary on February 1, 2017 and is currently responsible for handling secretarial and legal matters of our Company. Since he joined our Company on February 1, 2017, he received a remuneration of ₹ 0.50 lacs in Fiscal 2017.

All our Key Managerial Personnel are permanent employees of our Company.

### **Relationship of Key Managerial Personnel with our Directors, Promoter and / or other Key Managerial Personnel**

None of our Key Managerial Personnel are related to each other or to our Promoter or to any of our Directors.

### **Shareholding of the Key Managerial Personnel**

As on the date of this Prospectus, none of our Key Managerial Personnel hold any Equity Shares of our Company.

### **Bonus or Profit Sharing Plan for our Key Managerial Personnel**

None of our Key Managerial Personnel are a party to any bonus or profit sharing plan.



### **Loans taken by Directors / Key Management Personnel**

Our Company has not granted any loans to the Directors and/or Key Management Personnel as on the date of this Prospectus.

### **Arrangements and Understanding with Major Shareholders**

None of our Key Managerial Personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

### **Interest of Key Managerial Personnel**

None of our Key Managerial Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to our Company as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

### **Changes in Key Managerial Personnel in the Last Three Years**

Set forth below are the changes in our Key Managerial Personnel in the last three years immediately preceding the date of filing of this Prospectus:

<b>Name of Key Managerial Personnel</b>	<b>Date of Change</b>	<b>Reason for Change</b>
Sudarshan Chiluveru	April 1, 2017	Appointment as Chief Financial Officer
Vitta Chaitanya Siva Shankar	February 1, 2017	Appointment as Company Secretary
Venkateswara Rao Aluri	July 2, 2016	Appointment as Senior General Manager (Sales)
Ramidi Narsimha Reddy	March 4, 2016	Appointment as Chief Operating Officer
Jani Sulthana Begum	September 16, 2015	Appointment as Manager (Quality Control)

### **Employees' Stock Option Plan**

As on date of this Prospectus, our Company does not have any employee stock option plan or purchase schemes for our employees.

### **Payment or Benefit to officers of our Company**

Except as stated otherwise in this Prospectus and any statutory payments made by our Company, no non – salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company's officers except remuneration of services rendered as Directors, officers or employees of our Company.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made regularly by our Company towards provident fund, gratuity fund and employee state insurance.

## OUR PROMOTER AND PROMOTER GROUP

### A. OUR PROMOTER

Our Promoter, Karunakar Reddy Baddam, currently holds 1,32,71,690 Equity Shares constituting 88.48% of the pre – Issue issued, subscribed and paid – up equity share capital of our Company.



#### KARUNAKAR REDDY BADDAM

Karunakar Reddy Baddam, aged 55 years, is the Managing Director of our Company.

**Driving license number:** Not available

**Voter identification number.:** Not available

**Address:** Flat No. 202, Silver Heights Apartments, Sai Enclave, Habsiguda, Hyderabad 500007, Telangana, India

For further details of his experience, positions / posts held in the past and other directorships and special achievements, see the chapter “*Our Management*” on page 146 of this Prospectus.

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Our Company confirms that the permanent account number, bank account number and passport number of our Promoter has been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

#### Interest of our Promoter

##### *Interest in promotion of our Company*

Our Promoter is interested in our Company to the extent of the shareholding in our Company and any dividend or other distribution payable, if any, by our Company. For further details of our Promoter’s shareholding, please see chapter titled ‘*Capital Structure*’ on page 76 of this Prospectus. Additionally, Karunakar Reddy Baddam is also interested in our Company in the capacity of Managing Director and any remuneration payable to him in such capacity. For further details, please see chapter titled ‘*Our Management*’ on page 146 of the Prospectus.

##### *Interest in the properties of our Company*

Our Promoter does not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of the Prospectus.

##### *Interest as members of our Company*

Our Promoter is interested to the extent of their shareholding and the dividend declared in relation to such shareholding, if any, by our Company. For further details in this regard, see the chapter titled “*Capital Structure*” on page 76 of this Prospectus.

#### Other Interest

Our Promoter is not interested in any transaction in acquisition of land or property, construction of building and supply of machinery, or any other contract, agreement or arrangement entered into by the Company and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements.

#### Payment of benefits to our Promoter and Promoter Group during the last two years

Other than the benefits mentioned in the related party transactions as per AS – 18 there has been no payment of any amount of benefits to our Promoter or the members of our Promoter Group during the last two years from the date of this Prospectus nor is there any intention to pay or give any benefit to our Promoter or Promoter Group as on the date of this Prospectus. For further details, please refer to the chapter titled “*Related Party Transactions*” on page 167 of this Prospectus.

## Change in Management and control of our Company

There has been no change in management and control of our Company.

## Details of Companies / Firms from which our Promoters have disassociated in the last three years

Our Promoter has not disassociated himself from any company or firm during the last three years preceding this Prospectus.

## Related Party Transactions

Except as stated in the chapter “*Financial Information - Related Party Transactions*” on page 169 of this Prospectus, our Promoter is not involved in any related party transaction.

## B. OUR PROMOTER GROUP

In addition to our Promoter, the following individuals, companies, partnerships and HUFs form part of our Promoter Group in terms of SEBI ICDR Regulation 2(1) (zb) of the SEBI ICDR Regulations:

### *Individuals forming part of the Promoter Group:*

Sr. No.	Name of the members of Promoter Group	Relationship with the Promoter
1.	Late Baddam Padma Reddy	Father
2.	Baddam Lalitha	Mother
3.	Duggireddy Rajyalakshmi Reddy	Spouse
4.	Baddam Ranga Reddy	Brothers
5.	Baddam Mahipal Reddy	
6.	Baddam Srinivas Reddy	
7.	Baddam Padmalatha	Sister
8.	Baddam Chanakya Reddy	Son
9.	Baddam Kanishka Reddy	Son
10.	Late Sri Ramulu Reddy	Spouse's father
11.	Late Sakuntalamma	Spouse's mother
12.	Duggireddy Keshav Reddy	Spouse's brother
13.	Duggireddy Rama Devi	Spouse's sisters
14.	Duggireddy Shanta Devi	
15.	Duggireddy Vijaya Lakshmi	
16.	Duggireddy Padma	

Further, in terms of regulation 2(1)(zb)(v) of the SEBI ICDR Regulations, our Company has included Sri Lakshmi Reddy Vanjeti, as a member of the promoter group, who holds 10 equity shares of our Company as on the date of this Prospectus.

## **Our Excluded Promoter Group**

In accordance with the definition of the term Promoter Group as defined in the SEBI Regulations, the Promoter Group of our Individual Promoter namely Karunakar Reddy Baddam consists of inter alia his brother Baddam Jaipal Reddy. However, information regarding Baddam Jaipal Reddy and the companies in which he holds more than 10% shares is not available/disclosed in the Prospectus as such our Individual Promoter has disassociated himself from such person.

On the basis of public domain searches for status of legal proceedings as available on the following websites, we have not come across any pending legal proceedings (based on the result of search) initiated by or against the Excluded Relative:

- a. <http://www.indiancourts.nic.in>
- b. <http://bombayhighcourt.nic.in>
- c. <http://delhihighcourt.nic.in/index.asp>; and
- d. <http://hc.tap.nic.in/>

On the basis of public domain searches for determining whether Baddam Jaipal Reddy has been barred from accessing the capital markets or has been declared as a willful defaulter by the RBI or any such action has been initiated before any regulatory authority or any penalty has been imposed against Baddam Jaipal Reddy by any regulatory authority. We have conducted a search on the following websites have found that Baddam Jaipal Reddy is a director of a company struck off by the RoC namely Agni Renewable Energies Limited and except that we have not come across any information which suggests that he has been barred from accessing the capital markets or have been declared as willful defaulters by the Reserve Bank of India or any action has been initiated before any regulatory authority or any penalty has been imposed against Baddam Jaipal Reddy by any regulatory authority:

- a. [www.sebi.gov.in](http://www.sebi.gov.in);
- b. [www.watchoutinvestors.com](http://www.watchoutinvestors.com);
- c. [www.cibil.com](http://www.cibil.com);
- d. [www.mca.gov.in](http://www.mca.gov.in).

We confirm that neither does Baddam Jaipal Reddy hold any shareholding or controlling interest in the entities which have been considered and disclosed for the related party transactions (as per Accounting Standard 18 “Related Party Disclosures”) in the audited financial statements of the Company for the Financial Years ended March 31, 2013, 2014, 2015, 2016, 2017 and the financial statement for the six month period ended September 30, 2017, nor is he appearing in the list of relatives of the Promoters in such related party transactions, and further confirm that Baddam Jaipal Reddy has no common shareholding with the Promoter of the Company, and the Company and/or the entities in which Promoter of the Company is interested. Further, it has been verified from the register of members and register of share transfers, maintained by the Company, and we confirm that Baddam Jaipal Reddy did not hold any Equity Shares in the Company at any time during three financial years preceding the date of the Prospectus, namely Financial Year ended March 31, 2014 till date.

However, since we do not have access to any information in connection with the entities in which he is associated or interested, we are not in a position to confirm whether such entities if any, are subject to any pending legal or regulatory proceedings or whether any such action has been taken by any statutory/regulatory authority including SEBI and RBI against such entities if any.

### ***Companies, partnerships and HUFs forming part of the Promoter Group:***

Apollo Food & Beverages Private Limited

### **Other Confirmations**

None of our Promoter or Promoter Group have been declared as wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Further, none of our Promoter or members of our Promoter Group or any company of which they are promoter, directors or persons in control have been debarred, or restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

## OUR GROUP ENTITIES

In terms of the SEBI ICDR Regulations, for the purpose of identification of “group companies”, our Company has considered companies

1. covered under the applicable accounting standards, in terms of Accounting Standard 18 in the Restated Financial Statements of our Company as at and for the Fiscals 2017, 2016, 2015, 2014 and 2013;
2. other companies that are considered material by our Board.

Pursuant to a resolution of our Board dated September 1, 2017, for the purpose of disclosure in this Prospectus, a company shall be considered material if, subsequent to March 31, 2017, it would require disclosure in the financial statements of our Company as entities covered under AS 18.

Based on the above, our Group Company is as follows:

### **A. Apollo Food & Beverages Private Limited**

Apollo Food & Beverages Private Limited (“**Apollo Food**”) was originally incorporated on August 1, 2016 under the provisions of the Companies Act 2013, with the Registrar of Companies, Andhra Pradesh and Telangana located at Hyderabad. The CIN of Apollo Foods is U15400TG2016PTC111248 and registered office is situated at Flat No.202, Silver Heights Apartments, Sai Enclave, Habsiguda, Hyderabad, Telangana – 500 007.

The main object of Apollo Food is to carry on the following activities:

- a. To carry on the business of process, produce, mix, pack, preserve, freeze, extract, refine, import, export, buy, sell, trade and deal in processed foods, health foods, protein foods, food products, agro foods, fast foods, packed foods, poultry products, sea foods, milk foods, health and diet drinks, extruded foods, frozen foods, dehydrated foods, precooked foods, canned foods, preserved foods, bakery products and confectionery items such as breads, biscuits, sweets, cakes, pastries, cookies, wafers, condeles, lemon drops, chocolate, toffees, tinned fruits, chewing gum, bubble gum, detergents, tea and coffee, vegetables, fruits, jams, jelly, pickles, squashes, sausages, nutrient, health and diet foods/drinks, extruded foods, confectionery items, sweets, cereals products and any other food products in and outside India.*
- b. To carry in India or elsewhere the business to process, prepare, disinfect, fermentate, compound, mix, clean wash, concentrate, crush, grind, segregate, pack, repack, add, remove, heat, grade, preserve, freeze, distillate, boil, sterilize, improve, extract refine, buy, sell, resale, import, export, barter, transport, store, forward, distribute, dispose, develop, handle, manipulate, C&F Agents, consultant, collaborator, adatia, stockists, liasioner, middleman, export house, job worker or otherwise to deal in all types, descriptions, tastes, uses and packs of consumer food items, their by products, ingredients, derivatives, residues, including foods and vegetables, packed foods, powders, pastes, liquids, drinks, beverages, juices, jams, jelly, squashes, pickles, sausages, concentrates, extracts, essences, flavours, syrups, sarbats, flavoured drinks, cream, cheese, butter, biscuits, breads, cakes, pastries, confectionery, sweets, chocolates, toffees, fun foods, breakfast foods, dietic products, strained baby foods, instant foods, cereal products, table delicacies and all other items whether natural, artificial or synthetic.*
- c. To carry on the business of processing, farming, distributorship, agency, broker, factors, stockiest, importer and otherwise deal in all kinds of organic and inorganic foods products and drinking products, mineral water, soft drinks, aerated mineral water, fruit drinks, artificial flavoured drinks, condensed milk and drinking products of all kinds and other consumable provision of every description for human consumption.*

However, Apollo Food is yet to commence operations.

### **Shareholding Pattern**

The shareholding pattern of Apollo Food, based on its issued capital of 1,00,000 Equity Shares of ₹ 10/- each aggregating to ₹ 10,00,000 as of the date of this Prospectus is as follows:

<b>Name</b>	<b>No. of Equity Shares held</b>	<b>% of Issued Capital</b>
Karunakar Reddy Baddam	70,000	70
Krishna Sai Kumar Addepalli	15,000	15
Chandra Prakash Reddy Konda	15,000	15
Total	1,00,000	100

### **Interest of the Promoter**

Our Promoter does not have any interest in Apollo Food, except to the extent of the shareholding of our Promoter Group as stated above and his directorship in Apollo Food.

Further, our Promoter, Karunakar Reddy Baddam is also directors on the board of Apollo Food and may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the board or a committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to him.

### **Financial Information**

Since Apollo Food was incorporated on August 1, 2016, audited financial statements for the Fiscal 2016 and Fiscal 2015 are not available. Financial information for Fiscal 2017 are as follows:

<b>Particulars</b>	<b>Fiscal 2017</b>	<i>(₹ in lacs)</i>
Equity Capital		10.00
Reserves and surplus		(0.25)
Sales and other income		-
Profit/loss after tax		(0.25)
Earnings per share – Basic (₹)		(0.25)
Earnings per share – Diluted (₹)		(0.25)
Net asset value per equity share (₹)		9.75

### **Interest of Group Company in our Company**

#### *a. Business interests*

Apollo Food does not have any interest in the promotion or any business interest or other interests in our Company:

#### *b. In the properties acquired or proposed to be acquired by our Company in the past two years preceding the filing of this Prospectus with SEBI*

Apollo Food is not interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of this Prospectus with SEBI.

#### *c. In transactions for acquisition of land, construction of building and supply of machinery*

Apollo Food is not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

### **Common Pursuits amongst the Group Companies with our Company**

There are no common pursuits between Apollo Food and our Company.

### **Related business transactions within the Group Companies and significance on the financial performance of our Company**

Except as disclosed in the section titled “*Related Party Transactions*” on page 167 of this Prospectus, there are no business interests of Apollo Food in our Company.

**Sale/Purchase between Group Companies and our Company**

Apollo Food is not involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

**Defunct Group Companies**

Apollo Food is not defunct and no application has been made to the Registrar of Companies for striking off the name of Apollo Food during the five years preceding the date of filing of this Prospectus.  
Sick Group Companies

Apollo Food does not fall under the definition of sick industrial companies under Sick Industrial Companies (Special Provisions) Act, 1985, or declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further no winding up, insolvency or bankruptcy proceedings have been initiated against them.

**Loss making Group Companies**

Nil

**Other confirmations**

Apollo Food is not a listed or have failed to list on any stock exchange in any recognised stock exchange in India or abroad or have made any public or rights issue of securities in preceding three years.

Apollo Food does not have negative net worth. Apollo Food has not been debarred from accessing the capital market for any reasons by the SEBI or any other authorities. Further, Apollo Food has not been identified as Wilful Defaulters or have committed any violations of securities laws in the past and no proceeding pertaining to penalties are pending against them.



## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions during the last five Fiscals, pursuant to the requirements under Accounting Standard 18 “Related Party Disclosures”, issued by the Institute of Chartered Accountants of India, see “*Restated Financial Statements –Annexure XXXIII*” on page 169 of this Prospectus.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of our Company, in their discretion, and will depend on a number of factors, including but not limited to our Company's earnings, general financial condition, capital requirements, results of operations, contractual obligations and overall financial position, Articles of Association, and other factors considered relevant by the Board of Directors. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of our Company. In addition, our Company's ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company may enter into to finance fund requirements for its business activities.

The Board of Directors of our Company has adopted dividend policy in their meeting held on November 24, 2017. Our Company has not paid any dividend in past five years.

## SECTION VI – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

To,  
The Board of Directors,  
Apollo Micro Systems Limited  
(Formerly Apollo Micro Systems Private Limited)  
Plot No. 128/A, Road No.12,  
BEL Road, IDA Mallapur,  
Uppal Mandal, Hyderabad,  
Telangana, India - 500076.

Dear Sirs,

1. We have examined the Restated Summary Financial Statements of Apollo Micro Systems Limited ("**the Company**") for the six months period ended September 30, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 annexed to this report, prepared by the Company for the purpose of inclusion in the offer document (hereinafter collectively referred to as ("**Restated Summary Financial Statements**") in connection with its proposed Initial Public Offer ("**IPO**"). Such Restated Summary Financial Statements have been approved by the Board of Directors of the Company and prepared in accordance with the requirements of:
  - a) Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Companies Act, 2013 as amended ("**the Act**") read with Companies (Prospectus and Allotment of Securities Rules), 2014 ("**Rules**"); and
  - b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

The preparation of the Restated Financial is the responsibility of the Management of the Company for the purpose set out in paragraph 11 below. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Rules and SEBI Regulations.

2. We have examined such Restated Summary Financial Statements after taking into consideration:
  - a) The terms of our engagement agreed with you in accordance with our engagement letter dated August 31, 2017, requesting us to carry out the assignment, in connection with the offer document being issued by the Company for its proposed IPO ("**Engagement Letter**"); and
  - b) The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ("**ICAI**"), to the extent applicable ("**Guidance Note**").
3. The Restated Summary Financial Statements of the Company has been prepared by the management from the Audited Financial Statements of the Company for the six months period ended September 30, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors at their meeting held on November 24, 2017, August 11, 2017, September 01, 2016, September 02, 2015, August 23, 2014 and August 27, 2013 respectively.
4. In accordance with the requirements of Section 26 of Chapter III of the Act read with Rules, the SEBI Regulations, Guidance Note and terms of our engagement agreed with you, we report that, we have examined
  - a) The Restated Summary Statement of Assets and Liabilities (Annexure I), Restated Summary Statement of Profits and Losses (Annexure II) and Restated Summary Statement of Cash Flows of the Company

(Annexure III) have been examined by us and have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV to this report;

- b) The significant accounting policies for the period ended September 30, 2017 as specified in Annexure V are materially consistent with the policies adopted for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. Accordingly, no adjustments have been made to the Audited Financial Statements of the respective periods presented on account of changes in accounting policies;
  - c) Adjustments for the material amounts in the respective financial years to which they relate have been adjusted in the attached Restated Summary Financial Statements more fully described in Statement of Restatement Adjustments to the Audited Financial Statements in Annexure IV;
  - d) There are no qualifications in the auditors' reports, which require any adjustments to the Restated Summary Financial Statements;
5. We have also examined the following financial information ("**Other Financial Information**") proposed to be included in the offer document prepared by the management and approved by the board of directors of the company and annexed to this report:
1. Restated Statement of Share Capital, enclosed as Annexure VI
  2. Restated Statement of Reserves and Surplus, enclosed as Annexure VII
  3. Restated Statement of Long Term Borrowings, enclosed as Annexure VIII
  4. Restated Statement of Deferred Tax Liabilities, enclosed as Annexure IX
  5. Restated Statement Other Long Term Liabilities, enclosed as Annexure X
  6. Restated Statement of Long Term Provisions, enclosed as Annexure XI
  7. Restated Statement of Short Term Borrowings enclosed as Annexure XII
  8. Restated Statement of Trade Payables, enclosed as Annexure XIII
  9. Restated Statement of Other Current Liabilities, enclosed as Annexure XIV
  10. Restated Statement of Short Term Provisions, enclosed as Annexure XV
  11. Restated Statement of Fixed Assets, enclosed as Annexure XVI
  12. Restated Statement of Inventories, enclosed as Annexure XVII
  13. Restated Statement of Trade Receivables enclosed as Annexure XVIII
  14. Restated Statement of Cash & Cash Equivalents enclosed as Annexure XIX
  15. Restated Statement of Short Term Loans & Advances, enclosed as Annexure XX
  16. Restated Statement of Other Current Assets, enclosed as Annexure XXI
  17. Restated Statement of Revenue from Operations, enclosed as Annexure XXII
  18. Restated Statement of Other Income ,enclosed as Annexure XXIII
  19. Restated Statement of Cost of raw material consumed as Annexure XXIV
  20. Restated Statement of Changes in inventories of fixed goods, WIP & stock as Annexure XXV
  21. Restated Statement of Employee benefits expenses, enclosed as Annexure XXVI
  22. Restated statement of Finance costs, enclosed as Annexure XXVII
  23. Restated Statement of Other expenses, enclosed as Annexure XXVIII
  24. Restated Statement of Tax shelter, enclosed as Annexure XXIX
  25. Restated Statement of Capitalization Statement, enclosed as Annexure XXX
  26. Schedule of Contingent Liability Annexure XXXI
  27. Restated Statement of Accounting ratios, enclosed as Annexure XXXII
  28. Restated Statement of Related party transaction, enclosed as Annexure XXXIII
6. According to the information and explanation given to us, in our opinion, the Restated Summary Financial Statements as disclosed in the annexure to this report, read with the respective Significant Accounting Policies and notes disclosed in Annexure V, and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IV, have been prepared in accordance with the provisions of the Act, Rules, the Regulations, the Guidance Note and the terms of our Engagement Letter agreed by you.
7. This report should not in any way construed as a reissuance or redrafting of any of the previous Audit Reports for FY 2012-13, FY 2013-14, FY 2014-15, FY 2015-16 and FY 2016-17. M/s. Nekkanti Srinivasu & Co., Chartered Accountants had issued audit report for FY 2012-13. M/s. V. Nagaraju & Associates., Chartered Accountants had issued audit report for FY 2013-14, FY 2014-15 and FY 2015-16. We have

audited the financial statements of the company and issued our audit report for FY 2016-17 and for the six months period ended September 30, 2017.

8. We have not audited any financial statements of the Company for any period subsequent to March 31, 2017. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to September 30, 2017.
9. This report should not be in any way construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for use of the Management and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For S T Mohite & CO.,**  
**Chartered Accountants**  
(Regd. No.011410S)

Sd/-

**M T Sreenivasa Rao**  
**Partner**  
(Membership No.015635)

Place: Hyderabad  
Date: November 29, 2017.

## Annexure I

## STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>EQUITY AND LIABILITIES</b>						
<b>1. Shareholder's funds</b>						
a) Equity Share Capital	1,400.00	1,371.17	1,371.17	1,371.17	1,371.17	646.52
b) Reserves and Surplus	6,224.86	4,965.93	3,108.82	2,108.77	1,377.99	850.26
c) Share Application Money pending allotment	-	-	-	-	-	58.15
	<b>7,624.86</b>	<b>6,337.10</b>	<b>4,479.99</b>	<b>3,479.94</b>	<b>2,749.16</b>	<b>1,554.93</b>
<b>2. Non-Current Liabilities</b>						
a) Long Term Borrowings	2,992.70	1,353.02	1,568.38	1,881.20	773.65	383.30
b) Deferred Tax Liabilities (Net)	1,032.04	816.06	390.99	77.97	23.61	5.76
c) Other Long Term Liabilities	199.18	929.81	652.17	100.02	26.32	-
d) Long Term Provisions	41.76	38.39	31.65	24.15	16.91	13.05
	<b>4,265.68</b>	<b>3,137.28</b>	<b>2,643.19</b>	<b>2,083.34</b>	<b>840.49</b>	<b>402.11</b>
<b>3. Current Liabilities</b>						
a) Short-Term Borrowings	6,702.84	6,556.43	4,899.38	3,442.03	2,542.04	1,550.92
b) Trade Payables	9,016.32	6,787.18	7,156.66	3,342.75	1,828.38	777.28
c) Other Current Liabilities	1,303.32	1,345.34	825.92	825.81	260.67	126.79
d) Short-Term Provisions	554.60	422.35	290.73	298.12	270.89	169.02
	<b>17,577.09</b>	<b>15,111.30</b>	<b>13,172.69</b>	<b>7,908.71</b>	<b>4,901.98</b>	<b>2,624.01</b>
<b>TOTAL(1+2+3)</b>	<b>29,467.63</b>	<b>24,585.68</b>	<b>20,295.87</b>	<b>13,471.99</b>	<b>8,491.63</b>	<b>4,581.05</b>
<b>ASSETS</b>						
<b>4. Non - Current Assets</b>						
a) Fixed Assets						
i.) Tangible Assets	3,132.40	2,998.20	2,113.65	2,288.01	554.18	328.10
ii.) Intangible Assets	-	-	-	-	-	-
iii.) Capital Work in Progress	1,965.05	1,286.46	1,011.82	146.81	1,236.59	384.94
b) Non Current Investment	-	-	-	-	-	-
c) Long Term Loans & Advances	-	-	-	-	-	-
d) Other non current assets	343.13	-	-	-	-	-
	<b>5,440.58</b>	<b>4,284.66</b>	<b>3,125.47</b>	<b>2,434.82</b>	<b>1,790.77</b>	<b>713.04</b>
<b>5. Current Assets</b>						
a) Inventories	13,681.95	11,407.77	7,260.02	4,246.30	2,276.16	2,053.33
b) Trade Receivables	8,878.34	7,146.40	8,633.78	6,122.90	4,009.98	1,591.38
c) Cash and Cash Equivalents	592.28	877.83	694.31	365.48	225.94	188.48
d) Short-Term Loans and Advances	873.17	851.65	563.79	298.13	188.77	30.80
e) Other Current Assets	1.31	17.37	18.50	4.36	0.01	4.02
	<b>24,027.04</b>	<b>20,301.02</b>	<b>17,170.40</b>	<b>11,037.17</b>	<b>6,700.86</b>	<b>3,868.01</b>
<b>TOTAL (4+5)</b>	<b>29,467.63</b>	<b>24,585.68</b>	<b>20,295.87</b>	<b>13,471.99</b>	<b>8,491.63</b>	<b>4,581.05</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

Annexure II

STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ in lacs)

Particulars	For the six months period ended September 30,2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
<b>INCOME:</b>						
Revenue from Operations	10,933.24	21,126.66	15,904.48	10,841.69	7,267.68	3,733.12
Other Income	14.17	53.32	48.69	35.14	20.50	12.69
<b>Total Income</b>	<b>10,947.41</b>	<b>21,179.98</b>	<b>15,953.17</b>	<b>10,876.83</b>	<b>7,288.18</b>	<b>3,745.81</b>
<b>EXPENSES:</b>						
Cost Of Material Consumed	8,414.36	19,388.94	14,476.22	8,803.11	5,165.76	3,102.79
Changes in Inventory of Finished Goods, Work In Progress & Stock-In-Trade	(1,308.88)	(4,291.41)	(2,856.98)	(1,218.37)	200.46	(525.59)
Employee Benefit Expenses	311.51	603.29	674.27	636.42	328.46	196.99
Finance Cost	582.22	1,143.75	814.37	511.21	271.31	200.31
Depreciation and Amortisation Expense	304.25	392.60	272.37	394.31	35.10	39.38
Other Expenses	1,581.57	1,360.05	1,089.12	810.24	559.83	289.18
<b>Total Expenses</b>	<b>9,885.03</b>	<b>18,597.22</b>	<b>14,469.37</b>	<b>9,936.92</b>	<b>6,560.92</b>	<b>3,303.06</b>
<b>Exceptional and prior period items</b>	-	<b>128.29</b>	-	-	-	-
<b>Net Profit / (Loss) before Tax</b>	<b>1,062.38</b>	<b>2,711.05</b>	<b>1,483.81</b>	<b>939.91</b>	<b>727.26</b>	<b>442.75</b>
<b>Less: Tax expense</b>						
Current Tax	135.25	428.86	170.74	140.78	176.02	148.75
Deferred Tax	215.97	425.08	313.02	54.37	17.85	(1.95)
MAT Credit Entitlement	-	-	-	-	-	-
<b>Total Tax Expense</b>	<b>351.22</b>	<b>853.94</b>	<b>483.76</b>	<b>195.15</b>	<b>193.87</b>	<b>146.80</b>
<b>Net Profit / ( Loss ) after tax</b>	<b>711.15</b>	<b>1,857.11</b>	<b>1,000.05</b>	<b>744.76</b>	<b>533.39</b>	<b>295.95</b>
Less : Proposed Dividend	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-
<b>Net Profit transferred to Reserves</b>	<b>711.15</b>	<b>1,857.11</b>	<b>1,000.05</b>	<b>744.76</b>	<b>533.39</b>	<b>295.95</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

## Annexure III

## CASH FLOW STATEMENT, AS RESTATED

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>Cash flow from operating activities:</b>						
Net Profit before tax & extraordinary Items as per Profit And Loss account	1,062.38	2,582.76	1,483.81	939.91	727.26	442.75
Adjusted For:						
Depreciation & Amortization	304.25	392.60	272.37	394.31	35.10	39.38
Interest & Financial Charges	582.22	1,143.76	814.37	511.22	271.31	200.31
<b>Operating Profit Before Working Capital Changes</b>	<b>1,948.85</b>	<b>4,119.12</b>	<b>2,570.55</b>	<b>1,845.44</b>	<b>1,033.67</b>	<b>682.44</b>
Adjusted for (Increase)/Decrease in:						
Trade Receivables	(1,731.93)	1,487.37	(2,510.86)	(2,112.93)	(2,418.59)	(414.57)
Inventories	(2,274.18)	(4,147.75)	(3,013.72)	(1,970.14)	(222.84)	(872.39)
Short Term Loans and Advances	(21.52)	(287.86)	(265.67)	(109.36)	(157.97)	(30.80)
Other Current Assets	16.06	1.13	(14.14)	(4.35)	4.01	(0.86)
Long Term Provision	3.37	6.74	7.49	7.25	3.85	2.45
Trade Payables	2,229.14	(369.48)	3,813.90	1,514.37	1,051.10	573.80
Other Current Liabilities	(42.01)	519.41	0.12	565.13	133.89	96.44
Short Term Provisions	132.25	131.62	(7.39)	27.23	101.86	113.76
<b>Cash Generated From Operations</b>	<b>260.04</b>	<b>1,460.30</b>	<b>580.28</b>	<b>(237.36)</b>	<b>(471.03)</b>	<b>150.26</b>
Direct Tax Paid & Exceptional Items	135.25	300.58	170.74	154.76	181.68	148.75
<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>124.79</b>	<b>1,159.74</b>	<b>409.53</b>	<b>(392.12)</b>	<b>(652.71)</b>	<b>1.51</b>
<b>Cash Flow From Investing Activities:</b>						
(Increase)/Decrease of Fixed Assets	(1,117.05)	(1,551.79)	(963.02)	(1,038.35)	(1,112.83)	(123.89)
Other Non - Current Assets	(343.13)	-	-	-	-	-
<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>(1,460.18)</b>	<b>(1,551.79)</b>	<b>(963.02)</b>	<b>(1,038.35)</b>	<b>(1,112.83)</b>	<b>(123.89)</b>
<b>Cash Flow from Financing Activities:</b>						
Increase in Share Capital	576.60	-	-	-	666.50	-
Share Application Money Received	-	-	-	-	-	58.15
Increase / (Decrease) In Short Term Borrowing	146.41	1,657.05	1,457.35	899.99	991.13	359.08
Increase / (Decrease) In Long Term Borrowing	1,639.69	(215.36)	(312.82)	1,107.54	390.35	(47.65)
Increase / (Decrease) In Other Long Term Liabilities	(730.63)	277.63	552.16	73.70	26.32	-
Interest & Financial Charges	(582.22)	(1,143.76)	(814.37)	(511.22)	(271.31)	(200.31)
<b>Net Cash Flow from/(used in)</b>	<b>1,049.84</b>	<b>575.57</b>	<b>882.32</b>	<b>1,570.01</b>	<b>1,802.99</b>	<b>169.26</b>



Particulars	For the six months period ended September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>Financing Activities ( C)</b>						
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(285.55)	183.52	328.83	139.54	37.45	46.88
<b>Cash &amp; Cash Equivalents As At Beginning of the Year</b>	<b>877.82</b>	<b>694.31</b>	<b>365.48</b>	<b>225.94</b>	<b>188.48</b>	<b>141.60</b>
<b>Cash &amp; Cash Equivalents As At End of the Year</b>	<b>592.27</b>	<b>877.83</b>	<b>694.31</b>	<b>365.48</b>	<b>225.94</b>	<b>188.48</b>
<b>Cash &amp; Cash Equivalents include</b>						
Cash on hand	4.87	0.84	8.43	2.31	6.05	2.14
Balances with bank						
Current Account	0.57	1.72	-	-	-	-
Fixed Deposits	586.84	875.27	685.88	363.17	219.89	186.34
<b>Total</b>	<b>592.27</b>	<b>877.83</b>	<b>694.31</b>	<b>365.48</b>	<b>225.94</b>	<b>188.48</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

## Annexure IV: Notes to Accounts

### 1) Material Adjustments/ Restatement in the restated financials:

The Summary of restatements made to Audited Financial Statements for the respective periods/years and its impact on profit.

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
<b>A) Profit After Tax as per Audited Financial Statement</b>	<b>711.15</b>	<b>1,705.48</b>	<b>1,251.21</b>	<b>797.29</b>	<b>617.59</b>	<b>377.07</b>
Adjustments to net profits as per audited financial statements:						
Add/(Less): (Gratuity paid)/ Gratuity Reversed	-	31.65	(7.49)	(7.25)	(3.85)	(2.45)
Add/(Less): Changes in Deferred Tax	-	-	(284.08)	(45.28)	0.63	0.74
Less: Income Tax of earlier years paid as per the assessment in subsequent years	-	-	-	-	(80.98)	(79.41)
Add: Income Tax of earlier years paid as per the assessment in subsequent years	-	119.98	40.41	-	-	-
<b>B) Total Adjustments</b>	<b>-</b>	<b>151.63*</b>	<b>(251.16)</b>	<b>(52.53)</b>	<b>(84.20)</b>	<b>(81.12)</b>
<b>Profit After Tax as per Restated Financial Statement (A+B)</b>	<b>711.15</b>	<b>1,857.11</b>	<b>1,000.05</b>	<b>744.76</b>	<b>533.39</b>	<b>295.95</b>

\*An adjustment of ₹ (23.33) lacs has been made to the resultant figure on account of the change in gratuity & income tax of earlier years in the restated profit and loss account.

#### Notes:

##### A. Gratuity Provision

During the year ended March 31, 2017 the company has recorded the Gratuity as per the Accounting Standard- 15 'Employee Benefit' The gratuity for the year ended March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 have been recognized to reflect the consistent accounting policy across all years.

##### B. Income tax expense/(refund)

Consequent to completion of income tax assessment for certain years, the Company paid the additional taxes which was recorded in the year of completion of such assessment. As these were related to earlier years, the same has been accounted for in the financial year to which the amount relates to.

### **C. Deferred Tax**

Deferred Tax for the year ended March 31, 2016 and March 31, 2015 have been restated on account of Gratuity Provision & deduction u/s 35 of the Income Tax Act, 1961. Deferred Tax for the year ended March 31, 2014 and March 31, 2013 have been restated on account of Gratuity Provision.

#### **2) Material Regrouping:**

Appropriate adjustments have been made in the respective years of Restated Summary Statement of Assets and Liabilities, Restated Summary Statement of Profits and Losses and Restated Summary Statement of Cash Flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the Audited financials of the Company for the period ended September 30, 2017 and year ended March 31, 2017, prepared in accordance with Schedule III, and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

#### **3) Application of Revised Schedule VI:**

During the year ended 31 March 2012, the Revised Schedule VI notified under the Companies Act, 1956, had become applicable to the Company, for preparation and presentation of its financial statements. Further Schedule III of the Companies Act, 2013, was notified by Ministry of Corporate Affairs effective April 01, 2014. Accordingly, the Company had prepared the financial statements in accordance with Revised Schedule VI / Schedule III (as applicable) of the Act. The adoption of Revised Schedule VI / Schedule III (as applicable) of the Act did not impact recognition and measurement principles followed for preparation of financial statements.

4) There are no audit qualifications, disclaimer of opinion, adverse opinion or emphasis of matter para in respect of financials of last five years of the Company and for the period ended September 30, 2017.

#### **5) Changes in Accounting Policies in the Last Five Years:**

There has been no change in the Accounting Policies in the last 5 years and for the period ended September 30, 2017.

#### **6) Dividend Payment:**

The Company has not paid any dividend in the last five years and for the period ended September 30, 2017.

#### **7) Changes in Accounting Period:**

There has been no change in the accounting period of the Company.

#### **8) Segment Reporting:**

The Company is engaged in only one segment of business namely electronics and mechanical systems. Hence, Segment Reporting under AS- 17 is not applicable.

9) Managerial Remuneration :

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
<i>Whole Time Directors Remuneration</i>						
Remuneration	44.25	69.35	57.00	50.94	36.79	35.40
Other Fees	-	-	-	-	-	-
Sitting Fees	-	-	-	-	-	-
<i>Non Whole Time Directors Remuneration</i>						
Sitting Fees	-	-	-	-	-	-

10) Remuneration to Statutory Auditors :

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Statutory Audit Fees	-	3.00	2.00	2.00	1.00	0.55
Tax Audit Fees	-	1.00	1.00	1.00	0.50	0.45
Company Law Matter	-	-	-	-	-	-
Certification work	-	-	-	-	-	-
<b>Total</b>	-	<b>4.00</b>	<b>3.00</b>	<b>3.00</b>	<b>1.50</b>	<b>1.00</b>

11) Information regarding foreign exchange earnings :

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Earnings in foreign exchange	-	6.96	26.86	96.61	-	-
Expenditure in foreign exchange	312.07	250.69	165.41	148.08	81.15	102.10
<b>Total</b>	<b>312.07</b>	<b>257.69</b>	<b>192.27</b>	<b>244.69</b>	<b>81.15</b>	<b>102.10</b>

## **Annexure V**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Corporate Information**

Apollo Micro Systems Private Limited (“AMS”) was incorporated on March 03, 1997. It got converted in to public limited company with effect from April 01, 2017. AMS is in to the supply of Electronics and Electro-mechanical systems and components including Design, Research & Development of systems which are used in Missile Programmes (weapon Systems Electronics), Underwater Missile programmes (weapon Systems Electronics), Avionic Systems, Ship Borne Systems, Submarine Systems, Ground Support Equipment, Launcher Control Systems, Gun Control Systems, Decoy Systems, Telematics, Home Land Security, Industrial Automation, Telemetry Systems, Ground Checkout systems for Space Applications.

#### **B. Summary of Significant Accounting Policies**

##### **(a) Basis for preparation of financial statement**

The financial statements have been prepared under the historical cost convention in accordance with the General Accepted Principles (GAAP) in India and is complying in all material aspects with the accounting standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2016 and Companies (Accounting Standards) Amendment Rules, 2016 relevant provision of the Companies Act, 2013 as adopted consistently by the company.

##### **(b) Use of Estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

##### **(c) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured with reasonable certainty of its recovery.

- i. Sales of goods are recognized when the significant risk and rewards of ownership of the goods have been passed to the customer.
- ii. Income from services rendered is accounted for when the work is performed is inclusive of service tax.
- iii. Interest income is recognized on accrual basis taking into account the amount outstanding and the rate applicable.

**(d) Expenditure**

Expenditures are accounted for on accrual basis and provision is made for all known losses and liabilities.

**(e) Fixed Assets**

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation and write down for, impairment if any. Direct costs are capitalized until the assets are ready to be put to use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred. Fixed assets purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase. The Company also develops and prepares some of specific tools instruments required for manufacturing on its own.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

**Capital Work in Progress**

Capital work in progress comprises of Research and Development expenditure incurred on technology development for futuristic technologies and obsolescence management. The expenditure incurred at research phase is debited to profit and loss account and the expenditure incurred at development phase, when its future recoverability can reasonably be regarded as assured is capitalized and shown as tangible asset under the heading Capital Work in Progress. Capitalization ceases when the technology is ready for intended use. Capitalized costs are amortized over the remaining estimated economic life of the technology. Capital work in progress includes development of tools and equipment for captive use.

**(f) Intangible Assets**

Intangible assets are amortised over the period of the useful life of the rights and it begins when the asset is available for use. Intangible assets of infinite useful lives are not amortized but subject to impairment test, on an annual basis

Intangible assets are represented by non-monetary elements, identifiable and lacking physical consistency, controllable and capable of generating future economic benefits. These elements are recorded at purchase and/or production cost, inclusive of any directly attributable expenses for preparing the asset for use, net of accumulated amortisation and any impairment losses.

**(g) Valuation of Inventories**

**i. Raw Materials, Fuels, Packing materials, Stores and Spares**

Lower of the cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below the cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average cost.

**ii. Stock-in-process and Finished goods**

Finished Goods and stock-in-process are valued at lower of cost and net realizable value whichever is lower. Stock-in-process and finished goods are valued at cost of purchase, Cost of Conversion and other costs Incurred in bringing the inventories to their present location and condition. Cost of finished goods includes Excise duty.

- iii. Net realizable Value is the estimated selling price in the ordinary course of business minus estimated cost of completion and estimated cost that are necessary to make the sale.

**(h) Depreciation**

Depreciation is a systematic allocation of depreciable amount of an asset over its useful life in written down value method.

Deviation from Schedule II as to useful life, if any, will be disclosed in accounts suitably. Depreciation on additions is provided at prorata basis from the month of installation or date of commencement of commercial production.

Depreciation is recognized so as to write off the cost of assets less than residual value over their useful lives using written down value method

The estimated useful lives, residual value and depreciation are reviewed at the end of each reporting period with the effect of any changes in estimate useful lives are accounted for on a prospective basis

**(i) Impairment of Fixed Assets**

i) The carrying amount of assets, other than inventories, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

ii) The impairment loss is recognized whenever the carrying amount of an asset or its cash generation unit exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in the uses which is determined based on the estimated future cash flow discounted to their present values. All impairment losses are recognized in the Statement of Profit and Loss.

iii) An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is recognized in the Statement of Profit and Loss.

**(j) Employee Benefits**

**i) Short Term Benefits**

All employees' benefits due wholly within a year of rendering services are classified as short term benefits. These benefits like salaries, wages, short term compensation absences, expected cost of bonus, ex-gratia are recognized as expenses on accrual basis of undiscounted amounts in the Profit and Loss Account.

**ii) Retirement Benefits - Defined Contribution Plan:**

Employee's contribution to Provident fund and Employee State Insurance are recognized as expenditure in statement of Profit and Loss, as they are incurred. There are no other obligations other than the contribution payable to aforesaid respective Trusts / Govt. Authorities

**iii) Defined Benefit Plan:**

The company provides for gratuity as defined benefit plan. There are no other post retirement benefits. The defined benefit gratuity obligation on annual basis is determined by actuarial valuation using the projected unit credit method on renewal date.

The annual contribution paid during the year towards gratuity liability is recognized as funded expenses and unfunded part of the gratuity liability determined on actuarial basis is provided as unfunded gratuity liability

Disclosures for defined contribution plan and defined benefit plan as required under AS 15(Revised), Employee Benefits, are submitted in Notes to accounts

**(k) Taxation**

Provision for Tax for the year comprises current Income Tax and Deferred Tax and is provided as per the Income Tax Act, 1961.

Deferred tax resulting from timing differences between the Book and the Tax Profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognized only if there is a virtual certainty of realization of such assets. Deferred Tax Assets / Liabilities are reviewed as at each Balance Sheet date.

**(l) Cash And Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (within original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

**(m) Cash Flow Statement**

The Cash Flow Statement has been compiled from and is based on the Balance Sheet and the related Profit and Loss Account for the year ended on that date. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and short term investments with an original maturity of three months or less



**(n) Provision, Contingent Liabilities and Contingent Assets**

Provision are recognized for when the company has at present, legal or contractual obligation as a result of past events, only if it is probable that an outflow of resources embodying economic outgo or loss will be required and if the amount involved can be measured reliably.

Contingent liabilities being a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more future events not wholly in control of the company are not recognised in the accounts. The nature of such liabilities and an estimate of its financial effect are disclosed in notes to the Financial Statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

**(o) Foreign currency transactions**

**(i)Initial recognition**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

**(ii) Conversion**

The outstanding transactions other than those covered by forward contracts at the end of the year are accounted at the rates prevailing as on Balance sheet date.

**(iii) Forward Exchange Contracts**

In respect of transactions covered by foreign exchange contracts, the difference between forward trade and exchange rate and the exchange rate on the date of transaction is recognized over the period of contract.

**(iv) Exchange differences**

All exchange differences arising on settlement/conversion/payment of foreign currency transactions are recognized as Income or Expenses in Profit and Loss Account.

**(p) Borrowing Costs**

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

**(q)** As per Cost Audit applicability, the Management has represented that cost compliance is not applicable for FY 2016-17 as Company is small scale industry under MSMED Act,2006

(r) **Earnings Per Share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**Annexure VI**  
**STATEMENT OF SHARE CAPITAL, AS RESTATED**

(₹ in lacs)

Particulars	September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>SHARE CAPITAL</b>						
<b>Authorised Share Capital :</b>						
Equity Shares of ₹ 10 each	2,700.00	1,400.00	1,400.00	1,400.00	1,400.00	1,000.00
	2,700.00	1,400.00	1,400.00	1,400.00	1,400.00	1,000.00
<b>Issued Subscribed and Paid Up Capital:</b>						
Equity Shares of ₹ 10 each fully paid up (Fully paid shares)	1,400.00	1,371.17	1,371.17	1,371.17	1,371.17	646.52

**Reconciliation of number of shares outstanding:**

(₹ in lacs)

Particulars	September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>Equity Shares</b>						
At the beginning of the year	137.12	137.12	137.12	137.12	64.65	64.65
Addition/ (Reduction) during the year	2.88	-	-	-	72.47	-
Outstanding at the end of the year	140.00	137.12	137.12	137.12	137.12	64.65

**Details of shareholders holding more than 5% shares in the company***( ₹ in lacs)*

Financial Year / Period ended	Name	As at March 31,	
		No. of Shares	%
2012-13	Karunakar Reddy Baddam	63,75,190	98.61%
2013-14	Karunakar Reddy Baddam	1,32,71,690	96.79%
2014-15	Karunakar Reddy Baddam	1,32,71,690	96.79%
2015-16	Karunakar Reddy Baddam	1,32,71,690	96.79%
2016-17	Karunakar Reddy Baddam	1,32,71,690	96.79%
September 30, 2017	Karunakar Reddy Baddam	1,32,71,690*	94.80%

*Notes:*

- *During the six month period ended September 30, 2017 the company has issued and allotted preferential allotment of 2,88,300 equity shares of ₹ 10/- each.*
- *During the six month period ended September 30, 2017 the company has issued and allotted 10,00,000 Compulsorily convertible debentures which are to be converted into equivalent number of equity shares within 10 years from the date of issue.*
- *During the six month period ended September 30, 2017 10,00,000 equity shares held by Mr. Karunakar Reddy Baddam have been pledged.*

**Rights, preferences and restrictions:**

The Company has only one class of share capital being Equity Shares having a face value of ₹ 10/- per share. Share. The Company declares and pays dividend in Indian rupees. The dividend payable on equity shares is subjected to recommendations of Board of Directors and share holders in Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company in proportionate to their share holdings holding.

The Company is not having holding company or subsidiary companies or joint ventures and associates.

**Annexure VII**

**STATEMENT OF RESERVES AND SURPLUS, AS RESTATED**

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>Surplus</b>						
Balance as at the beginning of the year	4,965.93	3,108.82	2,108.77	1,377.99	850.26	564.91
Add: Profit / (Loss) for the year transferred to reserves as restated	711.15	1,857.11	1,000.05	744.76	533.39	295.95
Less: Adjustments on account of Interest paid on TDS / Income Tax	-	-	-	13.98	5.66	-
Less: Opening Gratuity Provision	-	-	-	-	-	10.60
<b>Security Premium Account</b>						
Balance, at the beginning of the year	-	-	-	-	-	-
Add: addition on allotment during the year	547.77	-	-	-	-	-
<b>Balance as at the end of the year</b>	<b>6,224.86</b>	<b>4,965.93</b>	<b>3,108.82</b>	<b>2,108.77</b>	<b>1,377.99</b>	<b>850.26</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

**Annexure VIII**

**STATEMENT OF LONG TERM BORROWINGS, AS RESTATED**

(₹ in lacs)

Particulars	Non Current portion of Long term borrowing						Current Maturities of long term borrowings					
	September 30, 2017	As at March 31 ,					September 30, 2017	As at March 31 ,				
		2017	2016	2015	2014	2013		2017	2016	2015	2014	2013
<b>i) Secured Loans</b>												
State Bank of India (Formerly State Bank of Hyderabad)	530.84	305.91	744.32	1,191.27	773.65	58.41	427.00	428.25	444.10	392.35	197.60	59.56
Edelweiss Retail Finance Limited	71.03	112.22	-	-	-	-	56.12	40.00	-	-	-	-
Reliance Capital Limited	125.34	143.38	-	-	-	-	47.10	50.00	-	-	-	-
Buyers Credit against CAPEX LC	-	666.73	666.73	666.73	-	-	-	-	-	-	-	-
Tata Capital Financial Services Limited-Vehicle Loan	2.15	6.86	16.09	-	-	-	12.71	13.17	-	-	-	-
Andhra Pradesh State Financial Corporation	-	-	-	-	-	324.89	-	-	-	-	-	-
HDFC Bank Vehicle Loan	9.14	-	-	-	-	-	3.05	-	-	-	-	-
<b>ii)Unsecured Loans</b>												
Loan from Other Corporates	254.20	117.92	141.24	23.20	-	-	327.15	339.14	171.65	109.59	-	-
Compulsorily Convertible Debentures	2,000.00	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,992.70</b>	<b>1,353.02</b>	<b>1,568.38</b>	<b>1,881.20</b>	<b>773.65</b>	<b>383.30</b>	<b>873.13</b>	<b>870.56</b>	<b>615.75</b>	<b>501.94</b>	<b>197.60</b>	<b>59.56</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

**Restated Summary Statement of Long Term Borrowings**

(₹ in lacs)

Sl. No	Name of The Lender	Outstanding as at 30 September, 2017		Type of Loan	Validity/ Repayment Schedule	Rate of Interest p.a. (%)	Sanction	Securities Offered
		Shown Under Long Term Borrowings	Shown Under Current Maturities of Long Term Loans					
1	State Bank of India	435.38	352.00	Term Loan	22.03.2018	12.35 p.a.	1760.00	First charge on all fixed assets of the company both present and future  Please refer to note A for collateral securities and personal guarantees
2	State Bank of India	95.46	75.00	Term Loan	30.09.2019	12.35 p.a	300.00	First charge on all fixed assets of the company both present and future  Please refer to note A for collateral securities and personal guarantees
3	Edelweiss Retail Finance Limited	71.03	56.12	Loan against property	36 months. Payment of interest during moratorium period of first 3 months and installment of ₹ 5.98 lacs for next 33 months	Variable, SME reference rate (SMERR) - 4.50%, effective interest rate currently being 15% p.a.	160.89	Charge on the following machinery acquired from the proceeds of the loan •Yamaha Auto Optical inspection, •Panasonic make pick and place feeder, feeder support unit and other accessories and •multi magazine automatic loader and unloader
4	Tata Capital Financial Services Limited	1.57	10.01	Vehicle loan	36 months commencing from 15.01.2016	16% p.a.	24.30	Hypothecation of vehicle (Mercedes Benz Car)

5	Tata Capital Financial Services Limited	0.57	2.71	Vehicle loan	36 months commencing from 15.01.2016	16% p.a.	6.93	Hypothecation of vehicle (Duster Car)
6	HDFC Bank Vehicle Loan	9.14	3.05	Vehicle loan	48 months commencing from 15.08.2017	12.05% p.a.	12.39	Hypothecation of vehicle (Force Traveller)
7	Reliance Capital Limited	125.34	47.10	Term loan against hypothecation of assets	36 months. Payment of interest during moratorium period of first 3 months and installment of ₹ 5.91 lacs for next 33 months	15.75% p.a. floating	200.00	Charge on Panasonic-AM100-D-Modular placement machine with all accessories, acquired from the proceeds of the loan.
8	Bajaj Finserv Limited	11.24	13.41	Unsecured loan	18 months commencing from 02.08.2015	19%	25.50	N.A.
9	Bajaj Finserv Limited	-	9.35	Unsecured loan	24 months commencing from 02.09.2016	19.5%	26.50	N.A.
10	Capital First Limited	42.77	11.78	Unsecured loan	36 months commencing from 05.10.2016	19.00%	75.00	N.A.
11	Dewan Housing Finance Limited	17.17	6.11	Unsecured loan	36 months commencing from Dec, 2016	18.5%	30.04	N.A.
12	Edelweiss Retail Finance Limited	-	20.32	Unsecured loan	36 months commencing from 05.09.2016	19.5%	40.11	N.A.

13	Fullerton India	25.14	24.87	Unsecured loan	24 months commencing from 05.08.2016	18%	50.00	N.A.
14	HDFC Bank Limited	29.87	30.12	Unsecured loan	24 months commencing from 04.09.2016	15.49%	60.00	N.A.
15	ICICI Bank Limited	-	13.26	Unsecured loan	36 months commencing from 01.08.2015	18%	39.75	N.A.
16	India Infoline Finance Limited	17.18	12.96	Unsecured loan	36 months commencing from 03.11.2016	19.50%	40.00	N.A.
17	Kotak Mahindra Bank Limited	-	16.35	Unsecured loan	36 months commencing from 01.08.2015	19.10%	48.50	N.A.
18	Magma Fincorp Limited	-	37.05	Unsecured loan	36 months commencing from 07.11.2015	19.25	40.00	N.A.
19	Magma Fincorp Limited	27.13	11.04	Unsecured loan	18 months commencing from 07.10.2016	19.25%	30.00	N.A.
20	Neo Growth Credit Private Limited	-	32.27	Unsecured loan	12 months commencing from 22.07.2016	18%	55.00	N.A.
21	RBL Bank Limited	-	6.27	Unsecured loan	12 months commencing from 05.12.2016	18.5%	35.00	N.A.
22	Shriram	-	15.21	Unsecured loan	24 months	20%	30.00	N.A.



	City Union Finance Limited				commencing from 05.09.2016			
23	Tata Capital Financial Services Limited	32.75	27.25	Unsecured loan	24 months commencing from 15.10.2016	18.62%	60.34	N.A.
24	Aditya Birla Finance Ltd	20.98	23.74	Unsecured loan	24 monthly installments commencing from 05.06.2017	19.00%	50.00	N.A.
25	Equitas Small Finance Bank Ltd	29.97	15.80	Unsecured loan	36 monthly installments commencing from 05.06.2017	19.50%	50.00	N.A.

**Note A:**

*Collateral Security*

**a. Second charge on fixed assets to the WC on pari passu basis with other WC lenders**

**b. Equitable mortgage of**

1. C1, admeasuring 860 sq. ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad.
2. E1 admeasuring 940 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
3. D1 admeasuring 970 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
4. C3 admeasuring 860 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
5. D3, admeasuring 970 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
6. Land admeasuring 200 sq. ft., 23-53/10/2 part plot No. 11, Survey No. 44, Chilukanagar, Uppal Hyderabad
7. Plot No. 11, Survey No. 44 23-53/10/2 part, admeasuring 200 sq. yards., situate at Chilukanagar, Uppal Hyderabad
8. Land admeasuring 17.01 guntas situated at Kanakamamidi village, Moinabad, chevella
9. Flat 201, 1<sup>st</sup> floor admeasuring 1160 sq.ft., Balaji residency, Habsiguda, Hyderabad
10. Plot no 55 & 131, admeasuring 271 sq. yards duplex house, Pethbasheerabad village, Qutubullapur Mandal R.R District, Hyderabad
11. Land admeasuring 260 sq. Yards situated at Kumpally, Qutubullapur Mandal R.R District, Hyderabad
12. Plot no. 277 admeasuring 140 Sq. Yards, situated at Sneha Sai Colony, Balapur Village, Saroor Nagar Revenue Mandal R.R District, Hyderabad
13. Plot no. 251 admeasuring 140 Sq. Yards situated at Sneha Sai Colony, Balapur Village, Saroor Nagar Revenue Mandal R.R District, Hyderabad
14. Plot no. 276 admeasuring 140 Sq. Yards, situated at Sneha Sai Colony, Balapur Village, Saroor Nagar Revenue Mandal R.R District, Hyderabad
15. Plot no. 35 admeasuring 276 Sq. Yards situated at Sultanpur, H/O Mallapur Village, Saroor Nagar Revenue Mandal, R.R District, Hyderabad
16. Plot no 128/A admeasuring 1836.5 Sq. ft. situate at Industrial Development area, Mallapur, Uppal Mandal, R.R District, Hyderabad

17. Plot no. 42 admeasuring 254 Sq. Yards situated at Sultanpur, H/O Mallapur Village, Saroor Nagar Revenue Mandal, R.R District, Hyderabad
  18. Land admeasuring 1548 Sq. yards situated at Venkatapur village, Saroor nagar Mandal, R.R District, Hyderabad
  19. Land admeasuring 1548 Sq. yards situated at Venkatapur village, Saroor nagar Mandal, R.R District, Hyderabad
  20. Land admeasuring 2369 Sq. yards situated at plot no. 48-53, 64-69, Sultanpur, H/O Mallapur Village, Saroornagar Venkatapur grampanchayat, R.R District, Hyderabad.
  21. Land admeasuring 1984 Sq. yards situated at plot no. 54-63, Sultanpur, H/O Mallapur Village, Saroor nagar Venkatapur grampanchayat, R.R District, Hyderabad.
  22. Land admeasuring 1200 Sq. yards situated at plot no. 44, Manchirevula village and gram panchayat, Rajendra Nagar mandal, R.R District, Hyderabad.
  23. Land admeasuring 1984 Sq. yards situated at plot no.70-74, 79-82, Sultanpur, H/O Mallapur Village, Saroornagar Venkatapur gram panchayat , r.r District, Hyderabad
- Personal guarantees of
    - a) B. Karunakar Reddy,
    - b) V. SriLakshmi Reddy,
    - c) Ch P V S Prasad,
    - d) A Krishna Sai Kumar,
    - e) B V Vara Prasad Reddy,
    - f) K Chandra Prakash Reddy,
    - g) K S Linga Prasad

**Note:**

1. There has been no re-schedulement, prepayment, penalty & default in respect of abovementioned loans.
2. The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

**Annexure IX**

**STATEMENT OF DEFERRED TAX LIABILITY, AS RESTATED**

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Depreciation accounted in the books of account	304.25	392.60	272.37	394.31	35.10	39.38
Gratuity Provision	3.37	6.74	7.49	7.25	3.85	2.45
Less: Depreciation allowed as per provisions of the Income tax Act	282.25	398.53	361.58	422.31	93.99	35.85
Research & Development Expenditure Claimed U/s 35	678.59	1,286.46	865.01	146.81	-	-
Timing Difference	(653.22)	(1,285.65)	(946.73)	(167.56)	(55.04)	(53.10)
Deferred Tax Liability	(215.97)	(425.07)	(313.02)	(54.36)	(17.85)	1.95
Deferred Tax Liability at the beginning of the year	816.07	390.99	77.97	23.61	5.76	7.71
Add: During the year	215.97	425.07	313.02	54.36	17.85	1.95
<b>Net Deferred Tax Liability</b>	<b>1,032.04</b>	<b>816.06</b>	<b>390.99</b>	<b>77.97</b>	<b>23.61</b>	<b>5.76</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure X**

**STATEMENT OF OTHER LONG TERM LIABILITIES, AS RESTATED**

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Creditors for capital goods	2.72	733.35	384.57	100.02	26.32	-
Advance from customers- long term contracts	196.46	196.46	267.60	-	-	-
<b>Total</b>	<b>199.18</b>	<b>929.81</b>	<b>652.17</b>	<b>100.02</b>	<b>26.32</b>	<b>-</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

#### Annexure XI

#### STATEMENT OF LONG TERM PROVISIONS, AS RESTATED

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Provision for Gratuity	41.76	38.39	31.65	24.15	16.91	13.05
<b>Total</b>	<b>41.76</b>	<b>38.39</b>	<b>31.65</b>	<b>24.15</b>	<b>16.91</b>	<b>13.05</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

#### Annexure – XII

#### STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>Secured Borrowings</b>						
RBL Bank Limited- Overdraft	497.19	494.73	-	-	-	-
State Bank of India- Overdraft	4274.43	4,077.80	3,153.70	2,966.09	2,360.87	1,058.06
ICICI Bank- Overdraft	1199.22	1,201.00	1,194.91	-	-	-
Loan From NSIC (Raw Material Assistance)	494.84	492.55	491.47	398.94	181.17	492.86
<b>Unsecured Borrowings</b>						
Loan From Director	237.14	290.35	59.30	77.00	-	-
<b>Total</b>	<b>6702.84</b>	<b>6,556.43</b>	<b>4,899.38</b>	<b>3,442.03</b>	<b>2,542.04</b>	<b>1,550.92</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Restated Summary Statement of Short Term Borrowings**

(₹ in lacs)

Sr. No.	Name of The Lender	Outstanding as at September 30,2017	Type of Loan	Repayment Schedule	Rate of Interest p.a. (%)	Sanction Amount	Securities offered
1.	RBL Bank Limited	497.19	Cash Credit facility	On Demand	11.45	500.00	<ul style="list-style-type: none"> <li>• Pari passu first charge on the entire current assets of the Company both present and future</li> <li>• The current assets of the Company namely stocks of raw materials, stocks in process, semi – finished and finished goods, stores and spares not relating to receivables and book – debts and all other movable present or future lying loose or stored in the godowns etc</li> <li>• All the present and future book debts, outstanding money receivables, claims, bills of the Company</li> </ul> <p>Exclusive charge on immovable properties by way of equitable mortgage. Details of properties mentioned below:</p> <ul style="list-style-type: none"> <li>• No.22 and 23 admeasuring 480 sq. Yards in SY nos.304 part and 305 of Ganesh Enclave situated at Balapur Village, Saroornagar Mandal, Ranga Reddy District owned by L Anantha Lakshmi.</li> <li>• Open land situated at Sharadha Nagar Adibatla Village, Ibrahimpatnam Mandal, RR District, bearing plot no.227 (Western part) and plot no.227 (Eastern part) in survey no.661, 662,694 to 700 and 703.</li> <li>• House plot no.37 admeasuring 220 sq yards in Survey No.62/A/AA, 63/A/AA situated at Sultanpur, Saroornagar Mandal, RR District, Hyderabad owned by Karunakar Reddy.</li> <li>• House plot no. 40 admeasuring 202 sq. Yards in Survey no.62/A/AA, 62/A/AA situated at Sultanpur, Saroornagar Mandal, RR District, Hyderabad owned by Karunakar Reddy</li> <li>• Unconditional and irrevocable personal guarantees of               <ul style="list-style-type: none"> <li>• Mr. B Karunakar Reddy</li> <li>• Mr. Sai Kumar</li> </ul> </li> </ul>

							<ul style="list-style-type: none"> <li>• Mr. Siva Prasad</li> <li>• Ms. V Srilakshmi Reddy</li> <li>• Mrs. L Anantha Lakshmi</li> </ul>
2	State Bank of India (formerly State Bank of Hyderabad)	4,274.43	Cash credit (HYP)	On Demand	11.85	4,250.00	<p>Pari passu charge on current assets of the company both present and future</p> <p>Please refer to note A for collateral securities and personal guarantees</p>
3	ICICI Bank Limited	1,199.22	Cash Credit Facility	On Demand	I-base + 2.50% p.a. 11.85% p.a.	1,200.00	<p><b>Primary security</b></p> <ul style="list-style-type: none"> <li>• The whole of the movable properties of the Company, both present and future lying loose or stored in the Company's factories, premises and godowns etc.</li> <li>• The current assets of the Company namely stocks of raw materials, cash in hand, goods in process, semi – finished and finished goods, consumable stores and spares and all other movable present or future lying loose or stored in the Company's factories, premises and godowns etc, as well as book debts, outstandings, moneys, receivables, claims, bills, rights both present and future.</li> <li>• Pari passu first charge with other participating banks on the entire stock of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills (documentary or clean) outstanding monies, receivables both present and future.</li> <li>• All the present and future cash flows and receivables, claims of the Company.</li> </ul> <p><b>Collateral security</b></p> <ul style="list-style-type: none"> <li>• Please refer to note A for collateral securities and personal guarantees</li> </ul>

In addition to the above,

1.The National Small Industries Corporation Limited has vide its letter dated February 11, 2012 has sanctioned a limit of ₹ 500 lacs under Raw Material Assistance Scheme, the outstanding amount of which is ₹ 494.84 lacs as on September 30, 2017. The terms of sanction are as under:

Rate of interest : 13.40% p.a. for 90 days. Additional 3% p.a. exceeding 90 days

Service charges : 1% in advance or 0.25% for first 30 days and 0.08% per week thereafter.  
Security : Bank guarantee equivalent to the value of limit sanctioned from State Bank of Hyderabad, Habsiguda branch.

2. The Company has also availed unsecured interest free loan from Mr. Karunakar Reddy Baddam, Managing Director of the Company, repayable on demand. Amount outstanding as on September 30, 2017 is ₹ 237.14 lacs.

Note: There has been no re-schedulement, prepayment, penalty & default in respect of abovementioned loans.

**Note A:**

- a. Second charge on fixed assets to the WC on pari passu basis with other WC lenders**
- b. Equitable mortgage of**
  - i. C1, admeasuring 860 sq. ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad.
  - ii. E1 admeasuring 940 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
  - iii. D1 admeasuring 970 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
  - iv. C3 admeasuring 860 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
  - v. D3, admeasuring 970 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
  - vi. Land admeasuring 200 sq. ft., 23-53/10/2 part plot No. 11, Survey No. 44, Chilukanagar, Uppal Hyderabad
  - vii. Plot No. 11, Survey No. 44 23-53/10/2 part, admeasuring 200 sq. yards., situate at Chilukanagar, Uppal Hyderabad
  - viii. Land admeasuring 17.01 guntas situated at Kanakamamidi village, Moinabad, chevella
  - ix. Flat 201, 1<sup>st</sup> floor admeasuring 1160 sq.ft., Balaji residency, Habsiguda, Hyderabad
  - x. Plot no 55 & 131, admeasuring 271 sq. yards duplex house, Pethbasheerabad village, Qutubullapur Mandal R.R District, Hyderabad
  - xi. Land admeasuring 260 sq. Yards situated at Kumpally, Qutubullapur Mandal R.R District, Hyderabad
  - xii. Plot no. 277 admeasuring 140 Sq. Yards, situated at Sneha Sai Colony, Balapur Village, Saroor Nagar Revenue Mandal R.R District, Hyderabad
  - xiii. Plot no. 251 admeasuring 140 Sq. Yards situated at Sneha Sai Colony, Balapur Village, Saroor Nagar Revenue Mandal R.R District, Hyderabad
  - xiv. Plot no. 276 admeasuring 140 Sq. Yards, situated at Sneha Sai Colony, Balapur Village, Saroor Nagar Revenue Mandal R.R District, Hyderabad
  - xv. Plot no. 35 admeasuring 276 Sq. Yards situated at Sultanpur, H/O Mallapur Village, Saroor Nagar Revenue Mandal, R.R District, Hyderabad
  - xvi. Plot no 128/A admeasuring 1836.5 Sq. ft. situate at Industrial Development area, Mallapur, Uppal Mandal, R.R District, Hyderabad
  - xvii. Plot no. 42 admeasuring 254 Sq. Yards situated at Sultanpur, H/O Mallapur Village, Saroor Nagar Revenue Mandal, R.R District, Hyderabad
  - xviii. Land admeasuring 1548 Sq. yards situated at Venkatapur village, Saroor nagar Mandal, R.RDISTRICT, Hyderabad
  - xix. Land admeasuring 1548 Sq. yards situated at Venkatapur village, Saroor nagar Mandal, R.R District, Hyderabad
  - xx. Land admeasuring 2369 Sq. yards situated at plot no. 48-53, 64-69, Sultanpur, H/O Mallapur Village, Saroornagar Venkatapur grampanchayat, R.R District, Hyderabad.
  - xxi. Land admeasuring 1984 Sq. yards situated at plot no. 54-63, Sultanpur, H/O Mallapur Village, Saroor nagar Venkatapur grampanchayat, R.R District, Hyderabad.
  - xxii. Land admeasuring 1200 Sq. yards situated at plot no. 44, Manchirevula village and gram panchayat, Rajendra Nagar mandal, R.R District, Hyderabad.
  - xxiii. Land admeasuring 1984 Sq. yards situated at plot no.70-74, 79-82, Sultanpur, H/O Mallapur Village, Saroornagar Venkatapur gram panchayat , R.R District, Hyderabad
- Personal guarantees of Karunakar Reddy Baddam, V. SriLakshmi Reddy, Ch P V S Prasad, A Krishna Sai Kumar, B V Vara Prasad Reddy, K Chandra Prakash Reddy and K S Linga Prasad.

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure – XIII**

**STATEMENT OF TRADE PAYABLES, AS RESTATED**

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Trade Payable						
Due To Micro & Small Enterprise	-	-	-	-	-	-
Others	9,016.32	6,787.18	7,156.66	3,342.75	1,828.38	777.28
<b>Total</b>	<b>9,016.32</b>	<b>6,787.18</b>	<b>7,156.66</b>	<b>3,342.75</b>	<b>1,828.38</b>	<b>777.28</b>

**Note:**

1. The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII
2. Based on information & explanation available with the Company, there are no outstanding dues to Micro, Small and Medium enterprises as required under Micro, Small and Medium Enterprises Development Act, 2006.

**Annexure - XIV**

**STATEMENT OF OTHER CURRENT LIABILITIES, AS RESTATED**

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Current Maturities of long term debts	873.16	870.56	615.75	501.94	197.60	59.56
Statutory Liabilities	61.95	53.71	33.86	27.86	28.10	18.35



Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Non Trade payable	137.89	128.81	78.92	42.26	32.63	40.83
Advance from customers	230.33	292.26	97.39	253.75	2.34	8.05
<b>Total</b>	<b>1,303.32</b>	<b>1,345.34</b>	<b>825.92</b>	<b>825.81</b>	<b>260.67</b>	<b>126.79</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

#### Annexure - XV

#### STATEMENT OF SHORT TERM PROVISION, AS RESTATED

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Provision for Income Tax	554.60	422.35	290.73	298.12	270.89	169.02
<b>Total</b>	<b>554.60</b>	<b>422.35</b>	<b>290.73</b>	<b>298.12</b>	<b>270.89</b>	<b>169.02</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

Annexure – XVI

STATEMENT OF FIXED ASSETS AS RESTATED

From April 01, 2017 to September 30, 2017

(₹ in lacs)

Description of Assets	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at April 01, 2017	Addition	Disposal/Adjustment	As At September 30, 2017	As at April 01, 2017	Addition	Disposal/Adjustment	As At September 30, 2017	As At March 31, 2017	As At September 30, 2017
<b>Tangible Assets</b>										
Land at Mallapur	150.85	-	-	150.85	-	-	-	-	150.85	150.85
Plant & Machinery	470.53	-	-	470.53	219.96	22.67	-	242.64	250.57	227.89
Vehicles	72.29	10.61	-	82.90	43.78	4.13	-	47.92	28.50	34.99
Tools & Instruments	1,762.64	246.28	-	2,008.92	364.77	138.96	-	503.73	1,397.87	1,505.19
Furniture & Fixtures	80.91	0.22	-	81.13	54.99	3.36	-	58.35	25.92	22.77
Computers & Software	381.39	179.75	-	561.14	243.67	80.48	-	324.15	137.72	236.99
Office Equipments	44.99	1.59	-	46.58	28.15	3.96	-	32.11	16.84	14.47
Building	1,261.91	-	-	1,261.91	316.61	44.90	-	361.51	945.30	900.40
Electrical Fittings	100.53	-	-	100.53	55.91	5.78	-	61.68	44.62	38.85
<b>Sub Total</b>	<b>4,326.05</b>	<b>438.45</b>	<b>-</b>	<b>4,764.50</b>	<b>1,327.85</b>	<b>304.25</b>	<b>-</b>	<b>1,632.10</b>	<b>2,998.19</b>	<b>3,132.40</b>
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Work In Progress</b>	1,286.46	678.59	-	1,965.05			-	-	1,286.46	1,965.05
<b>Sub Total</b>	<b>1,286.46</b>	<b>678.59</b>	<b>-</b>	<b>1,965.05</b>			<b>-</b>	<b>-</b>	<b>1,286.46</b>	<b>1,965.05</b>
<b>Total</b>	<b>5,612.51</b>	<b>1,117.05</b>	<b>-</b>	<b>6,729.55</b>	<b>1327.85</b>	<b>304.25</b>	<b>-</b>	<b>1,632.10</b>	<b>4,284.65</b>	<b>5097.45</b>
<b>Previous Year</b>	<b>4,060.72</b>	<b>2,563.61</b>	<b>1,011.82</b>	<b>5,612.50</b>	<b>935.25</b>	<b>392.59</b>	<b>-</b>	<b>1,327.85</b>	<b>3,125.47</b>	<b>4,284.66</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

From April 01, 2016 to March 31, 2017

(₹ in lacs)

Description of Assets	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION			NET BLOCK		
	As at April 01, 2016	Addition	Disposal/Adjustment	As At March 31, 2017	As at April 01, 2016	Addition	Disposal/Adjustment	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017
<b>Tangible Assets</b>										
Land at Mallapur	150.85	-	-	150.85	-	-	-	-	150.85	150.85
Plant & Machinery	470.53	-	-	470.53	164.59	55.37	-	219.96	305.94	250.57
Vehicles	65.77	6.52	-	72.29	34.16	9.62	-	43.78	31.62	28.50
Tools & Instruments	670.89	1,091.75	-	1762.64	259.37	105.40	-	364.77	411.51	1397.87
Furniture & Fixtures	79.80	1.11	-	80.91	46.22	8.77	-	54.99	33.58	25.92
Computers & Software	204.18	177.21	-	381.39	158.64	85.03	-	243.67	45.54	137.72
Office Equipments	44.43	0.56	-	44.99	14.57	13.58	-	28.15	29.87	16.84
Building	1,261.91	-	-	1,261.91	217.38	99.23	-	316.61	1,044.53	945.30
Electrical Fittings	100.53	-	-	100.53	40.32	15.59	-	55.91	60.21	44.62
<b>Sub Total</b>	<b>3,048.89</b>	<b>1,277.15</b>	<b>-</b>	<b>4,326.04</b>	<b>935.25</b>	<b>392.59</b>	<b>-</b>	<b>1,327.85</b>	<b>2,113.65</b>	<b>2,998.19</b>
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-	-	-	-	-
<b>Capital Work In Progress</b>	1,011.82	1,286.46	1,011.82	1,286.46	-	-	-	-	1011.82	1,286.46
<b>Sub Total</b>	<b>1,011.82</b>	<b>1,286.46</b>	<b>1,011.82</b>	<b>1,286.46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1011.82</b>	<b>1,286.46</b>
<b>Total</b>	<b>4,060.72</b>	<b>2,563.61</b>	<b>1,011.82</b>	<b>5,612.50</b>	<b>935.25</b>	<b>392.59</b>	<b>-</b>	<b>1,327.85</b>	<b>3,125.47</b>	<b>4,284.66</b>
<b>Previous Year</b>	<b>3,097.70</b>	<b>963.02</b>	<b>-</b>	<b>4,060.72</b>	<b>662.88</b>	<b>272.38</b>	<b>-</b>	<b>935.25</b>	<b>2,434.81</b>	<b>3,125.47</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

From April 01, 2015 to March 31, 2016

(₹ in lacs)

Description of Assets	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION			NET BLOCK		
	As at April 01, 2015	Addition	Disposal/Adjustment	As At March 31, 2016	As at April 01, 2015	Addition	Disposal/Adjustment	As At March 31, 2016	As At March 31, 2015	As At March 31, 2016
<b>Tangible Assets</b>										
Land at Mallapur	150.85	-	-	150.85	-	-	-	-	150.85	150.85
Plant & Machinery	470.53	-	-	470.53	109.74	54.85	-	164.59	360.79	305.94
Vehicles	31.07	34.70	-	65.77	30.18	3.98	-	34.16	0.89	31.62
Tools & Instruments	670.17	0.72	-	670.89	1,74.22	85.15	-	259.37	495.94	411.51
Furniture & Fixtures	78.77	1.03	-	79.80	37.30	8.92	-	46.22	41.47	33.58
Computers & Software	178.56	25.62	-	204.18	155.17	3.47	-	158.64	23.39	45.54
Office Equipments	16.00	28.43	-	44.43	11.04	3.53	-	14.57	4.96	29.87
Building	1,254.41	7.50	-	1,261.91	119.21	98.17	-	217.38	1,135.20	1,044.53
Electrical Fittings	100.53	-	-	100.53	26.03	14.29	-	40.32	74.51	60.21
<b>Sub Total</b>	<b>2,950.89</b>	<b>98.01</b>	<b>-</b>	<b>3,048.90</b>	<b>662.89</b>	<b>272.38</b>	<b>-</b>	<b>935.25</b>	<b>2,288.00</b>	<b>2,113.65</b>
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-	-	-	-	-
<b>Capital Work In Progress</b>	146.81	865.01	-	1,011.82	-	-	-	-	146.81	1,011.82
<b>Sub Total</b>	<b>146.81</b>	<b>865.01</b>	<b>-</b>	<b>1,011.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146.81</b>	<b>1,011.82</b>
<b>Total</b>	<b>3,097.70</b>	<b>963.02</b>	<b>-</b>	<b>4,060.72</b>	<b>662.89</b>	<b>272.38</b>	<b>-</b>	<b>935.25</b>	<b>2,434.81</b>	<b>3,125.47</b>
<b>Previous Year</b>	<b>2,059.33</b>	<b>2,274.93</b>	<b>1,236.59</b>	<b>3,097.69</b>	<b>268.58</b>	<b>394.31</b>	<b>-</b>	<b>-</b>	<b>1,790.77</b>	<b>2,434.81</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

From April 01, 2014 to March 31, 2015

(₹ in lacs)

Description of Assets	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at April 01, 2014	Addition	Disposal/Adjustment	As At March 31, 2015	As at April 01, 2014	Addition	Disposal/Adjustment	As At March 31, 2015	As At March 31, 2014	As At March 31, 2015
<b>Tangible Assets</b>										
Land at Mallapur	150.85	-	-	150.85	-	-	-	-	150.85	150.85
Plant & Machinery	48.86	421.67	-	470.53	28.59	81.15	-	109.74	20.27	360.79
Vehicles	31.07	-	-	31.07	29.43	0.75	-	30.18	1.65	0.89
Tools & Instruments	386.55	283.62	-	670.17	59.95	114.27	-	174.22	326.60	495.94
Furniture & Fixtures	27.52	51.25	-	78.77	21.13	16.17	-	37.30	6.40	41.47
Computers & Software	165.56	13.00	-	178.56	121.10	34.07	-	155.17	44.46	23.39
Office Equipments	12.33	3.67	-	16.00	8.38	2.66	-	11.04	3.95	4.97
Building	-	1,254.41	-	1,254.41	-	119.21	-	119.21	-	1,135.20
Electrical Fittings	-	100.53	-	100.53	-	26.03	-	26.03	-	74.51
<b>Sub Total</b>	<b>822.74</b>	<b>2,128.15</b>	<b>-</b>	<b>2,950.89</b>	<b>268.58</b>	<b>394.31</b>	<b>-</b>	<b>662.89</b>	<b>554.18</b>	<b>2,288.01</b>
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-	-	-	-	-
<b>Capital Work In Progress</b>	1,236.59	146.81	1,236.59	146.81	-	-	-	-	1,236.59	146.81
<b>Sub Total</b>	<b>1,236.59</b>	<b>146.81</b>	<b>1,236.59</b>	<b>146.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,236.59</b>	<b>146.81</b>
<b>Total</b>	<b>2059.33</b>	<b>2,274.93</b>	<b>1,236.59</b>	<b>3,097.69</b>	<b>268.58</b>	<b>394.31</b>	<b>-</b>	<b>-</b>	<b>1,790.77</b>	<b>2,434.82</b>
<b>Previous Year</b>	<b>946.50</b>	<b>1,112.83</b>	<b>-</b>	<b>2,059.33</b>	<b>233.49</b>	<b>35.10</b>	<b>-</b>	<b>268.58</b>	<b>713.04</b>	<b>1,790.77</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

From April 01, 2013 to March 31, 2014

(₹ in lacs)

Description of Assets	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at April 01, 2013	Addition	Disposal/Adjustment	As At March 31, 2014	As at April 01, 2013	Addition	Disposal/Adjustment	As At March 31, 2014	As At March 31, 2013	As At March 31, 2014
<b>Tangible Assets</b>										
Land at Mallapur	150.85	-	-	150.85	-	-	-	-	150.85	150.85
Plant & Machinery	42.51	6.35	-	48.86	25.84	2.75	-	28.59	16.67	20.27
Vehicles	31.07	-	-	31.07	28.85	0.58	-	29.43	2.22	1.65
Tools & Instruments	172.51	214.04	-	386.55	39.77	20.18	-	59.95	132.73	326.60
Furniture & Fixtures	27.52	-	-	27.52	19.72	1.41	-	21.13	7.82	6.40
Computers & Software	125.14	40.42	-	165.56	111.55	9.56	-	121.10	13.60	44.46
Office Equipments	11.96	0.37	-	12.33	7.76	0.62	-	8.38	4.20	3.95
<b>Sub Total</b>	<b>561.56</b>	<b>261.18</b>	<b>-</b>	<b>822.74</b>	<b>233.49</b>	<b>35.10</b>	<b>-</b>	<b>268.58</b>	<b>328.10</b>	<b>554.18</b>
Intangible Assets	-	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Capital Work In Progress	384.94	851.65	-	1,236.59	-	-	-	-	384.94	1,236.59
<b>Sub Total</b>	<b>384.94</b>	<b>851.65</b>	<b>-</b>	<b>1,236.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>384.94</b>	<b>1,236.59</b>
<b>Total</b>	<b>946.50</b>	<b>1,112.83</b>	<b>-</b>	<b>2,059.33</b>	<b>233.49</b>	<b>35.10</b>	<b>-</b>	<b>268.58</b>	<b>713.04</b>	<b>1,790.77</b>
<b>Previous Year</b>	<b>822.60</b>	<b>123.89</b>	<b>-</b>	<b>946.49</b>	<b>194.09</b>	<b>39.38</b>	<b>-</b>	<b>233.48</b>	<b>628.53</b>	<b>713.04</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

From April 01, 2012 to March 31, 2013

(₹ in lacs)

Description of Assets	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at April 01, 2012	Addition	Disposal/Adjustment	As At March 31, 2013	As at April 01, 2012	Addition	Disposal/Adjustment	As At March 31, 2013	As At March 31, 2012	As At March 31, 2013
Tangible Assets										
Land at Mallapur	150.85	-	-	150.85	-	-	-	-	150.85	150.85
Plant & Machinery	42.50	-	-	42.50	22.81	3.02	-	25.83	19.69	16.67
Vehicles	31.07	-	-	31.07	28.07	0.78	-	28.85	3.00	2.22
Tools & Instruments	172.51	-	-	172.51	15.74	24.03	-	39.77	156.77	132.73
Furniture & Fixtures	27.52	-	-	27.52	17.98	1.73	-	19.71	9.54	7.82
Computers & Software	116.14	9.00	-	125.14	102.48	9.06	-	111.55	13.66	13.60
Office Equipments	11.96	-	-	11.96	7.00	0.76	-	7.76	4.96	4.20
<b>Sub Total</b>	<b>552.55</b>	<b>9.00</b>	<b>-</b>	<b>561.55</b>	<b>194.09</b>	<b>39.38</b>	<b>-</b>	<b>233.48</b>	<b>358.47</b>	<b>328.10</b>
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-	-	-	-
Capital Work In Progress	270.05	114.89	-	384.94	-	-	-	-	270.05	384.94
<b>Sub Total</b>	<b>270.05</b>	<b>114.89</b>	<b>-</b>	<b>384.94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270.05</b>	<b>384.94</b>
<b>Total</b>	<b>822.60</b>	<b>123.89</b>	<b>-</b>	<b>946.49</b>	<b>194.09</b>	<b>39.38</b>	<b>-</b>	<b>233.48</b>	<b>628.53</b>	<b>713.04</b>
<b>Previous Year</b>	<b>280.96</b>	<b>541.66</b>	<b>-</b>	<b>822.60</b>	<b>168.93</b>	<b>25.17</b>	<b>-</b>	<b>194.09</b>	<b>112.03</b>	<b>628.53</b>

Annexure - XVII

STATEMENT OF INVENTORIES AS RESTATED

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Raw Material & Stores	3,681.18	2,715.89	2,859.55	2,702.80	1,951.03	1,527.74
Work In Progress	7,621.22	6,130.52	3,964.59	1,447.75	325.13	525.59
Finished Stock	2,379.54	2,561.36	435.88	95.75	-	-
<b>Total</b>	<b>13,681.95</b>	<b>11,407.77</b>	<b>7,260.02</b>	<b>4,246.30</b>	<b>2,276.16</b>	<b>2,053.33</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure - XVIII**

**STATEMENT OF TRADE RECEIVABLE, AS RESTATED**

( ₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Unsecured, considered good:						
Outstanding for more than six months	-	-	383.27	5.64	7.64	173.37
Other Receivables	8,878.34	7,146.40	8,250.51	6,117.26	4,002.34	1,418.11
<b>Total</b>	<b>8,878.34</b>	<b>7,146.40</b>	<b>8,633.78</b>	<b>6,122.90</b>	<b>4,009.98</b>	<b>1,591.38</b>

**Notes:**

1. None of the above beneficiaries are related to promoters, directors and company.
2. The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure - XIX**

**STATEMENT OF CASH & BANK BALANCES, AS RESTATED**

( ₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Cash & cash equivalents						
Balances with banks:						
In current accounts	0.57	1.72	-	-	-	-
In fixed deposit	586.84	875.27	685.88	363.17	219.89	186.34
Cash In Hand	4.87	0.84	8.43	2.31	6.05	2.14
<b>Total</b>	<b>592.28</b>	<b>877.83</b>	<b>694.31</b>	<b>365.48</b>	<b>225.94</b>	<b>188.48</b>



**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure - XX**

**STATEMENT OF SHORT- TERM LOANS & ADVANCES, AS RESTATED**

( ₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
<b>Unsecured, considered good</b>						
Other Advances	43.04	614.63	252.85	294.79	185.95	28.78
Telephone Deposit	0.12	0.11	0.11	0.11	0.01	0.01
Electricity Deposit	4.34	4.35	1.62	1.62	1.20	0.41
Rental Advances	2.31	2.30	1.61	1.61	1.61	1.61
Advance to material suppliers	823.37	230.26	307.60	-	-	-
<b>Total</b>	<b>873.17</b>	<b>851.65</b>	<b>563.79</b>	<b>298.13</b>	<b>188.77</b>	<b>30.80</b>

**Notes:**

1. None of the above beneficiaries are related to promoters, directors and company.
2. The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure - XXI**

**STATEMENT OF OTHER CURRENT ASSETS, AS RESTATED**

( ₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Sales Tax Deposit	-	-	0.01	0.01	0.01	0.01
Duties & Taxes Recoverable	0.06	7.53	5.61	4.35	-	-
Interest Receivable- others	-	3.72	7.73	-	-	-
Prepaid Expenses	1.01	6.12	5.15	-	-	-
TDS Receivable	-	-	-	-	-	2.63
Input VAT	-	-	-	-	-	1.38

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Accrued Income	0.24	-	-	-	-	-
<b>Total</b>	<b>1.31</b>	<b>17.37</b>	<b>18.50</b>	<b>4.36</b>	<b>0.01</b>	<b>4.02</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

#### Annexure - XXII

#### STATEMENT OF REVENUE FROM OPERATIONS, AS RESTATED

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Gross Sales	10,876.38	21,097.45	15,812.12	10,818.51	7,255.00	3,756.11
Less: Excise Duty	1.58	37.69	20.64	3.21	1.88	22.99
Sale of Services	58.44	66.90	113.00	26.39	14.56	-
<b>Total</b>	<b>10,933.24</b>	<b>21,126.66</b>	<b>15,904.48</b>	<b>10,841.69</b>	<b>7,267.68</b>	<b>3,733.12</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure - XXIII**

**STATEMENT OF OTHER INCOME, AS RESTATED**

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Interest on Fixed Deposit With Banks	14.17	53.03	48.69	35.14	20.50	4.65
Foreign Exchange Gain	-	0.29	-	-	-	-
Maintenance Charges	-	-	-	-	-	8.04
<b>Total</b>	<b>14.17</b>	<b>53.32</b>	<b>48.69</b>	<b>35.14</b>	<b>20.50</b>	<b>12.69</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure - XXIV**

**STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED**

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Opening Stock	2,715.88	2,859.55	2,702.81	1,951.03	1,527.73	1,180.93
Add: Purchases	9,340.36	19,158.36	14,594.69	9,554.88	5,589.06	3,449.60
Add: Job work Charges	39.31	86.91	38.27	-	-	-
Less: Closing Stock	3,681.18	2,715.88	2,859.55	2,702.80	1,951.03	1,527.74
<b>Total</b>	<b>8,414.36</b>	<b>19,388.94</b>	<b>14,476.22</b>	<b>8,803.11</b>	<b>5,165.76</b>	<b>3,102.79</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure - XXV**

**STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, WIP & STOCK IN TRADE, AS RESTATED**

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
<b>Closing Stock</b>						
a. Finished Goods	2,379.54	2,561.36	435.88	95.75	-	-
b. Work in Progress	7,621.22	6,130.52	3,964.59	1,447.75	325.13	525.59
Total(A)	10,000.77	8,691.88	4,400.47	1,543.50	325.13	525.59
<b>Opening Stock</b>						
a. Finished Goods	2,561.36	435.88	95.75	-	-	-
b. Work in Progress	6,130.52	3,964.59	1,447.75	325.13	525.59	-
Total(B)	8,691.89	4,400.47	1,543.49	325.13	525.59	-
<b>(Increase) / Decrease in stock (A-B)</b>	<b>(1,308.88)</b>	<b>(4,291.41)</b>	<b>(2,856.98)</b>	<b>(1,218.37)</b>	<b>200.46</b>	<b>(525.59)</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure - XXVI**

**STATEMENT OF EMPLOYEE BENEFITS EXPENSES, AS RESTATED**

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Salaries, wages & bonus	292.31	577.92	661.55	624.74	323.49	193.49
Contribution to provident & other fund	6.37	13.14	1.17	1.11	1.12	1.05
Employees Health Insurance	4.82	-	-	-	-	-
Gratuity Expenses	3.37	6.74	7.49	7.25	3.85	2.45
Staff Welfare Expenses	4.63	5.49	4.06	3.32	-	-
<b>Total</b>	<b>311.51</b>	<b>603.29</b>	<b>674.27</b>	<b>636.42</b>	<b>328.46</b>	<b>196.99</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure - XXVII**

**STATEMENT OF FINANCE COST, AS RESTATED**

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Interest on Secured Borrowings:						
Interest on Overdraft and other short term borrowings	333.50	649.70	393.45	304.51	215.74	139.09
Interest on Term Loan and other long term borrowings	79.48	139.99	182.91	120.11	12.08	22.64
Interest on Vehicle Loan	5.05	3.95	1.33	-	-	-
Interest on Unsecured Loans	43.69	81.44	129.84	14.74	-	-
Financial Charges	120.51	268.67	106.84	71.85	43.49	38.58
<b>Total</b>	<b>582.22</b>	<b>1,143.75</b>	<b>814.37</b>	<b>511.21</b>	<b>271.31</b>	<b>200.31</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

**Annexure – XXVIII**  
**STATEMENT OF OTHER EXPENSES, AS RESTATED**

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Books & Periodicals	0.12	0.35	1.96	2.02	0.03	0.03
Consultancy Charges	120.82	10.83	13.64	8.16	2.40	1.98
Computer Maintenance	0.35	1.49	1.65	1.15	0.95	0.75
Insurance	5.29	4.75	7.78	4.43	4.83	2.16
Printing & Stationary	3.11	4.39	7.84	12.15	2.20	1.84
Tour & Travelling	15.15	39.63	31.89	39.74	38.93	11.49
Conveyance	5.88	15.82	13.31	13.29	6.99	4.20
Postage & Courier Charges	4.14	2.51	3.22	4.11	2.02	1.70
Power and Fuel	16.38	23.76	18.63	21.07	13.54	5.07
Audit Fees	-	4.00	3.00	3.00	1.50	1.12
Rates & Taxes	0.79	3.47	5.74	1.33	0.25	1.95
Sales Tax paid	1,277.08	1,031.38	785.74	543.18	380.91	179.49
Service Tax paid	3.25	8.59	13.74	2.90	3.73	-
Software Development	-	-	-	3.00	16.53	13.93
Business development Expenses	15.59	33.09	25.70	16.26	7.37	3.35
Director's remuneration	44.25	69.35	53.75	50.94	36.79	35.40
Repairs & Maintenance	5.46	8.63	12.29	6.61	5.79	3.13
Office Maintenance	5.79	8.89	11.00	12.94	8.68	3.82
Rent	8.26	18.10	8.64	5.91	8.40	8.40
Vehicle Maintenance	0.93	3.16	8.58	5.72	3.95	1.85
Internet Charges	0.66	1.96	0.76	0.66	0.51	0.39
Telephone Charges	5.21	7.22	7.23	5.16	4.40	2.00
Tender Expenses	-	0.46	0.62	9.01	6.51	0.19
Testing Charges	0.88	8.16	9.75	3.14	2.62	4.94
Water Charges	-	2.95	7.11	4.97	-	-
Foreign Exchange Loss	-	-	2.35	4.08	-	-
Freight	19.24	30.75	13.10	6.09	-	-
Filing Fees	12.82	0.46	-	4.90	-	-

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Advertisement Charges	6.12	10.86	15.89	14.32	-	-
Security Charges	1.86	5.03	4.20	-	-	-
Donations	0.30	-	-	-	-	-
Website Expenses	1.84	-	-	-	-	-
<b>Total</b>	<b>1581.57</b>	<b>1,360.05</b>	<b>1,089.12</b>	<b>810.24</b>	<b>559.83</b>	<b>289.18</b>

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII

#### Annexure – XXIX

#### STATEMENT OF TAX SHELTERS AS RESTATED

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Tax Rates						
Income Tax Rate (%)	33.06%	33.06%	33.06%	32.44%	32.44%	32.44%
Minimum Alternate Tax Rate (%)	20.39%	20.39%	20.39%	20.01%	20.01%	20.01%
Short Term Capital Gain Rate (%)						
Income from Business or Profession						
Restated Profit before tax as per books (A)	1062.38	2,711.05	1,483.81	939.91	727.26	442.75
Timing Differences						
Book Depreciation	304.25	392.60	272.37	394.31	35.10	39.38
Income Tax Depreciation Allowance	282.25	398.53	361.58	422.31	93.99	35.83
Gratuity expense	3.37	6.74	7.49	7.25	3.85	2.45
Deduction U/s 35	678.60	1,286.46	865.01	(146.81)	-	-
Total Timing Differences (B)	(653.22)	(1,285.65)	(946.73)	(167.56)	(55.04)	6.01

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
Permanent Differences ( C)	3.29	5.80	79.44	(338.44)	(379.27)	(265.46)
Income from Business or Profession (D) = (A+B+C)	412.45	1,431.20	616.51	433.91	292.94	183.29
Taxable Income/(Loss)	412.45	1,431.20	616.51	433.91	292.94	183.29
Income Tax on above	136.37	473.20	203.84	140.78	95.05	59.47
Book Profit for MAT	383.78	1,424.59	626.29	461.91	351.84	109.19
MAT on Book Profit	78.25	290.46	127.69	92.42	70.39	21.85
Tax paid as per normal or MAT	Normal	Normal	Normal	Normal	Normal	Normal

**Note:** The above statement should be read with the explanatory notes to the Statement of restatement adjustments to financial statements in Annexure IV, Company Overview and Significant Accounting Policies as appearing in Annexure V and Notes to Restated Summary Statements appearing from Annexure VI to Annexure XXXIII.

### Annexure XXX

#### CAPITALIZATION STATEMENT, AS RESTATED

( ₹ in lacs, except for Ratios)

Particulars	Pre issue as at September 30, 2017	Adjusted for the Post-issue
<b>Borrowings</b>		
Short term debt	6,702.84	6,702.84
Long term debt	3,865.86	*1,865.86
<b>Total borrowings</b>	<b>10,568.70</b>	<b>8,568.70</b>
<b>Shareholders' funds</b>		
Share capital	1,400.00	2,076.39
Reserves and surplus	6,224.86	23,148.47
<b>Total shareholders' funds</b>	<b>7,624.86</b>	<b>25,224.86</b>
<b>Long term debt / equity ratio</b>	0.50	0.07
<b>Total Debt/Equity ratio</b>	1.38	0.34



\* Post September 30, 2017, 10,00,000 CCDs of Rs. 200/- each got converted into 10,00,000 Equity Shares of face value of Rs. 10/- each at a premium of Rs. 190/- per equity share

The above (Pre-Issue) has been computed on the basis of the restated summary statements of assets and liabilities of the company as at September 30, 2017.

1. Short term borrowings are considered as borrowing due within 12 months from the balance sheet date.
2. The corresponding post IPO capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above certificate
3. Long term borrowings are considered as borrowing other than short term borrowing, as defined in point 1 here above but includes the current maturities of long term borrowings.

#### Annexure - XXXI

##### STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

(₹ in lacs)

Particulars	As at September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Outstanding Guarantees & Counter Guarantees to various Banks	4,377.37	4,667.32	2,590.00	1,688.65	1,366.58	685.27
Claims against the company not recognized as debts	48.85	48.85	-	-	-	-
Non fulfillment of Export Obligation under Zero Duty EPCG Scheme	966.72	966.72	966.72	966.72	-	-
<b>Total</b>	<b>5,392.94</b>	<b>5,682.89</b>	<b>3,556.72</b>	<b>2,655.37</b>	<b>1,366.58</b>	<b>685.27</b>

#### Annexure - XXXII

##### STATEMENT OF ACCOUNTING RATIOS AS RESTATED

(₹ in lacs)

Particulars	September 30, 2017	March 31,				
		2017	2016	2015	2014	2013
Restated PAT as per P & L Account	711.15	1,857.11	1,000.05	744.76	533.39	295.95
Number of Equity Shares outstanding at the end of the year	1,40,00,000	1,37,11,700	1,37,11,700	1,37,11,700	1,37,11,700	64,65,200
Equivalent Weighted Average. number of Equity Shares at the end of the year (basic)	1,38,83,420	1,37,11,700	1,37,11,700	1,37,11,700	75,83,377	64,65,200

Particulars	September 30, 2017	March 31,				
		2017	2016	2015	2014	2013
Reserves & Surplus	6,224.86	4,965.93	3,108.82	2,108.77	1,377.99	850.26
Net Worth	7,624.86	6,337.10	4,479.99	3,479.94	2,749.16	1,496.78
<b>Earnings Per Share: in (₹)</b>						
Basic	5.12*	13.54	7.29	5.43	7.03	4.58
Diluted	4.89*	13.54	7.29	5.43	7.03	4.58
Return on Net Worth (%)	9.33%*	29.30%	22.32%	21.40%	19.40%	19.77%
Net Asset Value Per Share (₹) - based on actual no. of equity shares at the end of the year	54.46	46.22	32.68	25.38	20.05	23.15
Nominal Value per Equity Share (₹)	10.00	10.00	10.00	10.00	10.00	10.00

\* not annualised

#### Notes to Accounting Ratios:

- a) The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.
- b) Formulas used for calculating above ratios are as under:
  - i. Basic EPS is being calculated by using the formula: (Net Profit after Extra-ordinary items /Equivalent Weighted Average No. of outstanding shares).
  - ii. Diluted EPS is being calculated by using the formula: (Net Profit after Extra-ordinary items /Equivalent Weighted Average No. of outstanding shares plus convertible instruments).
  - iii. Net Asset Value is being calculated by using the formula: (Net Worth /Actual Number of Equity Shares at year end).
  - iv. Return on Net worth is being calculated by using the formula: (Profit after Tax / Net worth).
- c) There is no revaluation reserve in last five years in the company.

**Annexure – XXXIII**

**STATEMENT OF RELATED PARTY TRANSACTIONS, AS RESTATED**

As per Accounting Standard 18 on related party disclosure issue by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

**(I) Key Managerial Personnel**

September 30,2017	2017	2016	2015	2014	2013
Karunakar Reddy Baddam	Karunakar Reddy Baddam	Karunakar Reddy Baddam	Karunakar Reddy Baddam	Karunakar Reddy Baddam	Karunakar Reddy Baddam
CH.V.S. Prasad	CH.V.S. Prasad	CH.V.S. Prasad	CH.V.S. Prasad	CH.V.S. Prasad	CH.V.S. Prasad
A Krishna Sai Kumar	A Krishna Sai Kumar	A Krishna Sai Kumar	A Krishna Sai Kumar	A Krishna Sai Kumar	A Krishna Sai Kumar
Sri Chiluveru Sudarshan					
Sri Chaitanya Siva Shankar Vitta	Sri Chaitanya Siva Shankar Vitta				

**II) Entities on which Key Managerial Personnel has a significant influence**

September 30,2017	2017	2016	2015	2014	2013
Apollo Food & Beverages Private Limited	Apollo Food & Beverages Private Limited	-	-	-	-

**(III) Particulars of Transactions with Related Parties**

(₹ in lacs)

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
<b>1) Finance</b>						
Loan Taken	130.50	271.30	331.36	165.00	-	-
Repayment of Loan taken	183.70	40.25	349.07	88.00	-	-
Share Application Money Received	-	-	-	-	-	58.15
Loan Given	-	-	-	-	-	-
Repayment of Loan given	-	-	-	-	-	-

Particulars	For the six months period ended September 30, 2017	For the year ended March 31,				
		2017	2016	2015	2014	2013
<b>2) Expenses</b>						
Rent paid	-	8.40	5.84	5.91	8.40	8.40
Interest Paid	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Remuneration	51.75	69.35	57.00	50.94	36.79	35.40
<b>3) Outstanding</b>						
Receivables		-	-	-	-	-
Payables	237.14	290.35	59.30	77.00	-	-
Expenses	9.75	-	-	-	-	-
Balance payable	-	-	-	-	-	-

## **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

*The following discussion of our financial condition and results of operations should be read in conjunction with the Restated Financial Statements, prepared in accordance with the Companies Act, Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section “Financial Statements” beginning on page 169 of this Prospectus.*

*Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section “Risk Factors” on page 18 of this Prospectus.*

*In this section, a reference to the “Company” means Apollo Micro Systems Limited. Unless the context otherwise requires, references to “we”, “us”, or “our” refers to Apollo Micro Systems Limited. Our Company do not have any subsidiaries, joint ventures or associates, and no consolidated financial statements are prepared. Unless otherwise indicated, the financial information included herein is based on the Restated Financial Statements as at and for the Fiscals 2013, 2014, 2015, 2016 and 2017 and for the six month period ending on September 30, 2017.*

### **Overview**

We are an electronic, electro-mechanical, engineering designs and supplies company. We design, develop and sell high-performance, mission and time critical solutions to Defence, Space and Home Land Security for Ministry of Defence, government controlled public sector undertakings and private sectors Our customised solutions are developed using common hardware and software technology IP’s which can be re-configured to suit the end application and domain requirements of end customer. The huge repository of knowledge and technology base that our Company has developed since inception is a strong base to outperform the competition and be abreast in the market. This supports our Company to constantly upgrade the technologies to meet present and futuristic requirements of our customers

We offer custom built COTS (Commercially off-the shelf) solutions based on specific requirements to defence and space customers The systems undergo various stages of approvals right from design, prototyping, functional acceptance and qualification testing. As the systems are exclusively developed for a programme, the developed systems enjoy proprietary status. Thus specially developed and approved systems have no competition.

Our Company has its participation in several Indigenous Missile programmes, underwater electronic warfare, underwater missiles, surface to air missiles, nuclear missile programmes, surface to surface missile programmes, indigenous submarine programmes UAV’s long and short endurance, ships, space programmes. The solutions offered by us were used by our customers during development and user trials on account of which these solutions are qualified to be a part of supply chain in production phase. The defence and space solutions require expertise in advanced technology development and engineering knowledge to make the systems withstand harsh environmental conditions. Our Company has proven track record of executing projects which are qualified in several programmes.

The defence systems supplies can be broadly classified as On-Board Systems and Ground support equipment. On-Board systems means the electronic systems which are integrated On-Board a Weapon or a Vehicle (Vehicle could be a Missile, Aircraft, Ship, Submarine or Battle Tank) which are used for navigational requirements, on-board computation, instrumentation & control, telemetry, Payload acquisition and encoding, command & Guidance. Signal Processing, Seeker data processing, Height Analyzers requirement (Altimeter), Power Electronics to power the On-Board Electronics. Ground Support Equipment means any other electronics which are associated and communicate with On-Board equipment or other support equipment which are required for command control communication, Ground Checkout, Launch of Vehicles and other associated systems. We offer both On-Board Systems as well as Ground support equipment.

Our Company's revenue has increased at a CAGR of 41.43% from ₹ 3,733.12 lacs in FY 2012-13 to ₹ 21,126.66 lacs in FY 2016-17 and EBITDA has increased at a CAGR of 44.15% from ₹ 682.44 lacs in FY 2012-13 to ₹ 4,247.40 lacs in FY 2016-17.

### **Significant Developments after September 30, 2017 that may affect our Future Results of Operations**

The Directors confirm that other the following developments, there have been no events or circumstances since the date of the last financial statements as disclosed in the Prospectus which materially or adversely affect or is likely to affect the profitability of our Company, or the value of our assets, or our ability to pay liabilities within next twelve months.

- i. Our Company has allotted 10,00,000 equity shares of ₹ 10 each, at a price of ₹ 200 each to OHM Commodity Broker Private Limited and OHM Equity Solution India Private Limited, (5,00,000 shares each) on November 24, 2017 pursuant to conversion of CCD held by them.
- ii. Our Company has availed unsecured loan of ₹ 50,00,000 lacs from Shriram City Union Finance Limited on October 5, 2017
- iii. Entered into Sale deed on November 15, 2017, for the purchase of flat no.A2- 402 having built up area of 1200 sft in third floor of Green City Homes located at Tunglam Village, Gajuvaka, and Visakhapatnam along with undivided share of land measuring to an extent of 49.68 square yards to facilitate the staff movement, undertake liaisoning and integration activities

### **Factors affecting our Result of Operation**

Our business is subject to various risks and uncertainties, including those discussed in the section titled "*Risk Factors*" on page 18 of this Prospectus.

Among various other factors that affect our financial results and operations for a given financial year, some key factors are as follows:

➤ **We have high working capital requirements and we may not be able to raise the required capital for future orders**

As payments from customers are typically received several months after we commence work on particular projects, our business requires a large amount of working capital, used primarily to finance the purchase and processing of raw materials, and carrying inventory before they are sold and payments are received from customers. Our working capital requirements may increase if, under certain orders from our customers, payment terms do not include advance payments or such orders have payment schedules that shift payments toward the end of the order or otherwise increase our working capital requirements. In addition, our working capital requirements have increased in recent years because we have to maintain a stock of inventory of raw materials throughout the year. All of these factors may result, or have resulted, in increases in our working capital needs.

Our ability to arrange working capital financing and the costs of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our current projects and laws that are conducive to our raising capital in this manner. Our attempts to complete future financings may not be successful or on favourable terms.

In connection with projects that we implement, we may be required to provide bank guarantees or performance guarantees in favour of customers to secure obligations under contracts. If we are unable to provide sufficient collateral to secure the bank guarantees or performance guarantee, our ability to enter into new contracts could be limited. We may not be able to continue obtaining additional bank guarantees, and performance guarantee in sufficient quantities to match our business requirements.

We maintain inventory of raw materials and components, work in progress and finished goods. Our level of inventory increases our risk of loss and storage costs as well as the working capital needed to operate our business. As our customers are not presently obliged to purchase our solutions or provide us with binding forecasts with respect to future production, there can be no assurance that our customers will require or purchase the solutions we produce.

- **Projects included in our order book may be delayed, cancelled or not fully paid for by our clients, which could materially harm our cash flow position, revenues and earnings. Information relating to our Order Book may not be representative of our future results**

As on November 25, 2011, our Order Book aggregates to ₹ 9,750.11 lacs plus applicable GST. Our Order Book does not necessarily indicate future earnings related to the performance of that work. We may also encounter problems executing the project as ordered, or executing it on a timely basis. Moreover, factors beyond our control or the control of our clients may postpone a project or cause its cancellation. Due to the possibility of cancellations or changes in project scope and schedule, as a result of exercise of our clients' discretion, problems we encounter in project execution, or reasons outside our control or the control of our clients, we cannot predict with certainty when, if or to what extent an order book project will be performed. Delays in the completion of a project may lead to clients delaying or refusing to make payment to us of some or all of the amounts we expect to be paid in respect of the project. Even relatively short delays or surmountable difficulties in the execution of a project could result in our failure to receive, on a timely basis or at all, the final payments due to us on a project. These payments often represent an important portion of the margin we expect to earn on the project. In addition, even where a project proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. Any delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default in regard to order book projects or any other uncompleted projects, or disputes with clients in respect of any of the foregoing, could materially harm our cash flow position, revenues and earnings.

- **We provide solutions which are subject to technological obsolescence**

Our industry is characterized by ongoing innovations and developments in designing, developing and assembling electronic, electro-mechanical, engineering designs. Competitors could develop new or superior designs, subsystems and systems to increase their share of the markets. Our future success in addressing the needs of our customers will depend in part on our ability to continue to make timely and cost-effective innovations and developments. In the event that we are unable to adequately fund our research and development efforts, or are unable to retain/hire skilled talent for our initiatives, or are unable to deliver superior or equal quality solutions in lines with our competitors, we may be unable to achieve our growth plans and our revenues and results from operations may be adversely affected.

- **If our research and development efforts do not succeed, this may hinder the introduction of new solutions, which could adversely affect our business and results of operations.**

In order to remain competitive, we must develop, test and manufacture new solutions, which must meet regulatory standards and receive requisite regulatory approvals. To accomplish this, we commit substantial effort, funds and other resources towards research and development. Our ongoing investments in new product launches and research and development for future solutions could result in higher costs without a proportionate increase in revenues. We may or may not be able to take our research and development innovations through the different testing stages without repeating our research and development efforts or incurring additional amounts towards such research.

- **Increases in interest rates may materially impact our results of operations.**

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to a significant extent by debt and increases in interest expense may have an adverse effect on our results of operations and financial condition. As of September 30, 2017 the aggregate indebtedness (fund based and non-fund based) outstanding was ₹ 14945.93 lacs. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we may exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

For more details, see “*Risk Factors*” and “*Our Business*”, on pages 18 and 119, respectively of this Prospectus.

### ***Critical Accounting policies***

A summary of the significant accounting policies applied in the preparation of our financial statements is set out in the notes to the Restated Financial Statements included elsewhere in this Prospectus. The critical accounting policies that our management believes to be the most significant are disclosed below:

#### **Basis of preparation of our Restated Financial Information**

The financial statements have been prepared under the historical cost convention in accordance with the General Accepted Principles (GAAP) in India and is complying in all material aspects with the accounting standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2016 and Companies (Accounting Standards) Amendment Rules, 2016 relevant provision of the Companies Act, 2013 as adopted consistently by our Company.

##### **(a) Use of Estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

##### **(b) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured with reasonable certainty of its recovery.

- i. Sales of goods are recognized when the significant risk and rewards of ownership of the goods have been passed to the customer.
- ii. Income from services rendered is accounted for when the work is performed is inclusive of service tax.
- iii. Interest income is recognized on accrual basis taking into account the amount outstanding and the rate applicable.

##### **(c) Expenditure**

Expenditures are accounted for on accrual basis and provision is made for all known losses and liabilities.

##### **(d) Fixed Assets**

Fixed Assets are stated at the cost of acquisition or construction less accumulated depreciation and write down for, impairment if any. Direct costs are capitalized until the assets are ready to be put to use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred. Fixed assets purchased in foreign currency are recorded at cost, based on the exchange rate on the date of purchase. The Company also develops and prepares some of specific tools instruments required for manufacturing on its own.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

##### **(e) Capital Work in Progress**

Capital work in progress comprises of Research and Development expenditure incurred on technology development for futuristic technologies and obsolescence management. The expenditure incurred at research phase is debited to profit and loss account and the expenditure incurred at development phase, when its future recoverability can reasonably be regarded as assured is capitalized and shown as tangible asset under the heading Capital Work in Progress. Capitalization ceases when the technology is ready for intended use.



Capitalized costs are amortized over the remaining estimated economic life of the technology. Capital work in progress includes development of tools and equipment for captive use.

**(f) Valuation of Inventories**

**i. Raw Materials, Fuels, Packing materials, Stores and Spares**

Lower of the cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below the cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average cost.

**ii. Stock-in-process and Finished goods**

Finished Goods and stock-in-process are valued at lower of cost and net realizable value whichever is lower. Stock-in-process and finished goods are valued at cost of purchase, Cost of Conversion and other costs Incurred in bringing the inventories to their present location and condition. Cost of finished goods includes Excise duty.

**iii. Net realizable Value is the estimated selling price in the ordinary course of business minus estimated cost of completion and estimated cost that are necessary to make the sale.**

**(g) Depreciation**

Depreciation is a systematic allocation of depreciable amount of an asset over its useful life in written down value method.

Deviation from Schedule II as to useful life, if any, will be disclosed in accounts suitably. Depreciation on additions is provided at prorata basis from the month of installation or date of commencement of commercial production.

Depreciation is recognized so as to write off the cost of assets less than residual value over their useful lives using written down value method

The estimated useful lives, residual value and depreciation are reviewed at the end of each reporting period with the effect of any changes in estimate useful lives are accounted for on a prospective basis

**(h) Taxation**

Provision for Tax for the year comprises current Income Tax and Deferred Tax and is provided as per the Income Tax Act, 1961.

Deferred tax resulting from timing differences between the Book and the Tax Profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognized only if there is a virtual certainty of realization of such assets. Deferred Tax Assets / Liabilities are reviewed as at each Balance Sheet date.

**(i) Provision, Contingent Liabilities and Contingent Assets**

Provision are recognized for when the company has at present, legal or contractual obligation as a result of past events, only if it is probable that an outflow of resources embodying economic outgo or loss will be required and if the amount involved can be measured reliably.

Contingent liabilities being a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more future events not wholly in control of the company are not recognised in the accounts. The nature of such liabilities and an estimate of its financial effect are disclosed in notes to the Financial Statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

**(j) Borrowing Costs**

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

**(k) Earnings Per Share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**RESULTS OF OUR OPERATIONS**
*( ₹ in lacs)*

Particulars	For the year ended March 31,									
	As at September 30, 2017	% of Total Income	2017	% of Total Income	2016	% of Total Income	2015	% of Total Income	2014	% of Total Income
<b>INCOME</b>										
Revenue from Operations	10,933.24	99.87%	21,126.66	99.75%	15,904.48	99.69%	10,841.69	99.68%	7,267.68	99.72%
Other Income	14.17	0.13%	53.32	0.25%	48.69	0.31%	35.14	0.32%	20.50	0.28%
<b>Total Income (A)</b>	<b>10,947.41</b>	<b>100.00%</b>	<b>21,179.98</b>	<b>100.00%</b>	<b>15,953.17</b>	<b>100.00%</b>	<b>10,876.83</b>	<b>100.00%</b>	<b>7,288.18</b>	<b>100.00%</b>
<b>EXPENDITURE</b>										
Cost Of Material Consumed	8,414.36	76.86%	19,388.94	91.54%	14,476.22	90.74%	8,803.11	80.93%	5,156.76	70.88%
Changes in Inventory of finished goods and work in progress	(1,308.88)	(11.96)%	(4,291.41)	(20.26)%	(2,856.98)	(17.91)%	(1,218.37)	(11.20)%	200.46	2.75%
Employee Benefit Expenses	311.51	2.85%	603.29	2.85%	674.27	4.23%	636.42	5.85%	328.46	4.51%
Finance Costs	582.22	5.32%	1,143.75	5.40%	814.37	5.10%	511.21	4.70%	271.31	3.72%
Depreciation and Amortization Expenses	304.25	2.78%	392.60	1.85%	272.37	1.71%	394.31	3.63%	35.10	0.48%
Other Expenses	1,581.57	14.45%	1,360.05	6.42%	1,089.12	6.83%	810.24	7.45%	559.83	7.68%
<b>Total Expenses (B)</b>	<b>9,885.03</b>	<b>90.30%</b>	<b>18,592.22</b>	<b>87.81%</b>	<b>14,469.37</b>	<b>90.70%</b>	<b>9,936.92</b>	<b>91.36%</b>	<b>6,560.92</b>	<b>90.02%</b>
<b>Net Profit/(Loss) Before Exceptional Item &amp; Tax</b>	<b>1,062.38</b>	<b>9.70%</b>	<b>2,582.76</b>	<b>12.19%</b>	<b>1,483.81</b>	<b>9.30%</b>	<b>939.91</b>	<b>8.64%</b>	<b>727.26</b>	<b>9.98%</b>
Exceptional Items	-	-	128.29	0.61%	-	-	-	-	-	-
<b>Net Profit/(Loss) Before Extraordinary Items and Tax</b>	<b>1,062.38</b>	<b>9.70%</b>	<b>2,711.05</b>	<b>12.80%</b>	<b>1,483.81</b>	<b>9.30%</b>	<b>939.91</b>	<b>8.64%</b>	<b>727.26</b>	<b>9.98%</b>
<b>Less: Provision For Tax</b>										
Current Tax	135.25	1.23%	428.86	2.02%	170.74	1.07%	140.78	1.29%	176.02	2.42%
Deferred Tax	215.97	1.97%	425.08	2.01%	313.02	1.96%	54.37	0.50%	17.85	0.24%
MAT Credit Entitlement										
<b>Total</b>	<b>351.22</b>	<b>3.20%</b>	<b>853.94</b>	<b>4.03%</b>	<b>483.76</b>	<b>3.03%</b>	<b>195.15</b>	<b>1.79%</b>	<b>193.87</b>	<b>2.66%</b>
<b>Net Profit/(Loss) for the period after Tax</b>	<b>711.15</b>	<b>6.50%</b>	<b>1,857.11</b>	<b>8.77%</b>	<b>1,000.05</b>	<b>6.27%</b>	<b>744.76</b>	<b>6.85%</b>	<b>533.39</b>	<b>7.32%</b>

## **Review for the six months period ended September 30, 2017**

### *Income*

Our total income for the six months period ended September 30, 2017 was ₹ 10,947.41 lacs. In the current period, the revenue earned from operations is ₹ 10,933.24 lacs or 99.87% of the total income. Other income for said period was recorded at ₹ 14.17 lacs or 0.13% of total income.

### *Cost of Material Consumed*

The cost for the six months period ended September 30, 2017 was ₹ 8,414.36 lacs. As a proportion of our total income, it was 76.86%.

### *Inventories of work in progress and finished goods*

Changes in inventories of work-in-progress and finished goods for six months period ended September 30, 2017 was ₹ (1308.88) lacs. As a proportion of our total income, it was (11.96)%.

### *Employee Benefit Expenses*

Our Employee Benefit Expenses for six months period ended September 30, 2017 was ₹ 311.51 lacs. As a proportion of our total income it was 2.85%.

### *Financial Cost*

Our Financial Cost for six months period ended September 30, 2017 was ₹ 582.22 lacs i.e. 5.32% of the total income for the period.

### *Depreciation and Amortization Expenses*

Our Depreciation and Amortization Expenses for six months period ended September 30, 2017 was ₹ 304.25 lacs. As a proportion of total income it was 2.78%.

### *Other Expenses*

Our Other Expenses for six months period ended September 30, 2017 was ₹ 1,581.57 lacs. As a proportion of our total income it was 14.45%.

### *Profit before Tax*

Profit / (Loss) before Tax for six months period ended September 30, 2017 was ₹ 1,062.38 lacs.

### *Profit after Tax*

Profit / (Loss) after Tax for six months period ended September 30, 2017 was ₹ 711.15 lacs.

## **Fiscal 2017 compared with Fiscal 2016**

### *Revenue from Operation*

Revenue from operations had increased by 32.83%, from ₹ 15,904.48 lacs in Fiscal 2016 to ₹ 21,126.66 lacs in Fiscal 2017 on account of increase in off take with respect to our solutions in defence as well as homeland security.

### *Other Income*

Other income had increased by 9.51%, from ₹ 48.69 lacs in Fiscal 2016 to ₹ 53.32 lacs in Fiscal 2017 on account of increase in interest income from fixed deposits.

### *Cost of Material Consumed*

Cost of material consumed had increased by 33.94%, from ₹ 14,476.22 lacs in Fiscal 2016 to ₹ 19,388.94 lacs in Fiscal 2017 on account of increase in production.

### *Changes in inventories of work-in-progress and finished goods*

Inventories of work in progress and finished goods had increased by 97.52%, from ₹ 4,400.47 lacs in Fiscal 2016 to ₹ 8,691.88 lacs in Fiscal 2017 primarily on account of increase in inventories of work-in-progress.

### *Employee Benefit Expenses*

Employee benefit expenses had been decreased by 10.52%, from ₹ 674.27 lacs in Fiscal 2016 to ₹ 603.29 lacs in Fiscal 2017 primarily on account of automation of assembly and establishment of in house environmental testing machinery.

### *Finance Cost*

Our total borrowings had increased by 23.94%, from ₹ 7,083.51 lacs in Fiscal 2016 to ₹ 8,780.01 lacs in Fiscal 2017 to fund our increased level of operations.

Such increase in borrowings had increased our finance cost by 40.45%, from ₹ 814.37 lacs in Fiscal 2016 to ₹ 1,143.75 lacs in Fiscal 2017.

### *Depreciation and Amortization Expenses*

Depreciation had increased by 44.14%, from ₹ 272.37 lacs in Fiscal 2016 to ₹ 392.60 lacs in Fiscal 2017 on account of increase in gross block by ₹ 1,551.78 lacs.

### *Other Expenses*

Our other expenses consists of consultancy charges, computer maintenance, insurance, printing and stationery, power and fuel, business development expenses, rates and taxes, director's remuneration, sales tax paid, etc. Other expenses have increased by 24.88% from ₹ 1,089.12 lacs in Fiscal 2016 to ₹ 1,360.05 lacs in Fiscal 2017. The increase can be attributed to increase in sales tax, directors remuneration, freight, security charges, rent etc.

### *Exceptional Items*

Our exceptional item of ₹ 128.29 lacs includes credit balances written off of ₹ 134.09 lacs which is partially offset by interest paid on TDS of ₹ 5.80 lacs.

### *Tax Expenses*

Since our income had increased in 2017, our current tax expenses has gone up. Increase in deferred tax liability is on account of increase in spending on expenses covered under Section 35 of Income Tax Act, 1961. Our total tax expenses has increased by 76.52%, from ₹ 483.76 lacs in Fiscal 2016 to ₹ 853.94 lacs in Fiscal 2017 on account of (a) increase in current tax expense from ₹ 170.74 lacs in Fiscal 2016 to ₹ 428.86 lacs in Fiscal 2017 and (b) increase in deferred tax from ₹ 313.02 lacs in Fiscal 2016 to ₹ 425.08 lacs in Fiscal 2017.

### *Profit after Tax*

After accounting for taxes at applicable rates, our profit after tax has increased by 85.70%, from ₹ 1,000.05 lacs in Fiscal 2016 to ₹ 1,857.11 lacs in Fiscal 2017 as a result of reasons stated above.

## **Fiscal 2016 compared with Fiscal 2015**

### *Revenue from Operation*

Revenue from operations had increased by 46.70%, from ₹ 10,841.69 lacs in Fiscal 2015 to ₹ 15,904.48 lacs in Fiscal 2016 which can be attributable to increase in revenue from sale of solutions and services.

### *Other Income*

Other income had increased by 38.56%, from ₹ 35.14 lacs in Fiscal 2015 to ₹ 48.69 lacs in Fiscal 2016 on account of increase in interest income from fixed deposits.

### *Cost of Material Consumed*

Cost of material consumed had increased by 64.44%, from ₹ 8,803.11 lacs in Fiscal 2015 to ₹ 14,476.22 lacs in Fiscal 2016 on account of increase in operations.

### *Changes in inventories of work-in-progress and finished goods*

Inventories of work in progress and finished goods had increased by 185.09%, from ₹ 1,543.50 lacs in Fiscal 2015 to ₹ 4,400.47 lacs in Fiscal 2016, primarily on account of increase in inventories of work-in-progress.

### *Employee Benefit Expenses*

Employee benefit expenses had increased by 5.95%, from ₹ 636.42 lacs in Fiscal 2015 to ₹ 674.27 lacs in Fiscal 2016 as we have augmented our design facilities and increased research and design staff to address our growing R&D activities.

### *Finance Cost*

Our total borrowings had increased by 21.60%, from ₹ 5,825.17 lacs in Fiscal 2015 to ₹ 7,083.51 lacs in Fiscal 2016 to fund our increased level of operations.

Such increase in borrowings had increased our finance cost by 59.30%, from ₹ 511.21 lacs in Fiscal 2015 to ₹ 814.37 lacs in Fiscal 2016

### *Depreciation and Amortization Expenses*

Depreciation expenses had decreased by 30.92%, from ₹ 394.31 lacs in Fiscal 2015 to ₹ 272.37 lacs in Fiscal 2016.

### *Other Expenses*

Our Other expenses had increased by 34.42%, from ₹ 810.24 lacs in Fiscal 2015 to ₹ 1,089.12 lacs in Fiscal 2016. Such increase can be attributable to outsourcing of some of our non critical production processes, increase in sales tax, increase in directors remuneration, freight, security charges, rent etc which are partially off-set by decrease in printing and stationery, travelling expenses etc.

### *Tax Expenses*

Our total tax expenses had increased by 147.89%, from ₹ 195.15 lacs in Fiscal 2015 to ₹ 483.76 lacs in Fiscal 2016 on account of (a) increase in current tax expense from ₹140.78 lacs in Fiscal 2015 to ₹ 170.74 lacs in Fiscal 2016 and (b) increase in deferred tax from ₹ 54.37 lacs in Fiscal 2015 to ₹ 313.02 lacs in Fiscal 2016.

### *Profit after Tax*

After accounting for taxes at applicable rates, our profit after tax had increased by 34.28%, from ₹ 744.76 lacs in Fiscal 2015 to ₹ 1,000.05 lacs in Fiscal 2016 as a result of reasons stated above.

## **Fiscal 2015 compared with Fiscal 2014**

### *Revenue from Operation*

Revenue from operations had increased by 49.18%, from ₹ 7,267.68 lacs in Fiscal 2014 to ₹ 10,841.69 lacs in Fiscal 2015 on account of increase in revenue from sale of solutions and service income.

#### *Other Income*

Our other income had increased by 71.41%, from ₹ 20.50 lacs in Fiscal 2014 to ₹ 35.14 lacs in Fiscal 2015 on account of increase in interest income from fixed deposit.

#### *Cost of Material Consumed*

Cost of material consumed had increased by 70.41%, from ₹ 5,165.76 lacs in Fiscal 2014 to ₹ 8,803.11 lacs in Fiscal 2015 on account of increase in production.

#### *Changes in inventories of work-in-progress and finished goods*

Inventories of work in progress and finished goods had increased by 374.73%, from ₹ 325.13 lacs in Fiscal 2014 to ₹ 1,543.50 lacs in Fiscal 2015 primarily on account of increase in inventories of work-in-progress.

#### *Employee Benefit Expenses*

Employee Benefit Expenses had increased by 93.76%, from ₹ 328.46 lacs in Fiscal 2014 to ₹ 636.42 lacs in Fiscal 2015 on account of increase in employee count pursuant to scaling up of operations.

#### *Finance Cost*

Our total borrowings had increased by 65.80%, from ₹ 3,513.29 lacs in Fiscal 2014 to ₹ 5,825.17 lacs in Fiscal 2015. Such increase in borrowings had increased our finance cost by 88.42%, from ₹ 271.31 lacs in Fiscal 2014 to ₹ 511.21 lacs in Fiscal 2015.

#### *Depreciation and Amortization Expenses*

Depreciation had increased by 1,023.39%, from ₹ 35.10 lacs in Fiscal 2014 to ₹ 394.31 lacs in Fiscal 2015 on account of increase in gross block of assets by ₹ 1,045.87 lacs pursuant to commencement of new facility at Mallapur.

#### *Other Expenses*

Other expenses have increased by 44.73% from ₹ 559.83 lacs in Fiscal 2014 to ₹ 810.24 lacs in Fiscal 2015. The increase was due to increase in Sales Tax, Directors Remuneration, Freight, Water Charges, Advertisement charges, Printing and stationery etc. which are partially off-set by decrease in rent, software maintenance etc.

#### *Tax Expenses*

Our total tax expenses has increase by 0.98% from ₹ 193.25 lacs in Fiscal 2014 to ₹ 195.15 lacs in Fiscal 2015 on account of increase in deferred tax from ₹ 17.23 lacs in Fiscal 2014 to ₹ 54.37 lacs in Fiscal 2015 which is partially off-set by decrease in current tax expenses from ₹ 176.02 lacs in Fiscal 2014 to ₹ 140.78 lacs in Fiscal 2015.

#### *Profit after Tax*

After accounting for taxes at applicable rates, our Profit after tax had increased by 39.47%, from ₹ 534.01 lacs in Fiscal 2014 to ₹ 744.76 lacs in Fiscal 2015 as a result of reasons stated above.

## Financial Condition

### Assets

The following table sets forth the principal components of our assets as of the dates specified:

(₹ in lacs)

Particulars	As at September 30,2017	As at March 31,			
		2017	2016	2015	2014
<b>ASSETS</b>					
<b>A) Non - Current Assets</b>					
a) Fixed Assets					
i.) Tangible Assets	3,132.40	2,998.20	2,113.65	2,288.01	554.18
ii.) Intangible Assets	-	-	-	-	-
iii.) Capital Work in Progress	1,965.05	1,286.46	1,011.82	146.81	1,236.59
b) Non Current Investment	-	-	-	-	-
c) Long Term Loans & Advances	-	-	-	-	-
d) other Non Current Assets	343.13	-	-	-	-
	<b>5,440.58</b>	<b>4,284.66</b>	<b>3,125.47</b>	<b>2,434.82</b>	<b>1,790.77</b>
<b>B) Current Assets</b>					
a) Inventories	13,681.95	11,407.77	7,260.02	4,246.30	2,276.16
b) Trade Receivables	8,878.34	7,146.40	8,633.78	6,122.90	4,009.98
c) Cash and Cash Equivalents	592.28	877.83	694.31	365.48	225.94
d) Short-Term Loans and Advances	873.17	851.65	563.79	298.13	188.77
e) Other Current Assets	1.31	17.37	18.50	4.36	0.01
	<b>24,027.04</b>	<b>20,301.02</b>	<b>17,170.40</b>	<b>11,037.17</b>	<b>6,700.86</b>
<b>TOTAL (A+B)</b>	<b>29,467.63</b>	<b>24,585.68</b>	<b>20,295.87</b>	<b>13,471.99</b>	<b>8,491.63</b>

### Discussion on select Balance Sheet items:

#### Fixed Assets:

During the Fiscal Year 2015 our Company has commenced its commercial production at its newly constructed premises located at Plot No. 128/A, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad. Pursuant to which the gross block was increased by ₹ 2,128.15 lacs comprising of additions in plant and machinery, electricity fittings, office equipments, computers and software's, furniture & fixtures and tools and instruments.

During the Fiscal 2016, gross block has been increased by ₹ 323.45 lacs comprising of additions in Vehicles, office equipments, computers and software's, furniture & fixtures and tools and instruments.

During the Fiscal 2017, gross block has been increased by ₹ 1,277.15 lacs comprising of additions in Vehicles, office equipments, computers and software's, furniture & fixtures and tools and instruments.

For six month period ended September 30, 2017, gross block has been increased by ₹ 438.45 lacs mainly comprising of additions in vehicles, tools & instruments and computers & softwares.

#### For six months period ended September 30, 2017 – Other Non-Current Assets:

During the six months period ended September 30, 2017, other non-current assets has been increased by ₹ 343.13 lacs is mainly due to public issue payments and advances for capital equipment (SMT Equipment).

#### Inventories:

Our production depends on obtaining adequate supplies of input components on timely basis. We procure raw materials for our business from local suppliers as well as from overseas suppliers. Given the variety of solutions and services that our company manufactures, varied components required for providing solutions and the number of suppliers dispersed across the globe coupled with the long lead time involved in delivering the raw materials, our business has to maintain high inventories.



During Fiscal 2015, 2016, 2017 and for Six months period ended September 30, 2017, the inventory levels of our company has been increased by 86.55%, 70.97%, 57.13% and 19.93% respectively on account of ongoing projects and new orders received by our Company.

#### **Increase in payables to related parties:**

Our Company had taken unsecured loan from Mr. Karunakar Reddy Baddam, Managing Director. As on March 31, 2016, the closing balance of the loan was ₹ 59.30 lacs. During the fiscal year 2016-17, our Company had taken additional unsecured loan of ₹ 231.05 lacs (net amount) resulting in increase of payables to related parties for FY ending March 31, 2017.

#### **Liquidity and Capital Resources**

##### **Cash Flows**

The table below sets forth our net cash flows with respect to operating activities, investing activities and financing activities for the periods indicated

(₹ in lacs)

Particulars	As at September 30,2017	Year ended March 31,			
		2017	2016	2015	2014
Net Cash from Operating Activities	124.79	1,159.74	409.53	(392.12)	(652.71)
Net Cash from Investing Activities	(1,460.18)	(1551.79)	(963.02)	(1038.35)	(1,112.83)
Net Cash used in Financing Activities	1,049.84	575.57	882.32	1,570.01	1,802.99

##### **Cash Flows from Operating Activities**

Our net cash flow from operating activities for period September 30, 2017 was ₹ 124.79 lacs which has been

- increased by depreciation of ₹ 304.25 lacs being a non cash expenditure and interest expenses of ₹ 582.22 lacs being cash outflow on account of financing activities
- changes in working capital amounting to ₹ 124.79 lacs. (changes in working capital is attributable to increase in inventory by ₹ 2274.18 lacs increase in trade receivables by ₹ 1731.93 lacs, increase in short term loans and advances by ₹ 21.52 lacs, decrease in other current assets by ₹ 16.66 lacs, increase in long term provisions by ₹ 3.37 lacs, increase in trade payable by ₹ 2,229.14 lacs, decrease in other current liability by ₹ 42.01 lacs and decrease in short term provisions by ₹ 132.25 lacs).

Our net cash flow from operating activities for Fiscal 2017 was ₹ 1,159.74 lacs which has been

- increased by depreciation of ₹ 392.60 lacs being a non cash expenditure and interest expenses of ₹ 1,143.76 lacs being cash outflow on account of financing activities
- changes in working capital amounting to ₹ 2,658.81 lacs (changes in working capital is attributable to increase in inventory by ₹ 4,147.75 lacs reduction in trade receivables by ₹ 1,487.37 lacs, increase in short term loans and advances by ₹ 287.86 lacs, decrease in other current assets by ₹ 1.13 lacs, increase in long term provision of ₹ 6.74 lacs, reduction in trade payable of ₹ 369.48 lacs, increase in other current liability of ₹ 519.41 lacs and increase in short term provisions of ₹ 131.62 lacs).
- income tax paid of ₹ 300.58 lacs.

Our net cash flow from operating activities for Fiscal 2016 was ₹ 409.53 lacs which has been

- increased by depreciation of ₹ 272.37 lacs being a non cash expenditure and interest expenses of ₹ 814.37 lacs being cash outflow on account of financing activities;
- changes in working capital amounting to ₹ 1,990.27 lacs (changes in working capital is attributable to increase in inventory by ₹ 3,013.72 lacs, increase in trade receivables by ₹ 2,510.86 lacs, increase in short term loans and advances by ₹ 265.67 lacs, increase in other current assets by ₹ 14.14 lacs, increase in long term provision of ₹ 7.49 lacs, increase in trade payable by ₹ 3,813.90 lacs, increase in other current liability of ₹ 0.12 lacs and reduction of short term provisions by ₹ 7.39 lacs.
- income tax paid of ₹ 170.74 lacs.

Our net cash flow from operating activities for Fiscal 2015 was negative ₹ 392.12 lacs which has been

- a) increased by depreciation of ₹ 394.31 lacs being a non cash expenditure and interest expenses ₹ 1,143.76 lacs being cash outflow on account of financing activities;
- b) changes in working capital amounting to ₹ 2,658.81 lacs (changes in working capital is attributable to increase in inventory by ₹ 1,970.14 lacs, increase in trade receivables by ₹ 2,112.93 lacs, increase in short term loans and advances by ₹ 109.36 lacs, increase in other current assets by ₹ 4.35 lacs, increase in long term provision of ₹ 7.25 lacs, increase in trade payable of ₹ 1,514.37 lacs, increase in other current liability and short term provisions of ₹ 565.13 lacs and ₹ 27.23 lacs respectively
- c) income tax paid of ₹ 154.76 lacs

Our net cash flow from operating activities for Fiscal 2014 was negative ₹ 652.71 lacs which has been

- a) increased by depreciation of ₹ 35.10 lacs being a non cash expenditure and interest expenses ₹ 271.31 lacs being cash outflow on account of financing activities;
- b) changes in working capital amounting to ₹ 1,504.69 lacs (changes in working capital is attributable to increase in inventory by ₹ 222.84 lacs, increase in trade receivables by ₹ 2,418.59 lacs, increase in short term loans and advances by ₹ 157.97 lacs, decrease in other current assets by ₹ 4.01 lacs, increase in long term provision of ₹ 3.85 lacs, increase in trade payable of ₹ 1,051.10 lacs, increase in other current liability and short term provisions of ₹ 133.89 lacs and ₹ 101.86 lacs respectively
- c) income tax paid of ₹ 181.68 lacs

#### ***Cash Flows from Investment Activities***

For the period September 30,2017, the net cash used in Investing Activities was ₹ 1,460.18 lacs. This was primarily on account of purchase of fixed assets .

In fiscal 2017, the net cash used in Investing Activities was ₹ 1,551.79 lacs. This was on account of purchase of fixed assets and amount invested in Capital Work in Progress (Research and Development Expenses) for development and upgradation of solutions to the tune of ₹ 1,286.46 lacs.

In fiscal 2016, the net cash used in Investing Activities was ₹ 963.02 lacs. This was on account of purchase of fixed assets and amount invested in Capital Work in Progress (Research and Development Expenses) for development and upgradation of solutions to the tune of ₹ 865.01 lacs.

In fiscal 2015, the net cash used in Investing Activities was ₹ 1,038.35 lacs. This was on account of commencement of our facility at Mallapur consisting of Land, building, machinery etc., Further we have also invested in Capital Work in Progress (Research and Development Expenses) for development and upgradation of solutions to the tune of ₹ 146.81lacs.

In fiscal 2014, the net cash invested in Investing Activities was ₹ 1,112.83 lacs. This was on account of purchase of fixed assets and amount invested in Capital Work in Progress (Research and Development Expenses) for development and upgradation of solutions to the tune of ₹ 851.65 lacs.

#### ***Cash Flows from Financing Activities***

Net cash flow from financing activities for the period ended September 30, 2017 was ₹ 1,049.84 lacs. This was on account of increase in long term borrowings , share capital ,short term borrowing ,which is off-set by a payment of interest and decrease in other long term liabilities.

Net cash from financing activities in fiscal 2017 was ₹ 575.57 lacs. This was on account of increase in short term borrowings which is partially off-set by decrease in long term borrowings and payment of interest and increase in other long term liabilities.

Net cash from financing activities in fiscal 2016 was ₹ 882.316 lacs. This was on account of increase in short term borrowings and other long term liabilities, which was partially off-set by payment of interest and decrease in long term borrowings.

Net cash from financing activities in fiscal 2015 was ₹ 1,570.01 lacs. This was on account increase in borrowings and other long term liabilities, which was partially off-set by payment of interest.

Net cash from financing activities in fiscal 2014 was ₹ 1,802.99 lacs. This was on account increase in borrowings and other long term liabilities, which was partially off-set by payment of interest.

#### ***Off-Balance Sheet Arrangements and Contingent Liabilities***

We do not have any material off-balance sheet arrangements.

#### ***Indebtedness***

The following table sets forth our secured and unsecured debt position as at September 30, 2017.

(₹ in lacs)

<b>Particulars</b>	<b>₹</b>	<b>₹</b>
<b>Secured</b>		<b>12,127.52</b>
Fund based borrowings	7,750.15	
Non fund based borrowings	4,377.37	
<b>Unsecured</b>		<b>2,818.41</b>
<b>Total</b>		<b>14,945.93</b>

For more information regarding our indebtedness, please refer to the sections titled “*Financial Indebtedness*” and “*Financial Statements*” on pages 236 and 169, respectively, of this Prospectus.

#### ***Contingent Liabilities and Commitments***

Set forth below are details on our contingent liabilities and commitments as at September 30, 2017:

(₹ in lacs)

<b>Particulars</b>	<b>As at September 30, 2017</b>
Outstanding guarantees and counter guarantees to various Banks	4,377.37
Claims against the Company not recognised as debts	48.85
Non fulfilment of export obligation under Zero Duty EPCG Scheme	966.72
<b>Total</b>	<b>5,392.94</b>

#### ***Related Party Transactions***

We have engaged in the past, and may engage in the future, in transactions with related parties, including with promoter and certain key management members on an arm’s lengths basis. Such transactions could be for remuneration, rent paid and loan availed. For details of our related party transactions, please refer to the sub-section titled “*Restated Financial Statements – Annexure XXXIII- Restated Summary Statement of Related Party Transactions*” on page 169 of this Prospectus.

#### ***Qualitative Disclosure about Risks and Risk Management***

##### ***Raw material cost risk***

Our operations are exposed to fluctuations in the market price of various materials utilised in our projects, including Electrical Components, Electronics Components, Mechanical Components, Solvents Viz., conformal coating material, isopropyl for cleaning or protection of electronic assemblies. Electronic Components viz., Integrated Circuits, Resistors, Capacitors, switches, relays, DC-DC converters, EMI Filters, Connectors, Printed Circuit Boards, Transformers, PTFE Cables, Copper Slugs, Aluminum Bars, Aluminum Blocks, Aluminum Sheets in different shapes and sizes. ESD safe material such as gloves, tips, ESD covers, potting material, brushes, bin etc. The market price or cost of some of these raw materials are closely linked to demand and supply of the raw material, availability of the raw material at the project location, cost of transportation etc and any significant upward fluctuations may result in an increase in the price at which we source these raw materials.

##### ***Inflation Risk***

Inflationary factors such as increases in the input costs and overhead costs may adversely affect our operating results. There may be time lag in recovering the inflation impact from our customer and we may not be able to

recover the full impact of such inflation. A high rate of inflation in the future may, therefore, have an adverse effect on our ability to maintain our profit margins.

### ***Interest Rate Risk***

As of September 30, 2017, a part of the indebtedness incurred by us carried interest at floating rates with the provision for periodic reset of interest rates and thus, we are exposed to market risk as a result of changes in interest rates. Upward fluctuations in interest rates increase the cost of both existing and new debts. It is likely that in the current Fiscal and in future periods, our borrowings and interest expenses may rise substantially, given our growth plans.

### ***Credit Risk***

We are exposed to credit risk on monies owed to us by our customers and these trade receivables are typically unsecured. If our customers do not pay us promptly, or at all, we may have to make provisions for, or write off, such amounts. As at March 31, 2017, our trade receivables were ₹ 8,878.34 lacs. Our average debtor cycle was 122 days, 197 days and 198 days for FY 2017, FY 2016 and FY 2015 respectively.

### ***Liquidity risk***

The principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. We borrow short term and long term loans from banks and financial institutions to meet our working capital requirements. As of September 30, 2017 we have outstanding borrowings of ₹ 8,568.56 lacs from banks and Corporates. We largely depend on the banks and Corporates for working capital financing. We may be exposed to liquidity risk if we do not generate enough cash flow from operations, and do not repay the loans from the banks/Corporates or pay off our trade payables as per the agreed contractual terms.

### ***Foreign currency exchange risk***

We may incur capital expenditure including cost of procuring equipment and machinery, in currencies other than in the Indian Rupee. Although we have historically hedged our foreign currency exposure, any significant decline in the value of the Indian Rupee against foreign currencies may nevertheless lead to an increase in our costs and expenditures.

### ***Unusual or Infrequent Events or Transactions***

Except as described in “*Risk Factors*” and “*Our Business*”, on pages 18 and 119, respectively, of this Prospectus there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

### ***Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations***

Except as described in “*Risk Factors*” and “*Key Regulations and Policies*” on pages 18 and 136, respectively, of this Prospectus, to the best of our knowledge, there have been no significant economic or regulatory changes that we expect could have a material adverse effect on our results of operations.

### ***Known trends and uncertainties***

Our business has been impacted and we expect will continue to be impacted by the trends identified above in “*Management's Discussion and Analysis of Financial Condition and Results of Operations– Significant Factors Affecting Our Results of Operations and Financial Condition*” and the uncertainties described in “*Risk Factors*” on pages 219 and 18, respectively of this Prospectus. To our knowledge, except as we have described in this Prospectus, there are no known factors that we expect to have a material adverse impact on our revenues or income from operations.

### ***Future relationship between costs and income***

Other than as described in this section and in “*Risk Factors*” and “*Our Business*” on pages 18 and 119, respectively of this Prospectus to the best of our knowledge, there are no factors that are expected to have a material adverse effect on the relationship between our costs and income.

***Total turnover in each major industry segment***

Other than as described in this Management's Discussion and Analysis of Financial Condition and Results of Operations, we do not report segments for our financial statements prepared in accordance with Indian GAAP.

***Publicly Announced New Products or Business Segments / Material increases in Revenue due to Increased Disbursements and Introduction of New Products***

We have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new products.

***Seasonality of business***

Our business is not seasonal in nature.

***Dependence on a few Customers and Suppliers***

We do not depend on any particular customer or supplier or group of customers or supplier.

***Competitive Conditions***

We operate in a competitive environment. For further details, see the discussions regarding our competition in "Risk Factors" and "Our Business" on pages 18 and 119, respectively, of this Prospectus.

***Recent Accounting Pronouncements***

We currently prepare our annual financial statements under Indian GAAP. Certain companies in India, including ours, will be required to prepare financial statements under Ind AS, which are largely converged with International Financial Reporting Standards. We will be required to implement Ind AS in the Fiscal Year commencing on April 1, 2017, and to provide comparative figures for the corresponding period in our prior Fiscal Year. Given that Ind AS is different in many respects from Indian GAAP, under which we currently prepare our financial statements, the transition to Ind AS may have a significant impact on our financial results and position. For more information, see "Summary of Significant Differences between Indian GAAP and Ind AS" on page 241 of this Prospectus.

***Auditor qualification***

There are no reservations, qualifications or adverse remarks in the audit report submitted by our auditors in the last five financial years.

## FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of all borrowings of our Company together with a brief description of certain significant terms of such financing arrangements. As on September 30, 2017 our Company's outstanding borrowing is ₹ 14,945.93 lacs comprising of fund based borrowing of ₹ 7,750.15 lacs, non-fund based borrowing of ₹ 4,377.37 lacs and unsecured loan of ₹ 2,818.41 lacs (the unsecured loan includes ₹ 2,000 lacs comprising of Compulsorily Convertible Debentures).

### A. SECURED BORROWINGS OF OUR COMPANY

Name of Lender and type of Loan	Sanctioned amount	Amount outstanding as on September 30, 2017	Rate of Interest (p.a.)	Validity / Repayment Schedule	Security Provided
<b>RBL Bank Limited</b>					
Cash Credit facility with sublimit of Working capital demand loan	₹ 500 lacs with sublimit of ₹ 375 lacs	₹ 497.19 lacs	11.45%	On demand	<ul style="list-style-type: none"> <li>• Pari passu first charge on the entire current assets of the Company both present and future</li> <li>• The current assets of the Company namely stocks of raw materials, stocks in process, semi – finished and finished goods, stores and spares not relating to receivables and book – debts and all other movable present or future lying loose or stored in the godowns etc.</li> <li>• All the present and future book debts, outstanding money receivables, claims, bills of the Company</li> <li>• Unconditional and irrevocable personal guarantees of the following: <ul style="list-style-type: none"> <li>i. Karunakar Reddy Baddam</li> <li>ii. Adeppali Krishna Sai Kumar</li> <li>iii. Chandrapati Venkata Siva Prasad</li> <li>iv. V Srilaxmi Reddy</li> <li>v. L Anantha Lakshmi</li> </ul> </li> <li>• Exclusive charge on immovable properties by way of equitable mortgage.</li> <li>• Please refer to note 1 for collateral securities</li> </ul>
Letter of Credit with sublimit of Bank guarantee	₹ 500 lacs with sub limit of ₹ 100 lacs	₹ 496.81 lacs	1% commission plus applicable taxes	12 months	
<b>ICICI Bank Limited</b>					
Cash Credit facility with sublimit of FCNR (B) Account	₹ 1,200 lacs	₹ 1199.22 lacs	IMCLR - 6M being 8.15% + spread of 3.60%	February 13, 2018	<ul style="list-style-type: none"> <li>• <b>Primary security</b> First Pari Passu charge on the current assets of the Company</li> <li>• <b>Collateral security</b> <ul style="list-style-type: none"> <li>a) Second charge on fixed assets of the Company both present and future.</li> </ul> </li> </ul>

Name of Lender and type of Loan	Sanctioned amount	Amount outstanding as on September 30, 2017	Rate of Interest (p.a.)	Validity / Repayment Schedule	Security Provided
Letter of Credit with sublimit of Bank guarantee	₹ 800 lacs	₹ 799.97 lacs	1% commission	12 months	b) Irrevocable personal guarantees of the following: <ol style="list-style-type: none"> <li>B Karunakar Reddy</li> <li>B Srilaxmi Reddy</li> <li>Siva Prasad</li> <li>A Krishna Sai Kumar</li> <li>Rajya Lakshmi</li> <li>Saranga Shanker</li> <li>Saranga Sriramulu</li> </ol> c) Exclusive charge on immovable properties by way of equitable mortgage. d) Please refer to note 2 for collateral securities.
Derivatives	₹ 200 lacs	-	1% commission	12 months	

#### Edelweiss Retail Finance Limited

SME equipment finance Loan	₹ 160.89 lacs	₹ 127.14 lacs	SMER R 4.50%, effective interest rate currently being 15%	36 months. Payment of interest during moratorium period of first 3 months and installment of ₹ 5.98 lacs for next 33 months.	<ul style="list-style-type: none"> <li>Yamaha Auto Optical inspection,</li> <li>Panasonic make pick and place feeder, feeder support unit and other accessories and</li> <li>Multi magazine automatic loader and unloader</li> </ul>
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#### Reliance Capital Limited

Term loan	₹ 200 lacs	₹ 172.44 lacs	15.75% floating	48 installment of ₹ 5.91 lacs	Panasonic – AM100 – D Modular placement machine with all accessories, acquired from the proceeds of the loan.
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#### State Bank of India (formerly State Bank of Hyderabad)

Cash credit	₹ 4,250 lacs	₹ 4,274.43 lacs	11.85%	On demand	<ul style="list-style-type: none"> <li>Primary – first pari passu CC (Hyp) and TL, working capital first charge on current assets of the company both present and future and First charge on plants and machinery of the company both present and future.</li> <li>Personal guarantees of the following:               <ol style="list-style-type: none"> <li>Karunakar Reddy Baddam,</li> <li>V. Sri Lakshmi Reddy,</li> <li>Ch P. V. S. Prasad,</li> <li>A. Krishna Sai Kumar,</li> <li>B. V. Vara Prasad Reddy,</li> <li>K. Chandra Prakash Reddy,</li> <li>K. S. Linga Prasad</li> </ol> </li> <li>Exclusive charge on immovable properties by way of equitable mortgage.</li> <li>Please refer to note 3 for collateral securities.</li> </ul>
Term Loan (“TL 1”)	₹ 1,760 lacs	₹ 787.38 lacs	12.35%	20 quarterly installment of ₹ 88 lacs	
Term Loan (“TL 2”)	₹ 300 lacs	₹ 170.46 lacs		20 quarterly installments of ₹ 15 lacs	
Letter of credit	₹ 1,900 lacs	₹ 3,080.59 lacs	75% of the applicable	180 days	
Bank guarantee	₹ 1,750 lacs		commission plus service tax	18 months	

Name of Lender and type of Loan	Sanctioned amount	Amount outstanding as on September 30, 2017	Rate of Interest (p.a.)	Validity / Repayment Schedule	Security Provided
<b>National Small Industries Corporation Limited</b>					
Raw material assistance scheme	₹ 500 lacs	₹ 494.84 lacs	13.40% and additional 3% exceeding 90 days	December 12, 2017	Bank guarantee equivalent to the value of limit sanctioned.
<b>Tata Capital Financial Services Limited</b>					
Vehicle loan	₹ 6.93 lacs	₹ 3.28 lacs	16 %	36 months commencing from January 15, 2016	Renault Duster
Vehicle loan	₹ 24.30 lacs	₹ 11.58 lacs	16 %	36 months commencing from January 15, 2016	Mercedes Benz CC220 C
<b>HDFC Bank</b>					
Vehicle loan	₹ 12.39 lacs	12.18 lacs	12.05%	48 months commencing from August 15, 2017	Force Motors Vehicle

**Note 1:**

**Equitable mortgage of:**

1. Plot No.22 and 23 admeasuring 480 sq. Yards in Sy nos. 304 part and 305 of Ganesh Enclave situated at Balapur Village, Saroornagar Mandal, Ranga Reddy District.
2. Open land situated at Sharadha Nagar Adibatla Village, Ibrahimpatnam Mandal, RR District, bearing plot no. 227 (Western part) and plot no.227 (Eastern part) in survey no.661, 662,694 to 700 and 703.
3. House plot no.37 admeasuring 220 sq yards in Survey No.62/A/AA, 63/A/AA situated at Sultanpur, Saroornagar Mandal, RR District, Hyderabad.
4. House plot no.40 admeasuring 202 sq. Yards in Survey no.62/A/AA, 62/A/AA situated at Sultanpur, Saroornagar Mandal, RR District, Hyderabad.

**Note 2:**

**Equitable mortgage of:**

1. Flat no. 202 & 203, Sai Enclave Colony, Nacharam Village, Kapra Municipality, Uppal Mandal, RR District, Telangana State
2. Plot no.76, 77 & 78 in Sy No.62/A/AA and 63/A/AA situated at Sultanpur H/o Mallapur Village, Saroornagar Mandal, RR District, Telangana State admeasuring 679 sq yards.
3. Plot no.83,84,85,86 & 87 in Sy. No.62/A/AA and 63/A/AA situated at Sultanpur H/o Mallapur Village, Saroornagar Mandal, RR District, Telangana State admeasuring 926 sq yards.
4. H. No. 1-8-724/A/29/1, Plot No.29, Sy No.58/1, 58/2, Part of 12 Ward No.1, Block No.8 Nallakunta, Hyderabad
5. M. No.16-2-754/A/A, Part of Sy. No.312 Ward No.16, B Block, Gaddiannaram Village, Hyderabad

**Note 3:**

**Equitable mortgage of:**

1. C1, admeasuring 860 sq. ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad.
2. E1 admeasuring 940 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad



3. D1 admeasuring 970 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
4. C3 admeasuring 860 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
5. D3, admeasuring 970 sq.ft., situated at Vaishhnavi Complex, Street No. 06, Habsiguda. Hyderabad
6. Plot No. 11, Survey No. 44 23-53/10/2 part, admeasuring 200 sq. yards, situate at Chilukanagar, Uppal Hyderabad
7. Land admeasuring 17.01 guntas situated at Kanakamamidi village, Moinabad, chevella
8. Flat 201, 1<sup>st</sup> floor admeasuring 1160 sq.ft., Balaji residency, Habsiguda, Hyderabad
9. Plot no 55 & 131, admeasuring 271 sq. yards, duplex house, Pethbasheerabad village, Qutubullapur Mandal R.R District, Hyderabad
10. Land admeasuring 260 sq. Yards situated at Kumpally, Qutubullapur Mandal R.R District, Hyderabad
11. Plot no. 277 admeasuring 140 Sq. Yards, situated at Sneha Sai Colony, Balapur Village, Saroor Nagar Revenue Mandal R.R District, Hyderabad
12. Plot no. 251 admeasuring 140 Sq. Yards situated at Sneha Sai Colony, Balapur Village, Saroor Nagar Revenue Mandal R.R District, Hyderabad
13. Plot no. 276 admeasuring 140 Sq. Yards, situated at Sneha Sai Colony, Balapur Village, Saroor Nagar Revenue Mandal R.R District, Hyderabad
14. Plot no. 35 admeasuring 276 Sq. Yards situated at Sultanpur, H/O Mallapur Village, Saroor Nagar Revenue Mandal, R.R District, Hyderabad
15. Plot no. 42 admeasuring 254 Sq. Yards situated at Sultanpur, H/O Mallapur Village, Saroor Nagar Revenue Mandal, R.R District, Hyderabad
16. Plot no 128/A admeasuring 1836.5 Sq. ft. situate at Industrial Development area, Mallapur, Uppal Mandal, R.R District, Hyderabad
17. Land admeasuring 1548 Sq. yards situated at Venkatapur village, Saroor nagar Mandal, R.R District, Hyderabad
18. Land admeasuring 2369 Sq. yards situated at plot no. 48-53, 64-69, Sultanpur, H/O Mallapur Village, Saroor nagar Venkatapur Gram Panchayat , R.R District, Hyderabad.
19. Land admeasuring 1984 Sq. yards situated at plot no. 54-63, Sultanpur, H/O Mallapur Village, Saroor nagar Venkatapur Gram Panchayat, R.R District, Hyderabad.
20. Land admeasuring 1200 Sq. yards situated at plot no. 44, Manchirevula village and Gram Panchayat, Rajendra Nagar mandal, R.R District, Hyderabad.
21. Land admeasuring 1984 Sq. yards situated at plot no.70-74, 79-82, Sultanpur, H/O Mallapur Village, Saroor nagar Venkatapur Gram Panchayat , R.R District, Hyderabad
22. Land admeasuring 1548 Sq. yards situated at Venkatapur village, Saroor nagar Mandal, R.R District, Hyderabad
23. Doc No. 546/2012, dt: 17.02.2012 in the favour of the company

***Restrictive Covenants under the Secured Loans***

Our Company shall not without the prior consent of the bank:

1. Receive, release or compound any of the hypothecated assets;
2. Dissolve or reconstitute;
3. Create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over the hypothecated assets in favour of any other person other than the bank;
4. Permit any change in the constitution or management or change in the Company's capital structure including proposed equity and debt patterns;
5. Create, assume or incur any further indebtedness of a long term nature whether for borrowed money or otherwise or undertake any guarantee obligations on behalf of other company (including group companies);
6. Induct or continue with a person as a director, promoter or partner of the Company who is a director, promoter or partner of the company which has been identified as a willful defaulter of RBI;
7. Declare any dividend if any installment towards the principal or the interest remains unpaid;
8. Carry out change of business or declare or pay any dividends on any of the equity / preference shares;
9. Undertake or permit any reorganization, amalgamation, reconstruction, takeover or any other schemes of compromise or arrangement nor amend any provision of the major constitutive documents in such a manner that will affect the bank's right ;
10. Monies brought in by the promoters /directors / associate companies as loans / share application money pending shall be sub – ordinated to the loans of the bank and shall not be repaid during the currency of the loan by the bank;
11. Invest by way of share capital in or lend or advance funds to place deposits with any other concerns except in normal course of business or as advances to employees;
12. Grant loans to promoters / associates and other companies;

13. Make repayment of the loans or deposits and discharge other liabilities except those shown in the funds flow statement;
14. Make any alterations to the constitutional documents, resolutions, authority letters etc during the currency of the agreement;
15. Maintain an account with other bank in respect of hypothecated assets;
16. Sell transfer, assign, lease, gift, mortgage or otherwise create any third party rights upon the fixed assets mortgaged / charged to the Bank;
17. Scheme of expansion / modernization/ diversion/ renovation or acquire any fixed assets during the accounting year except which have already been approved by the bank;
18. Undertake any trading activity other than the sale of produce arising out of its own manufacturing/ trading operations;
19. Effect any change in remuneration to directors etc;
20. Effect drastic change in management;
21. Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided that no default is subsisting in any repayment obligations to the bank;
22. Enter into borrowing arrangement sanctioned or unsecured with any other bank / financial institution/ company or any other person;
23. Pay commission to the guarantor for guaranteeing the credit facilities sanctioned in the bank.

## B. UNSECURED BORROWINGS OF OUR COMPANY:

Our Company has availed seventeen unsecured loans as on September 30, 2017 details of which are set out below:  
( ₹ in lacs)

Name of the lender	Loan Amount	Rate of interest	Repayment Schedule	Amount outstanding
Karunakar Reddy Baddam	900	-	On demand	237.14
Dewan Housing Finance Corporation Limited	30.04	18.50%	36 monthly installments	23.28
Bajaj Finserv Limited	25.50	19.00%	24 monthly installments	13.40
Bajaj Finserv Limited	26.50	19.25%	24 monthly installments	20.59
Magma Fincorp Limited	30.20	19.25%	18 monthly installments	11.04
Capital First Limited	75.00	19.00%	36 monthly installments	54.53
Edelweiss Retail Finance Limited	40.11	19.50%	25 monthly installments	20.31
Fullerton India Credit Company Limited	50.00	18.00%	24 monthly installments	49.99
HDFC Bank Limited	60.00	15.49%	24 monthly installments	60.00
ICICI Bank Limited	39.75	18.00%	30 monthly installments	13.25
Kotak Mahindra Bank Limited	48.50	19.10%	36 monthly installments	16.34
Magma Fincorp Limited	40.22	19.00%	36 monthly installments	64.18
Neo Growth Credit Private Limited	55.00	18.00%	Fortnightly payments for 360 days	32.27
RBL Bank Limited	35.00	18.50%	13 monthly installments	6.27
Shriram City Union Finance Limited	30.00	20.00%	24 monthly installments	15.21
TATA Capital Financial Services Limited	60.34	18.62%	24 monthly installments	60.00
Equitus Small Finance Bank Ltd	50.00	19.50%	36 monthly installments	45.76
Aditya Birla Finance Ltd	50.00	19.00%	24 monthly installments	44.72
India Infoline Finance Limited	40.00	19.50%	36 monthly installments	30.13
<b>TOTAL</b>				<b>818.41</b>

For further details, please refer to paragraph “*Significant Developments after September 30, 2017 that may affect our Future Results of Operations*” on page 219 of this Prospectus.

## SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

Our Restated Financial Statements included in this Prospectus are prepared in accordance with Ind GAAP for the financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and for six month period ended September 30, 2017. Indian GAAP differs in certain material respects from IND AS.

The following table summarizes certain of the areas in which differences between Indian GAAP and IND AS could be significant to our financial position and results of operations. This summary should not be taken as an exhaustive list of all the differences between Indian GAAP and IND AS. No attempt has been made to identify all recognition and measurement, disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented in our financial statements (or notes thereto). Certain principal differences between Indian GAAP and IND AS that may have a material effect on our financial statements are summarized below.

Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and IND AS and how those differences might affect the financial information disclosed in this Prospectus.

Ind-AS no.	Particulars	Treatment As Per Indian Gaap	Treatment As Per Ind-AS
IND-AS 1	Presentation of financial statements	<b>Other Comprehensive Income:</b> Statement of other comprehensive income is not applicable under Indian GAAP.	<b>Other Comprehensive Income:</b> Ind AS-1 requires the presentation of a statement of other comprehensive income as part of the financial statements .This statement presents all the items of income and expense (including reclassification adjustments)that are not recognized in profit or loss as required or permitted by other Ind AS.
		<b>Statement of change in equity :</b> A statement of changes in equity is currently not presented. Movements in share capital retained earnings and other reserves are to be presented in the notes to accounts.	<b>Statement of change in Equity:</b> The statement of changes in equity includes the following information: <ul style="list-style-type: none"> <li>• Total comprehensive income for the period, showing separately the total amounts attributable to the parent’s owners and to non-controlling interest;</li> <li>• The effects on each component of equity of retrospective application or retrospective restatement in accordance with Ind -AS 8; and for each component of equity ,a reconciliation between the opening and closing balances , separately disclosing each change resulting from the following – profit or loss –other comprehensive income –transactions with owners in their capacity as owners ,showing separately contributions by and distribution to owners and changes in ownership interests in subsidiaries that do not result in a ‘loss of control –Any item recognized directly in equity such as capital reserve on bargain purchase in a business combination transaction . The amounts of dividends recognized as distributions to owners during the period, and the related amount of dividends per share, shall be disclosed.</li> </ul>
		<b>Extraordinary items :</b> Extraordinary items are disclosed separately in the statement of profit and loss and	<b>Extraordinary items :</b> Presentation of any items of income or expense as extraordinary is not allowed.

Ind-AS no.	Particulars	Treatment As Per Indian Gaap	Treatment As Per Ind-AS
		<p>are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.</p>	
		<p><b>Change in accounting policies:</b> Under Indian GAAP, changes in accounting policies should be made only if it is required by statute, for compliance with an accounting standard or for more appropriate presentation of the financial statements on a prospective basis together with a disclosure of the impact of the same. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.</p>	<p><b>Change in accounting policies:</b> Changes in accounting policies made on adoption of a new standard are accounted for in accordance with the transition provisions (if any) within that standard. If specific transition provisions do not exist, a change in policy (whether required or voluntary) is accounted for retrospectively (that is, by restating all comparative figures presented) unless this is impracticable.</p>
		<p><b>Errors :</b> Prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.</p>	<p><b>Errors:</b> Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented , by restating the opening balance sheet .</p>
		<p><b>Presentation of profit and loss attributable to non-controlling interests ( minority interests ) :</b> Profit and loss attributable to minority interests is disclosed as deduction from the profit or loss for the period as an item of income or expense.</p>	<p><b>Presentation of profit or loss attributable to non-controlling interests (minority interests):</b> Profit or loss attributable to non-controlling interests and equity holders of the parent are disclosed in the statement of profit or loss and other comprehensive income as allocations of profit or loss and total comprehensive income for the period.</p>
		<p><b>Reclassification</b> Under Indian GAAP, a disclosure is made in financial statements that comparative amounts have been reclassified to conform to the presentation in the current period without additional disclosures for the nature, amount and reason for reclassification.</p>	<p><b>Reclassification</b> Ind-AS requires, when comparative amounts are reclassified, the nature, amount and reason for reclassification to be disclosed.</p>
IND	Events after the	<b>Dividends :</b>	<b>Dividends:</b>

Ind-AS no.	Particulars	Treatment As Per Indian Gaap	Treatment As Per Ind-AS
AS 10	Reporting Period	Schedule III requires disclosure of proposed dividends in the notes to accounts. However ,as per the requirements of AS 4 , which override the provisions of schedule III, dividends stated to be in respect of the period covered by the financial statements ,which are proposed or declared after the balance sheet date but before the approval of the financial statements will have to be recorded as a provision . Further ,as per recent amendment in Accounting Standards 4 ,dividends declared subsequent to the balance sheet are to be considered as a non – adjusting event, which is similar to the Ind AS requirement .	Liability for dividends declared to holders of equity instruments are recognized in the period when declared. It is a non-adjusting event, which is an event after the reporting period that is indicative of a condition that arose after the end of the reporting period. As per Ind AS 10 , dividends proposed or declared after the balance sheet date but before the financial statements have been approved for issue are not recognized as a liability at the balance sheet date. Details of these dividends are, however, disclosed.
IND-AS 12	Income taxes	Deferred taxes are computed for timing differences in respect of recognition of items of profit or loss.	Deferred taxes are computed for all temporary differences between the accounting base and the tax base of assets and liabilities and their carrying amounts.
IND-AS 16	Property, Plant & Equipments & Depreciation	Property, plant and equipment are not required to be componentized as per AS-10. However, companies act requires the company to adopt component accounting. The Companies Act 2013 sets out the estimated useful lives of assets based on the nature of the asset and the useful life used for depreciation ordinarily should not differ from the useful useful life specified in the Companies Act,2013. However a different useful life maybe used based on technical analysis and requires disclosures in financial statements. Further, as per recent amendment in Accounting Standards 10, the standard is made in line with the requirements of IND AS.	Property, plant and equipment are componentised and are depreciated separately. There is no concept of minimum statutory depreciation under IND AS.
IND-AS 17	Leases : Interest in leasehold land	Interests in leasehold land are recorded and classified as a fixed asset.	Interests in leasehold land are recorded and classified as operating leases or finance leases as per set definition and classification criteria. An important consideration is that the land has an indefinite economic life.
IND-AS 18	Revenues- Measurement	Revenue is recognised at the nominal amount of consideration receivable.	Revenue is recognised at fair value of the consideration receivable. Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the

Ind-AS no.	Particulars	Treatment As Per Indian Gaap	Treatment As Per Ind-AS
			nominal amount of consideration is recognised as interest revenue using the effective interest method.
IND-AS 19	Employee Benefits Actuarial gains and losses	All actuarial gains and losses are recognized immediately in the statement of profit and loss .	Actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are recognized in other comprehensive income and not reclassified to profit or loss in a subsequent period.
IND-AS 21	Effects of changes on Foreign Exchange Rates : Functional and presentation currency	Foreign currency is a currency other than the reporting currency, which is the currency in which the financial statements are presented. There is no concept of functional currency.	Functional currency is the currency of the primary economic environment in which the entity operates .Foreign currency Is a currency other than the functional currency. Presentation currency is the currency in which the financial statements are presented.
IND-AS 32	Classification of Equity and Financial Liabilities	Under Indian GAAP, financial instruments are classified As a liability or equity based on legal form. Redeemable preference shares will be classified as Shareholders Funds. Preference dividends are always recognized similar to equity dividends and are not treated as interest expense.	Under Ind-AS, financial instruments are classified as a liability or equity according to the substance of the contractual arrangement (and not its legal form) and the definitions of financial liabilities and equity instruments. Dividends on financial instruments classified as financial liability are recognized as an interest expense in the statement of profit or loss and other comprehensive income. Hence, if preference shares meet the definition of financial liability, the dividend is treated as an interest expense.
IND-AS 37	Provisions, Contingent Liabilities and Contingent assets	Provisions are not recognised based on constructive obligations though some provisions may be needed in respect of obligations arising from normal practice, custom and a desire to maintain good business relations or to act in an equitable manner.	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. A constructive obligation is an obligation that derives from an entity's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities, and as a result, the entity has created a valid expectation on the part of those other parties that It will discharge those responsibilities.
IND-AS 103	Accounting of Business combinations:	As per Indian GAAP, amalgamations in the nature of purchase are accounted for by recording the identifiable assets and liabilities of the acquirer either at the fair value or at book values. Amalgamations in the nature of merger are accounted under the pooling of interests method. Identifiable assets and liabilities of subsidiaries acquired by purchase of shares which are not amalgamations are recorded	Under IND-AS, business combinations, other than those between entities under common control, are accounted for using the purchase method, wherein fair values of identifiable assets and liabilities of the acquiree are recognised (with very limited exceptions). Business combinations between entities under common control should be accounted for using the 'pooling of interests 'method.

<b>Ind-AS no.</b>	<b>Particulars</b>	<b>Treatment As Per Indian Gaap</b>	<b>Treatment As Per Ind-AS</b>
		in the consolidated financial statements at the carrying amounts stated in the acquired subsidiary's financial statements on the date of acquisition.	
IND-AS 108	Determination of Segments	Under Indian GAAP, companies are to identify two sets of segments (business and geographical), using a risks and rewards approach, with the company's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.	Under Ind AS, operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance.
IND-AS 109	Financial Assets	Currency under Indian GAAP, the company classifies its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value.	All financial assets are classified as measured at amortised cost or measured at fair value through profit and loss or fair value through other comprehensive income.
	Financial Liabilities	Financial liabilities are carried at their transaction values.	Financial liabilities held for trading are subsequently measured at fair value through profit and loss and all other financial liabilities are measured at amortised cost using effective interest method.

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there is no outstanding (i) criminal proceedings involving our Company, Directors or Promoter and Group Company; (ii) actions taken by statutory or regulatory authorities involving our Company, Directors or Promoter and Group Company; (iii) claims related to direct or indirect tax involving our Company, Directors or Promoter and Group Company (disclosed in a consolidated manner giving the total number of claims and total amounts involved); or (iv) other pending litigations involving our Company, Directors or Promoter and Group Company, as determined to be material by our Board of Directors, in accordance with the SEBI ICDR Regulations.*

*Further, except as stated in this section, there are no (i) outstanding proceedings initiated against our Company for economic offences; (ii) pending defaults or non-payment of statutory dues by our Company; (iii) material fraud against our Company in the last five years immediately preceding the date of this Prospectus; (iv) inquiry, inspection or investigation initiated or conducted under the Companies Act, 2013 or any previous company law against our Company during the last five years immediately preceding the year of filing of this Prospectus and prosecutions filed against (whether pending or not); fines imposed against; or compounding of offences under the Companies Act, 2013 done by our Company, in the last five years immediately preceding the year of filing of this Prospectus; (v) litigation or legal action, pending or taken against our Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding the date of this Prospectus; (vi) outstanding dues to creditors of our Company as determined to be material by our Board of Directors as per the Materiality Policy, in accordance with the SEBI ICDR Regulations; and (vii) outstanding dues to small scale undertaking and other creditors; (viii) overdues or defaults to banks or financial institutions by our Company; and (ix) litigation involving any other person whose outcome could have material adverse effect on the position of our Company.*

*Our Board, in its meeting held on September 1, 2017 has adopted a policy for identification of group companies, material creditors and material legal proceedings (“Materiality Policy”) for the purposes of disclosure in the DRHP, the RHP and Prospectus in accordance with the SEBI ICDR Regulations. In terms of the Materiality Policy, all pending litigation involving our Company, Directors or Promoter, other than criminal proceedings and statutory or regulatory actions (which are to be disclosed individually) and taxation matters (which would be disclosed in a consolidated manner in accordance with the SEBI ICDR Regulations), would be considered material for the purposes of disclosure in this Prospectus if: (i) the monetary amount of claim by or against the entity or person in any such pending litigation is in excess of an amount of ₹ 17 lacs being approximately 1% of the Company’s profit after taxes as per our Restated Financial Statements for the Fiscal Year 2017, or (ii) any such litigation the outcome of which has a bearing on the business, operations, prospects or reputation of the Company, irrespective of the amount involved in such litigation.*

*As per the Materiality Policy, outstanding dues to creditors in excess of 1% of the total trade payables as per last audited financial statements of our Company are to be considered as material outstanding dues. Accordingly, the threshold for material dues would be 1% of total trade payable as at September 30, 2017 i.e. 1% of ₹ 9,016.32 lacs which is ₹ 90.16 lacs. Further, all outstanding dues have been disclosed in a consolidated manner in this section. Details of material outstanding dues to creditors and details of outstanding dues to small scale undertakings and other creditors are disclosed on our website at [www.apollo-micro.com](http://www.apollo-micro.com).*

*Unless stated to the contrary, the information provided below is as of the date of this Prospectus. All terms defined in a particular litigation are for that particular litigation only.*

#### **I. Litigation involving our Company**

NIL

#### **II. Litigation involving our Directors**

Except for the litigation involving our Managing Director, Karunakar Reddy Baddam described under the headings “Litigation involving our Promoter” and “Past Inquiries, Inspections or Investigations”, none of our Directors are involved in any litigation.



### **III. Litigation involving our Promoter**

1. Our Promoter has filed a criminal complaint no. 256 of 2016 against Madanlal (“**Accused**”), under section 138 of the Negotiable Instruments Act, 1981 for dishonor of cheque amounting to approximately ₹ 15 lacs which was pending before XIII Metropolitan Magistrate, Cyberabad However, II Special Magistrate Court vide its judgement dated August 31, 2017 acquitted the Accused.

### **IV. Litigation involving our Group Company**

NIL

### **V. Tax Litigations**

Our Company is involved in 1 (one) income tax proceeding amounting to ₹ 48.85 lacs approximately pending before Commissioner of Income Tax (Appeals). Further, our Company has received a notice of demand dated February 11, 2016 from the Deputy Commissioner of Income Tax Circle – I (I) Hyderabad for payment of ₹ 69.67 lacs, of which we have paid an amount of approximately ₹ 49 lacs and the remaining amount is outstanding. Except as stated herein, there are no tax proceedings involving our Company, our Promoter and Directors.

### **VI. Outstanding Dues to Creditors**

As on September 30, 2017, our Company had 125 creditors, to whom a total amount of ₹ 9,016.32 lacs was outstanding. Of these, 13 were material creditors, being creditors to whom an amount exceeding 1% of total outstanding dues as on September 30, 2017, as determined to be material by our Board of Directors, and the total amount due to such material creditors was ₹ 8,714.30 lacs, see the website of our Company, [www.apollo-micro.com](http://www.apollo-micro.com). As on September 30, 2017, outstanding dues to Material Creditors are as follows:-

<b>Material Creditors</b>	<b>Number of creditors</b>	<b>Amount involved ( ₹ in lacs)</b>
Small Scale Undertakings	-	-
Other Creditors	13	8,714.30

*The details pertaining to net outstanding dues towards our material creditors are available on the website of our Company at [www.apollo-micro.com](http://www.apollo-micro.com). It is clarified that any other details available on our website do not form a part of this Prospectus. Anyone placing reliance on such other source of information would be doing so at their own risk.*

### **VII. Action Pending or Taken by a Ministry, Government Department, Statutory / Regulatory Authorities against our Promoter**

There is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of our Company during the last five years immediately preceding the year of the issue of this Prospectus.

### **VIII. Proceedings Initiated against our Company for Economic Offences**

There are no proceedings initiated against our Company for any economic offences.

### **IX. Past Inquiries, Inspections or Investigations**

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 or any previous company law in the last five years immediately preceding the year of issue of the Prospectus in the case of Company, Promoter and Directors.

Further, except as stated below, there have been no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last five years immediately preceding the year of this Prospectus:

1. A *suo – motu* application was filed by our Company and Karunakar Reddy Baddam (together referred to as the “**Applicants**”) on July 13, 2017 before the National Company Law Tribunal, Hyderabad for compounding of offence in terms of section 441 read with section 135 of the Companies Act, 2013. The application was filed for compounding of offence for the violation of section 135 of the Companies Act, 2013 pertaining to the non – constitution of the corporate social responsibility committee from

September 2, 2015 to February 24, 2017 by our Company. The application is currently pending before the National Company Law Tribunal, Hyderabad.

2. A *suo – motu* application was filed by our Company and Karunakar Reddy Baddam (together referred to as the “**Applicants**”) on July 13, 2017 before the National Company Law Tribunal, Hyderabad for compounding of offence in terms of section 621A read with section 383A of the Companies Act, 1956 and section 441 read with section 203 of the Companies Act, 2013. The application was filed for compounding of offence for the violation of section 383A of Companies Act, 1956 and corresponding section 203 of the Companies Act, 2013 pertaining to the non – compliance of appointment of whole – time company secretary from February 27, 2012 to February 1, 2017 by our Company. The application is currently pending before the National Company Law Tribunal, Hyderabad.

#### **X. Material Frauds against our Company**

There have been no material frauds committed against our Company in the five years preceding the date of this Prospectus.

#### **XI. Material developments since the last balance sheet date**

Except for

- a) allotment of 10,00,000 Equity Shares of ₹ 10/- each at a premium of ₹ 190/- per share pursuant to conversion of 10,00,000 CCDs of ₹ 200/- each to OHM Commodity Broker Private Limited (5,00,000 Equity Shares of ₹ 10/- each) and OHM Equity Solution India Private Limited (5,00,000 Equity Shares of ₹ 10/- each)
- b) availing unsecured loan of ₹ 50,00,000 on October 5, 2017 from Shriram City Union Finance Limited and
- c) Entering into Sale deed on November 15, 2017, for the purchase of flat no.A2- 402 having built up area of 1200 sft in third floor of Green City Homes located at Tunlam Village, Gajuvaka, and Visakhapatnam along with undivided share of land measuring to an extent of 49.68 square yards to facilitate the staff movement, undertake liasioning and integration activities

There are no other material development subsequent to September 30, 2017, that is expected to have a material impact on our reserves, profits, earnings per share and book value. For details see the sections “*Capital Structure*” and “*History and Certain Corporate Matters*” on pages 76 and 141 respectively and for details of the unsecured loans availed, see chapter “*Financial Indebtedness*” on page 236 of this Prospectus.

## GOVERNMENT AND OTHER APPROVALS

We are required to obtain consents, licenses, registrations, permissions and approvals for carrying out our present business activities. Our Company has obtained the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. For details in connection with the regulatory and legal framework within which we operate, please refer the chapter “Key Regulations and Policies” on page 136 of the Prospectus.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.

The following statements set out the details of licenses, permissions and approvals taken by our Company under various central and state laws for carrying out the business:

### I. Issue related Approvals

For the approvals and authorizations obtained by our Company in relation to the Issue, see “Other Regulatory and Statutory Disclosures – Authority for the Issue” on page 251 of the Prospectus.

### II. Incorporation details

Sr. No.	Type of Approval	Issuing Authority	Registration No.	Date of Issue
1.	Certificate of incorporation as ‘Apollo Micro Systems Private Limited’	RoC, Andhra Pradesh	U72200TG1997PTC026556	March 3, 1997
2.	Fresh certificate of incorporation consequent upon conversion as ‘Apollo Micro Systems Limited’	RoC, Andhra Pradesh and Telangana	U72200TG1997PLC026556	April 1, 2017

### III. Tax related approvals

Our Company is required to register itself under various tax laws such as the IT Act and GST Act. Our Company has obtained the necessary licenses and approvals from the appropriate regulatory and governing authorities in relation to such tax laws.

### IV. Business Related Approvals

Sr. No.	Type of License/ Approval	Issuing Authority	Registration No.	Date of Issue	Valid upto
1.	Factory Licence	Government of Telangana	100471	September 13, 2017	-
2.	Provident fund registration certificate	Employees Provident Fund Organisation	APHYD0047675 000	-	Until cancelled or surrendered
3.	Employees state insurance corporation registration certificate	Employees State Insurance Corporation	52000614890000 999	-	Until cancelled or surrendered
4.	Acknowledgment for Memorandum for a Manufacturing Enterprise	District Industries Centre	360061206868	February 13, 2015	-
5.	Importer exporter code	Foreign Trade Development Officer	0998000302	April 04, 1998	-
6.	Letter sanctioning the CMD of 210KVA with CL of 400 HP	Divisional Engineer Electrical Operation, TSSPDCL, Habsiguda	DEE/OP/HBG/ Comml /D. No. 4012	December 29, 2014	-

**V. EPCG Certification**

<b>Licence number</b>	0930010396/3/12/00
<b>Name of Material</b>	To export various electronic goods
<b>Issue Date</b>	April 18, 2013
<b>Duty Saved (₹ in lacs)</b>	₹ 1,61,11,919.75
<b>Export Obligation</b>	USD 1.608.511.12
<b>Export Obligation Completed</b>	Nil
<b>Balance export obligation to be completed (₹ in lacs)</b>	USD 1.608.511.12
<b>Period up to which export obligation to be completed</b>	April 17, 2019

**VI. Quality Certifications**

Sr. No.	Type of License/ Approval	Issuing Authority	Registration No.	Date of Issue	Valid upto
1.	Management system certificate for conforming the quality management system standard ISO 9001: 2015 for design, development and manufacturing of electronic systems including hardware and software	HYM International Certification Private Limited	Q9186414237	February 16, 2016	February 15, 2019

**VII. Intellectual Property Rights**

Our Company owns the following trademarks registered under the Trademarks Act, 1999:

Sr. No.	Description	Class	Registration Number	Date of Registration	Date of Expiry
1.	ACUBOT	35	3172857	February 1, 2016	February 1, 2026
2.	ACUBOT	35	3172856	February 1, 2016	February 1, 2026
3.	ACUBOT	35	3172855	February 1, 2016	February 1, 2026

Further, our Company has made an application for the registration of the following trademark under the Trademarks Act, 1999:

Sr. No.	Description	Class	Application No.	Date of Application	Objection
1.	 apollo microsystems	42	3560808	May 31, 2017	Objected by Trademarks Registry

**VIII. Licenses/ Approvals applied for but not yet approved / granted:**

Nil

**IX. Licenses / Approvals which are required but not yet applied for:**

Nil

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Issue has been authorised by our Board pursuant to a resolution passed at its meeting held on August 11, 2017 and the Shareholders have approved the Issue by a special resolution passed in accordance with Section 62(1) (c) of the Companies Act, 2013, at the AGM held on August 26, 2017.

In – principle Listing Approvals:

1. We have received in-principle approval from BSE for the listing of our Equity Shares pursuant to a letter dated October 13, 2017.
2. We have received in-principle approval from NSE for the listing of our Equity Shares pursuant to a letter dated October 13, 2017.

### **Prohibition by SEBI or other Governmental authorities**

Our Company, our Promoter, our Directors, the members of the Promoter Group and our Group Companies have not been debarred from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies, with which our Promoter, our Directors or persons in control of our Company are or were associated as promoters, directors or persons in control have not been debarred from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors or any of the entities that our Directors are associated with are engaged in securities market related business or are registered with SEBI. There has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

The listing of any securities of our Company or Associates has never been refused at any time by any of the stock exchanges in India or abroad.

### **Prohibition by RBI**

Neither our Company, nor our Promoter, Directors, Group Companies, have been categorized as willful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

### **Eligibility for the Issue**

Our Company is eligible for the Issue in accordance with the eligibility criteria provided in Regulation 26(1) of the SEBI ICDR Regulations, and as calculated from the Restated Financial Statements prepared in accordance with the Companies Act, 1956 and Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations:

- our Company has net tangible assets of at least ₹ 300 lacs in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets;
- our Company has a minimum average pre-tax operating profit of ₹ 1,500 lacs calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;
- our Company has a pre-Issue net worth of at least ₹ 100 lacs in each of the three preceding full years (of 12 months each);
- the proposed Issue size does not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2017; and
- our Company has not changed its name in the last one year.

The Company's pre-tax operating profit, net worth, net tangible assets and monetary assets derived from the restated financial statements included in the Prospectus as at, and for the financial years ended March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 are set forth below:

( ₹ in lacs)					
Particulars	FY2016-17	FY2015-16	FY2014-15	FY2013-14	FY2012-13
Pre-Tax Operating Profit (1)	3,673.19	2,249.49	1,415.98	978.07	630.37
Net Worth (2)	6,337.10	4,479.99	3,479.94	2,749.16	1,496.78
Net Tangible Assets (3)	10,344.94	7,738.93	6,065.22	3,589.65	1,957.03
Monetary Assets (4)	877.83	694.31	365.48	225.94	188.48
Monetary assets as a percentage of the net tangible assets (4/3)	8.49%	8.97%	6.03%	6.29%	9.63%

#### **Notes**

- (1) 'Pre-tax operating profits' comprise of profit from operations before finance expenses, other income and exceptional items.
- (2) 'Net worth' has been defined as the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of the miscellaneous expenditure (to the extent not adjusted or written-off) and the debit balance of the profit and loss account.
- (3) 'Net tangible assets' are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves and excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India), investments, current assets, loans and advances (excluding deferred tax assets) less current liabilities and provisions (excluding deferred tax liabilities and current and non-current portions of secured / unsecured loans and the interest accrued thereon on the secured/unsecured loans), net of provision for diminution in value.
- (4) 'Monetary assets' comprise of cash on hand, bank balances (including the deposits accounts and interest accrued thereon) and quoted Investments.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000 failing which the entire application money shall be refunded. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws. Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI ICDR Regulations, to the extent applicable.

#### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ARYAMAN FINANCIAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, ARYAMAN FINANCIAL SERVICES LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD**

MANAGER, ARYAMAN FINANCIAL SERVICES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 23, 2017 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
  - a) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY SEBI, THE CENTRAL GOVERNMENT, AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013, THE SECURITIES EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS)

REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED WITH
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE ISSUE HAVE TO BE ISSUED IN DEMATERIALIZED FORM ONLY;
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
  - (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
  - (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE– NOTED FOR COMPLIANCE
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE,



PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR;
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). – NOT APPLICABLE

The filing of the Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the Issue. SEBI further reserves the right to take up, at any point of time, with the BRLM any irregularities or lapses in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26 and 32 of the Companies Act, 2013.

#### Price information of past issues handled by the BRLM

1. Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Aryaman Financial Services Limited

Sr. No	Issue Name	Issue size (₹ Cr.)	Issue Price (₹)	Listing date	Opening price on listing date	+/- % change in Price on closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing	
1	Shradha Infraprojects (Nagpur) Ltd.	18.93	70.00	11/12/2017	69.80	0.14%	3.00%	N.A.	N.A.	N.A.	N.A.
2	Shreeji Translogistics Ltd.	12.40	130.00	13/10/2017	156.00	2.69%	2.72%	34.62%	6.38%	N.A.	N.A.
3	AKM Lace and Embrotex Ltd.	4.76	25.00	29/09/2017	25.50	-7.80%	5.99%	-9.80%	8.20%	N.A.	N.A.
4	Geekay Wires Ltd.	11.00	33.00	24/08/2017	33.35	0.76%	1.09%	10.61%	4.92%	N.A.	N.A.
5	CKP Products Ltd.	6.24	50.00	09/05/2017	50.00	2.00%	3.55%	0.90%	7.95%	0.50%	12.19%
6	Octaware Technologies Ltd.	8.60	90.00	03/04/2017	91.00	0.11%	-0.05%	0.83%	3.38%	8.89%	4.59%
7	Prime Customer Services Ltd.	7.28	60.00	31/03/2017	60.10	8.00%	1.01%	56.25%	4.18%	121.67%	5.20%
8	Maximus International Ltd.	3.77	25.00	30/03/2017	23.00	1.20%	0.91%	0.20%	4.00%	1.00%	6.59%
9	Manas Properties Ltd.	39.96	360.00	30/03/2017	360.55	0.83%	0.91%	1.11%	4.00%	1.39%	6.59%

Sr. No	Issue Name	Issue size (₹ Cr.)	Issue Price (₹)	Listing date	Opening price on listing date	+/- % change in Price on closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing	
10	IFL Enterprises Ltd.	3.25	20.00	21/03/2017	19.80	-25.05%	-0.21%	-50.00%	6.19%	-50.00%	9.45%

2. Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Aryaman Financial Services Limited

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in Cr.)	Nos. of IPOs trading at discount - 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium - 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at discount - 180 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium - 180 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	6 <sup>(1)</sup>	61.93	-	-	1	-	-	4	-	-	-	-	-	2
2016-17	10	147.26	-	1	-	1	-	8	-	1	-	2	3	4
2015-16	3	15.90	-	-	-	-	-	3	-	-	-	1	1	1

<sup>(1)</sup>Details indicated in 2017-18 are for the IPOs completed as on date.

**Notes:**

- Since the listing date of Shradha Infraprojects (Nagpur) Limited was December 11, 2017, information related to closing price and benchmark index as on the 90<sup>th</sup> calendar day and 180<sup>th</sup> calendar day from the listing date is not available.
- Since the listing date of Geekay Wires Limited, AKM Lace and Embrotex Limited and Shreeji Translogistics Limited was August 24, 2017, September 29, 2017 and October 13, 2017 respectively, information related to closing price and benchmark index as on 90<sup>th</sup> calendar day and 180<sup>th</sup> calendar day from the listing date is not available.
- The respective Designated Stock Exchange for each Issue has been considered as the Benchmark index for each of the above Issues.
- In the event any day falls on a holiday, the price/index of the immediate preceding working day has been considered. If the stock was not traded on the said calendar days from the date of listing, the share price is taken of the immediately preceding trading day.
- Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) BSE Sensex and Nifty Fifty as the Benchmark Indices.

**Track record of past issues handled by the Lead Manager**

For details regarding the track record of the Book Running Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please see the website of Aryaman Financial Services Limited – [www.afsl.co.in](http://www.afsl.co.in)

**Disclaimer from our Company and the BRLM**

Our Company and the BRLM accept no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

**Caution**

The BRLM accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters and our Company. All information shall be

made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company or any member of the Syndicate shall be liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise. Bidders will be required to confirm and will be deemed to have represented to our Company, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Our Company, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, Associates, the Promoter and Promoter Group and their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in underwriting, commercial banking and investment banking transactions with our Company, Associates, the Promoter and Promoter Group and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer Clause of the BSE**

“BSE Limited (“the Exchange”) has given vide its letter dated October 13, 2017 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- a. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b. warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/ 22294 dated October 13, 2017 permission to the Issuer to use the Exchange’s name in this Offer Document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”

### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India, Hindu Undivided Families (“HUFs”), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, Eligible Qualified Foreign Investors (“QFIs”), Alternative Investment Funds (“AIFs”), Foreign Institutional Investors (“FIIs”), Foreign Portfolio Investors registered with SEBI (“FPIs”) and QIBs. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations and Stock Exchanges. Accordingly, the Equity Shares, offered in the Issue may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.

Bidders are advised to ensure that any single bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **Filing of Prospectus with SEBI and the RoC**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at 7<sup>th</sup> Floor, 756-L, Anna Salai, Chennai – 600002, Tamil Nadu.

A copy of the Red Herring Prospectus, along with the documents required to be filed, will be delivered for registration to the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration to the RoC at 2<sup>nd</sup> Floor, Corporate Bhawan, GSI Post, Tattianaram Nagole, Bandlaguda, Hyderabad – 500 068, Telangana, India.

### **Listing**

The Equity Shares issued through the Red Herring Prospectus and this Prospectus are proposed to be listed on BSE and NSE. Applications will be made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. BSE Limited shall be the Designated Stock Exchange.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in reliance of the Red Herring Prospectus. Our Company shall ensure that all steps for such completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within 6 Working Days of the Bid/Issue Closing Date. If Equity Shares are not Allotted pursuant to the Issue within 6 Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by the SEBI, our Company shall repay without interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

## **Impersonation**

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who –

- a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

## **Consents**

Consents in writing of our Directors; our Company Secretary and Compliance Officer, our Chief Financial Officer; our Auditors; Bankers to our Company; Monitoring Agency, Escrow Collection Bank; Refund Bank; Syndicate Member; BRLM; the Registrar and the Legal Advisor to the Issue and IRR Advisory to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and Section 32 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our Statutory Auditor, M/s. S. T. Mohite & Co., Chartered Accountants, has given their written consent to the inclusion of their report dated November 29, 2017 on Restated Financial Statements and the statement of tax benefits dated September 1, 2017 included in the Prospectus and such consent have not been withdrawn as on the date of the Prospectus.

## **Expert Opinion**

Except for the Auditors' reports dated November 29, 2017 on the Restated Financial Statements of our Company and the statement of tax benefits dated September 1, 2017, provided by M/s. S. T. Mohite & Co., our Company has not obtained any expert opinions.

## **Issue Expenses**

The total expenses of the Issue are estimated to be approximately ₹ 1,041 lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commissions, SCSBs commissions/fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. For further details of Issue expenses, please refer to the chapter “*Objects of the Issue*” on page 87 of this Prospectus.

## **Details of Fees Payable**

### ***Fees, Brokerage and Selling Commission***

The total fees payable to the Syndicate Members (including underwriting commission, selling commission and reimbursement of their out-of-pocket expense) will be as per the Syndicate Agreement.

### ***Fees Payable to the Registrar to the Issue***

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of Allotment Advice/refund orders, preparation of refund data on magnetic tape and printing of bulk mailing register will be as

per the Agreement signed by our Company and the Registrar to the Issue dated September 1, 2017, a copy of which is available for inspection at our Registered Office, from 10.00 am to 5.00 p.m. on Working Days from the date of filing the Red Herring Prospectus until the Bid/Issue Closing Date.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post or through such other mode as may be permitted.

#### **Previous Rights and Public Issues during the Last Five Years**

There have been no public or rights issues undertaken by our Company during the five years preceding the date of this Prospectus.

#### **Previous Issues of Shares otherwise than for Cash**

Except as disclosed in the chapter “*Capital Structure*” on page 76 of this Prospectus, our Company has not issued any securities for consideration other than cash.

#### **Underwriting commission, brokerage and selling commission on previous issues**

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since inception.

#### **Performance vis-à-vis objects**

Our Company has not undertaken any previous public or rights issue in the last 10 years preceding the date of this Prospectus.

#### **Performance vis- à-vis Objects: Last Issue of Subsidiaries**

As on the date of this Prospectus, our Company does not have any subsidiaries.

#### **Outstanding debentures or bond issues or redeemable preference shares**

Except as stated in the chapter “*Capital Structure*” and “*History and Certain Corporate Matters*” on page 76 and 141 respectively of this Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares as of the date of this Prospectus.

#### **Partly Paid-Up Shares**

As on the date of this Prospectus, there are no partly paid up Equity Shares of our Company.

#### **Stock Market Data for our Equity Shares of our Company**

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

#### **Mechanism for redressal of investor grievances**

The agreement dated September 1, 2017 between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB and the Syndicate Members at the Specified Locations with whom the Bid cum Application Form was submitted.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, application number, address of the applicant, number of Equity Shares applied for, the Bid Amount paid on submission of the Bid cum Application Form, the Depository Participant and the bank branch or collection centre where the Bid cum Application Form was submitted.

In addition to the information indicated above, the ASBA Bidder should also specify the Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations or the Registered Broker at the Broker Centre where the Bid cum Application Form was submitted by the ASBA Bidder.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/information mentioned hereinabove.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee comprising of Raghupathy Goud Theegalaas the Chairman and Karunakar Reddy Baddam and Venkata Siva Prasad Chandrapati as members. For details, please refer to the chapter "*Our Management*" on page 146 of this Prospectus.

Our Company has appointed Vitta Chaitanya Siva Shankar, Company Secretary of our Company, as Compliance Officer who would directly deal with SEBI office with respect to implementation of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints.

Our Compliance Officer may be contacted in case of any pre-Issue or post-Issue related problems, at the following address at:

#### **Vitta Chaitanya Siva Shankar**

Plot No 128/A, Road No. 12,  
Bel Road, IDA Mallapur,  
Uppal Mandal, Hyderabad  
Telangana 500076, India  
**Telephone:** +91 40 27167000 – 99;  
**Fax:** +91 40 2715 0820;  
**E-mail:** cs@apollo-micro.com

### **Changes in Auditors**

Except as disclosed below, there has been no change in the statutory auditors of our Company during the last three years preceding the date of this Prospectus:

<b>Name of Auditor</b>	<b>Date of Change</b>	<b>Reason for Change</b>
M/s. S.T. Mohite & Co.	March 10, 2017	Appointment
M/s. V. Nagaraju & Associates	March 10, 2017	Resignation

### **Capitalisation of Reserves or Profits**

Our Company has not capitalized its reserves or profits at any time during the last five years, except as stated in the chapter "*Capital Structure*" on page 76 of this Prospectus.

### **Revaluation of Assets**

Our Company has not re – valued its assets since incorporation.

## SECTION VIII – ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued and transferred pursuant to this Issue are subject to the provisions of the Companies Act, the SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association of our Company, conditions of RBI approval, if any, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, Bid-cum-Application Form, the Revision Form, the CAN, the Allotment Advice, the listing agreement with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC, FIPB and / or other authorities, as in force on the date of the Issue and to the extent applicable.

#### Ranking of Equity Shares

The Equity Shares being issued and transferred shall be subject to the provisions of the Companies Act, Memorandum and Articles of Association, and shall rank pari passu in all respects with the other existing shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in the Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled “*Main Provisions of the Articles of Association*” on page 318 of this Prospectus.

#### Mode of payment of dividend

Our Company shall pay dividends, if declared, to shareholders of our Company as per the provisions of the Companies Act, 2013, our Memorandum and Articles, the SEBI Listing Regulations and other applicable laws. All dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been Allotted Equity Shares in the Issue. For further details in relation to dividends, please refer to the chapters “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” on pages 168 and 318, respectively, of this Prospectus.

#### Face Value and Issue Price

The face value of each Equity Share is ₹ 10. The Issue Price of Equity Shares is ₹ 275/- per Equity Share. The Anchor Investor Issue Price is ₹ 275/- per Equity Share. The Issue Price shall be determined by our Company in consultation with the BRLM.

At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

The Price Band, Employee Discount and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and was published in all editions of the English national newspaper Business Standard, all editions of the Hindi national newspaper Business Standard and the Hyderabad edition of the Telugu newspaper Nava Telangana (Telugu being the regional language of Telangana, where the Registered Office of our Company is situated) each having a wide circulation, at least five Working Days prior to the Bid/Issue Opening Date. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Form available at the website of the Stock Exchanges.

#### Compliance with SEBI Rules and Regulations

In connection with the Issue, Allotment and transfer of the Equity Shares in the Issue, the Company shall comply with applicable disclosures and accounting norms specified by SEBI from time to time.

#### Rights of the Equity Shareholder

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

- the right to receive dividend, if declared;
- the right to attend general meetings and exercise voting powers, unless prohibited by law;
- the right to vote on a poll either in person or by proxy;
- the right to receive offers for rights shares and be allotted bonus shares, if announced;



- the right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- the right of free transferability of Equity Shares , subject to applicable law, including RBI rules and regulations, if any; and
- such other rights, as may be available to a shareholder of a listed public company under the Companies Act the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the chapter “*Main Provisions of the Articles of Association*” on page 318 of this Prospectus.

### **Market Lot and Trading Lot**

Under Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialized form for all investors.

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated June 27, 2017 among CDSL, our Company and the Registrar to the Issue; and
- Agreement dated June 22, 2017 among NSDL, our Company and the Registrar to the Issue

Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through the Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of 50 Equity Shares. For details of allocation and allotment, please refer to the chapter “*Issue Procedure*” on page 272 of this Prospectus.

### **Joint Holders**

Subject to our Articles, where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Hyderabad, India.

### **Nomination facility to investors**

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debenture) Rules, 2014, as amended, the sole or First Bidder, along with other joint Bidders, may nominate anyone person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is am in or, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale or transfer of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

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

### **Bid/Issue Program**

BID/ISSUE OPENS ON	Wednesday, January 10, 2018 <sup>1</sup>
BID/ISSUE CLOSES ON	Friday, January 12, 2018

<sup>1</sup> Our Company may, in consultation with the BRLM, consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date in accordance with the SEBI ICDR Regulations.

An indicative timetable in respect of the Issue is set out below:

<b>Event</b>	<b>Indicative Date</b>
Bid/Issue Closing Date	January 12, 2018
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or before January 17, 2018
Initiation of Refunds(if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or before January 18, 2018
Credit of Equity Shares to demat account of the Allottees	On or before January 19, 2018
Commencement of trading of the Equity Shares on the Stock Exchanges	On or before January 22, 2018

The above timetable is indicative and does not constitute any obligation on our Company or the BRLM. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 6 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/Issue Period by our Company, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

Except in relation to the received from Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period at the Bidding centers mentioned in the Bid-cum-Application Form or, in case of Bids submitted through ASBA, at the Designated Branches (a list of such branches is available at the website of the SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>) or with the members of the Syndicate at the Specified Locations or with the Registered Brokers at the Broker Centers (a list of such Broker Centers is available at the websites of the Stock Exchanges), as the case may be. On the Bid/Issue Closing Date (which for QIBs will be a day prior to the Bid/Issue Closing Date for other non-QIB Bidders), Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and until (ii) 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders, after taking into account the total number of applications received up to the closure of timings and reported by BRLM to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic bidding system would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders other than QIB Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Any time mentioned in this Prospectus, unless specifically mentioned otherwise, is in Indian Standard Time. Bidders other than QIB Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company and the Syndicate shall not be responsible. Bids will be accepted only on working days, i.e., Monday to Friday (excluding any public holiday). None among our Company or any member of the

Syndicate is liable for any failure in uploading the Bids due to faults in any software / hardware system or otherwise.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

Our Company, in consultation with the BRLM, reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI ICDR Regulations. Under the SEBI ICDR Regulations, the Cap Price should not be more than 20% of the Floor Price i.e., the Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the revised Floor Price Band can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three (3) additional Working Days after revision of the Price Band subject to the Bid/Issue Period not exceeding ten (10) Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLM at the terminals of the other members of the Syndicate.**

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 P.M. IST on the Bid/Issue Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only on business days, i.e., from Monday to Friday (excluding any public/bank holiday). Our Company or the members of Syndicate are not liable for any failure in uploading Bids due to faults in any software/hardware system or otherwise. Any time mentioned in this Prospectus is IST.

In case of any discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular Bidder, the details of the Bid file received from Stock Exchanges may be taken as final data for the purposes of Allotment.

Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of any revision to the Price Band, the Bid/Issue Period shall be extended by at least three additional Working Days after such revision to the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision to the Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the other members of the Syndicate Member.**

#### **Minimum Subscription**

In the event our Company does not receive (i) a minimum subscription of 90% of the Issue, and (ii) a subscription in the Issue equivalent to minimum number of securities as specified in Rule 19(2) of the SCRR, including through devolvement to the Underwriters, as applicable, our Company shall forthwith refund the entire subscription amount received no later than 15 days from the Bid/Issue Closing Date, failing which, the directors of our Company who are officers in default shall jointly and severally be liable to repay that money with interest

at the rate of 15% per annum. If there is a delay beyond such period, our Company shall pay such interest prescribed under the Companies Act, 2013, read with the applicable rules framed there under. Our Company in consultation with the BRLM, reserve the right not to proceed with the Issue for any reason at any time after the Bid/Issue Opening Date but before the Allotment of Equity Shares.

In case of non-receipt of minimum subscription, application money of Anchor Investors to be refunded shall be credited only to the bank account from which the subscription was remitted. Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

#### **Arrangement for disposal of odd lot**

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

#### **Restriction on transfer and transmission of shares**

Except for the lock-in of the pre-Issue Equity Shares, other than the minimum Promoter's contribution and Allotments made to Anchor Investors pursuant to the Issue, as detailed in "*Capital Structure*" on page 76 of this Prospectus and except as provided in our Articles and under applicable laws, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See "*Main Provisions of the Articles of Association*" at page 318 of this Prospectus.

#### **New Financial Instruments**

As on the date of this Prospectus, there are no outstanding warrants, new financial instruments or any rights, which would entitle the shareholders of our Company, including our Promoter, to acquire or receive any Equity Shares after the Issue.

#### **Employee Discount**

Employee Discount of ₹ 12/- per Equity Share has been offered to Eligible Employees bidding in the Employee Reservation Portion, at the time of making the Bid. Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment at Bid Amount, that is, Bid Amount net of Employee Discount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid.

#### **Retail Discount**

Retail Discount of ₹ 12/- per Equity Share on the Issue Price has been offered to Retail Individual Bidders. The rupee amount of the Retail Discount has been decided by our Company in consultation with the BRLM and was advertised at least five Working Days prior to the Bid/Issue Opening Date.

#### **Withdrawal of the Issue**

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the pre-Issue advertisements were published, within two days of the Bid Closing Date, providing reasons for not proceeding with the Issue and the Stock Exchanges shall be informed promptly in this regard. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification.

If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an initial public offering of the Company's Equity Shares, the Company shall file a fresh Draft Red Herring Prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

## ISSUE STRUCTURE

Initial public offering of up to 57,63,886 Equity Shares for cash at a price of ₹ 275 per Equity Share, aggregating up to ₹ 15,600 lacs by our Company. The Issue and the Net Issue would constitute up to 27.76% and 27.66%, respectively of the post- Issue paid-up capital of our Company. The Issue includes an Employee Reservation Portion of up to 20,000 Equity Shares aggregating up to ₹ 52.60 lacs, for subscription by Eligible Employees.

The Issue is being made through the Book Building Process:

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders <sup>4</sup>	Eligible Employees <sup>4&amp;5</sup>
Number of Equity Shares available for allocation <sup>(2)</sup>	28,26,800 Equity Shares.	Not less than 8,48,040 Equity Shares or Issue size less allocation to QIB Bidders and Retail Individual Bidders	Not less than 20,69,046 Equity Shares or Issue size less allocation to QIB Bidders and Non Institutional Bidders	Up to 20,000 Equity Shares
Percentage of Issue Size available for Allotment/ Allocation	50% of the Net Issue shall be available for allocation to QIBs.  However, 5% of the QIB Category (excluding Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% Mutual Fund Portion will also be eligible for allocation in the remaining QIB Category. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue or the Issue less allocation to the QIB Bidders and Retail Individual Bidders	Not less than 35% of the Net Issue or the Issue less allocation to the QIB Bidders and Non Institutional Bidders	The Employee Reservation Portion comprises approximately 0.10% of our Company's post Issue paid up Equity Share Capital
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (excluding Anchor Investor Portion) (a) 56,536 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and  (b) 10,74,184 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as	Proportionate	Not less than the minimum Bid Lot (subject to availability of Equity Shares in the Retail Category), and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. For more details refer to the chapter "Issue Procedure" on page 272 of this Prospectus	Proportionate

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders <sup>4</sup>	Eligible Employees <sup>4&amp;5</sup>
	per (a) above.			
	(c) 16,96,080 Equity Shares may be allocated on a discretionary basis to Anchor Investors			
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of 50 equity shares thereafter	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of 50 equity shares thereafter.	50 Equity Shares and in multiples of 50 equity shares thereafter	50 Equity Shares and in multiples of 50 Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares in multiples of 50 Equity Shares so that the Bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of 50 Equity Shares so that the Bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of 50 so as to ensure that the payment amount does not exceed ₹ 200,000 net of Retail Discount.	Such number of Equity Shares such that the Bid Amount does not exceed ₹ 500,000 net of Employee Discount.
Mode of Bidding	Through ASBA process	Through ASBA process	Through ASBA process	Through ASBA process
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	50 Equity Shares and in multiples of 50 Equity Shares thereafter	50 Equity Shares and in multiples of 50 Equity Shares thereafter	50 Equity Shares and in multiples of 50 Equity Shares thereafter	50 Equity Shares and in multiples of 50 Equity Shares thereafter
Allotment Lot	50 Equity Shares and in multiples of one thereafter	50 Equity Shares and in multiples of one thereafter	50 Equity Shares and in multiples of one thereafter	50 Equity Shares and in multiples of one thereafter
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Bid <sup>(2)</sup>	A mutual fund, venture capital fund and foreign venture capital investor registered with SEBI; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI; FPIs other than Category III FPIs, FVCIs, AIFs, a public financial institution as defined in Section 2 (72) of the Companies Act, 2013; a scheduled commercial bank; a multilateral and bilateral development financial	Resident Indian individuals, eligible NRIs, HUF, applying through their Karta, minors applying through their natural guardian, companies, corporate bodies, scientific institution, societies, trust, Category III FPIs.	Resident Indian individuals (including HUF, applying through their Karta, minors applying through their natural guardian) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹ 2,00,000 in value	Eligible Employees

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders <sup>4</sup>	Eligible Employees <sup>4&amp;5</sup>
	<p>institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of ₹ 2500 lacs; and pension funds with minimum corpus of ₹ 2500 lacs; and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, Insurance funds set up and managed by army, navy or air force of the Union of India, Insurance funds set up and managed by the Department of Posts, India and systemically important non – banking financial companies.</p>			
Terms of Payment	<p>The entire Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the Designated Branch or the member of the Syndicate at the Specified Location or the Registered Broker at the Broker Centre, as the case may be. The SCSB will be authorized to block funds equivalent to the Bid Amount in the relevant ASBA Account as detailed in the Bid cum Application Form.<sup>(3)</sup></p>	<p>The entire Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the Designated Branch or the member of the Syndicate at the Specified Location or the Registered Broker at the Broker Centre, as the case may be. The SCSB will be authorized to block funds equivalent to the Bid Amount in the relevant ASBA Account as detailed in the Bid cum Application Form.<sup>(3)</sup></p>	<p>The entire Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the Syndicate or the Designated Branch or the member of the Syndicate at the Specified Location or the Registered Broker at the Broker Centre, as the case may be. In case of ASBA Bidders, the SCSB will be authorized to block funds equivalent to the Bid Amount in the relevant ASBA Account as detailed in the Bid cum</p>	<p>The entire Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the Syndicate or the Designated Branch or the member of the Syndicate at the Specified Location or the Registered Broker at the Broker Centre, as the case may be. In case of ASBA Bidders, the SCSB will be authorized to block funds equivalent to the Bid Amount in the relevant ASBA Account as detailed in the Bid cum</p>

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders <sup>4</sup>	Eligible Employees <sup>4&amp;5</sup>
			Application Form. (3)	Application Form.

<sup>1</sup>The Company may in consultation with the BRLM may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Issue Price, on a discretionary basis. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above Anchor Investor Issue Price. For details, please refer to the chapter “Issue Procedure” on page 272 of this Prospectus.

<sup>2</sup>In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹ 200,000), shall be added to the Net Issue.

<sup>3</sup>The QIB portion includes Anchor Investor Portion, as per the SEBI ICDR Regulations. Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Form. Any balance amount payable by the Anchor Investors, due to a difference between the Anchor Investor Issue Price and the Bid Amount paid by the Anchor Investors, shall be payable by the Anchor Investors within two Working Days of the Bid/Issue Closing Date.

<sup>4</sup>Our Company, in consultation with the BRLM, was offered a discount of ₹ 12/- on the Issue Price to the Retail Individual Bidders and the Eligible Employees Bidding under the Employee Reservation Portion (if any), respectively. The amount of Retail Discount and Employee Discount, as applicable, has been advertised in all newspapers wherein the Pre-Issue Advertisement has been published. For details, see “Issue Procedure” on page 272 of this Prospectus.

<sup>5</sup>Eligible Employees Bidding in the Employee Reservation portion (if any) can Bid up to a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion (if any) can also Bid under the Net Issue and such Bids will not be treated as multiple Bids. In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹ 200,000), shall be added to the Net Issue. In the event of under subscription in the Net Issue, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above the Issue Price, under-subscription (if any) in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange, on a proportionate basis.

This Issue is being made through the Book Building Process wherein 50% of the Net Issue will be available for allocation to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Net Issue will be available for allocation to Retail Individual Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange, on a proportionate basis, subject to applicable laws.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other categories or contribution of categories at the discretion of our Company, in consultation with the



BRLM and the Designated Stock Exchange. Any unsubscribed Equity Shares in the Employee Reservation Portion shall be added to the Net Issue.

## ISSUE PROCEDURE

*All Bidders should review the 'General Information Document for investing in public issues' prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document") included below under sub-section "- Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect various enactments and regulations as well as amendments to existing regulations, to the extent applicable to the Issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.*

*Please refer to the relevant provisions of the General Information Document which are applicable to the Issue. All Designated Intermediaries in relation to the Issue should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

*Our Company and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.*

### PART A

#### **Book Building Procedure**

The Issue is being made through the Book Building Process wherein 50% of the Net Issue shall be Allotted to QIBs on a proportionate basis, provided that our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds subject to valid Bids being received from them at or above the Anchor Investor Issue Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. 20,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees bidding in the Employee Reservation Portion, subject to valid bids being received at or above the Issue Price net of Employee Discount. However, the value of Allotment to any Eligible Employee shall not exceed ₹ 500,000. Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹ 200,000 only in the event of an under subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 5,00,000.

Any unsubscribed portion in Employee Reservation Portion shall be added to the Net Issue. In case of under subscription in the Net Issue category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Issue. Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP

ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being allotted Equity Shares in physical form.

### **Bid cum Application Form**

All Bidders (other than Anchor Investors) are required to mandatorily participate in the Issue only through the ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process. Copies of the ASBA Forms and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centres and at our Registered Office and Corporate Office. Electronic copies of the ASBA Forms will also be available for download on the websites of the Stock Exchanges, namely, NSE (www.nseindia.com) and BSE (www.bseindia.com), at least one day prior to the Bid/Issue Opening Date. Anchor Investor Application Forms shall be available at the offices of the BRLM at least one day prior to the Anchor Investor Bid/Issue Period.

All Bidders (other than Anchor Investors) shall ensure that their Bids are made on ASBA Forms bearing the stamp of a Designated Intermediary and submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Additionally, ASBA Bidders must provide bank account details and authorization to block funds in the relevant space provided in the ASBA Form and ASBA Forms that do not contain such details are liable to be rejected. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for various categories of Bidders is as follows:

<b>Category</b>	<b>Colour of Bid-cum Application Form *</b>
Resident Indians including resident QIBs, Non- Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including FPIs and Eligible NRIs, applying on a repatriation basis	Blue
Anchor Investors**	White
Eligible Employees applying under the Employee Reservation Portion	Pink

\* *Excluding electronic Bid-cum-Application Forms*

\*\* *Bid-cum-Application Forms for Anchor Investors will be made available at the office of the BRLM.*

Designated Intermediaries (other than SCSBs) shall submit/ deliver ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or the Escrow Collection Bank.

### **Who can Bid?**

In addition to the category of Bidders set forth in the sub-section “– Part B – General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue” on page 272 of this Prospectus, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- Scientific and/or industrial research organizations in India, which are authorised to invest in equity shares; and
- Any other person eligible to Bid in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

## **Participation by Promoter, Promoter Group, associates and affiliates of the BRLM and the Syndicate Members**

The BRLM and the Syndicate Members shall not be allowed to subscribe to the Equity Shares in this Issue in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and the Syndicate Members may subscribe to or purchase Equity Shares in the Issue, in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Other than mutual funds sponsored by entities related to the BRLM, the BRLM, the Syndicate Members, the Promoters, members of the Promoter Group and any persons related to them cannot apply in the Issue under the Anchor Investor Portion.

### **Bids by Mutual Funds**

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid in whole or in part, in either case, without assigning any reason thereof.

No Mutual Fund scheme shall invest more than 10.00% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10.00% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10.00% of any company's paid-up share capital carrying voting rights.

### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents. (White in colour).

Pursuant to the provisions of the FEMA regulations, investments by NRIs under the Portfolio Investment Scheme ("PIS") is subject to certain limits, i.e., 10.00% of the paid-up equity share capital of the company. Such limit for NRI investment under the PIS route can be increased by passing a board resolution, followed by a special resolution by the shareholders, subject to prior intimation to the RBI. Our Company has not passed any resolution to increase this limit.

### **Bids by FPIs and FIIs**

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in this Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. However, existing FIIs and their sub accounts may continue to buy, sell or deal in securities till the expiry of their existing SEBI registration. Further, a QFI who had not obtained a certificate of registration as an

FPI could only continue to buy, sell or otherwise deal in securities until January 6, 2015. Hence, such QFIs who have not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in this Issue.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10.00% of our post- Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPI sput together shall not exceed 24.00% of the paid-up Equity Share capital of our Company. The aggregate limit of 24.00% may be increased up to the sectoral cap by way of a resolution passed by our Board, followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to RBI. For calculating the aggregate holding of FPIs in our Company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. In terms of the above-mentioned provisions of the FEMA Regulations, the existing individual and aggregate investment limits for an FII or sub account in our Company is 10.00% and 24.00% of the total paid-up Equity Share capital of our Company, respectively.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments (“ODIs”). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the GoI from time to time. FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for non-residents. FPIs are required to Bid through the ASBA process to participate in the Issue.

An FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

In case of bids made by FPIs, a verified true copy of the certificate of registration issued under the FPI Regulations is required to be attached along with the Bid cum Application form.

### **Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

The holding in any company by any individual VCF registered with SEBI should not exceed 25.00% of the corpus of the VCF. Further, FVCIs and VCFs can invest only up to 33.33% of the investible funds in various prescribed instruments, by way of subscription to an initial public offering.

Category I and II AIFs cannot invest more than 25.00% of the investible funds in one investee company. A category III AIF cannot invest more than 10.00% of the investible funds in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

Further, according to the SEBI ICDR Regulations, the shareholding of VCFs and category I AIFs or FVCI held in a company prior to making an initial public offering would be exempt from lock-in requirements provided that such equity shares held are locked in for a period of at least one year from the date of purchase by such VCF or category I AIFs or FVCI.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason there for.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Insurer companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time including the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 (“**IRDA Investment Regulations**”).

### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 2,500 lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

### **Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations, the key terms for participation by Anchor Investors are provided below.

- (i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLM.
- (ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 1,000 lacs. A Bid cannot be submitted for over 60.00% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 1,000 lacs.
- (iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price.
- (iv) Bidding for Anchor Investors will open one Working Day before the Bid/Issue Opening Date, i.e., the Anchor Investor Bid/Issue Period, and will be completed on the same day.
- (v) Our Company, in consultation with the BRLM, will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 1,000 lacs;
  - (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 1,000 lacs but up to ₹ 25,000.00 lacs, subject to a minimum Allotment of ₹ 500.00 lac per Anchor Investor; and
  - (c) in case of allocation above ₹ 25,000.00 lacs under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 25,000.00 lacs, and an additional 10 Anchor Investors for every additional ₹ 25,000.00 lacs, subject to minimum allotment of ₹ 500 lacs per Anchor Investor.

- (vi) Allocation to Anchor Investors will be completed within the Anchor Investor Bid/Issue Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLM before the Bid/Issue Opening Date, through intimation to the Stock Exchange.
- (vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (viii) If the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Issue Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Issue Price.
- (ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (x) The BRLM, our Promoter, members of the Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLM) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLM, and made available as part of the records of the BRLM for inspection by SEBI.
- (xi) Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion will not be considered multiple Bids.
- (xii) For more information, please refer “*Issue Procedure - Part B: General Information Document for Investing in Public Issues - Section 7: Allotment Procedure and Basis of Allotment – Allotment to Anchor Investor*” on page 272 of this Prospectus.

#### *Payment by Anchor Investors into the Escrow Account*

Anchor Investors are not permitted to Bid in the Issue through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT) for payment of their Bid Amounts in the Escrow Account in favour of:

- (a) In case of resident Anchor Investors: AMS LTD–ESCROW ANCHOR INVESTOR A/C-R;
- (b) In case of non-resident Anchor Investors: AMS LTD–ESCROW ANCHOR INVESTOR A/C-NR

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Bank and the Registrar to the Issue to facilitate collections of Bid amounts from Anchor Investors.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (“Banking Regulation Act”), and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10.00% of the paid-up share capital of the investee company or 10.00% of the banks’ own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20.00% of the bank’s paid-up share capital and reserves. A banking company may hold up to 30.00% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

### **Bids by Eligible Employees applying under the Employee Reservation Portion**

The Bid must be for a minimum of 50 Equity Shares so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 on a net basis. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price. Bids under Employee Reservation Portion by Eligible Employees shall be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e., pink colour form).
- (b) The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 on a net basis. The maximum Bid in this category by an Eligible Employee cannot exceed ₹ 500,000 on a net basis.
- (c) Allotment to an Eligible Employee in the Employee Reservation Portion will exceed ₹ 200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less Employee Discount).
- (d) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.
- (e) The Bidder should be an Eligible Employee as defined above. In case of joint bids, the first Bidder shall be an Eligible Employee.
- (f) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- (g) Only those Bids, which are received at or above the Issue Price, would be considered for Allotment under this category.
- (h) Eligible Employees can apply at Cut-off Price.
- (i) Bid by Eligible Employees can be made also in the “Net Issue to the Public” and such Bids shall not be treated as multiple Bids.
- (j) If the aggregate demand in this category is less than or equal to 20,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- (k) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue constituting 25 % of the post – Issue share capital of our Company.

If the aggregate demand in this category is greater than 20,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see “*Issue Procedure - Allotment Procedure and Basis of Allotment*” on page 272 of this Prospectus.

### **Bids by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA Bids.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, provident funds with minimum corpus of ₹ 250.00 million and pension funds with a minimum corpus of ₹ 2,500 lacs (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any bidding whole or in part, in either case, without assigning any reason.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney with the Bid cum Application Form, subject to such terms and conditions that our Company and the BRLM deem fit, without assigning any reasons therefore.



In accordance with existing regulations, OCBs cannot participate in the Issue.

***The above information is given for the benefit of Bidders. Our Company, our Directors, the officers of our Company and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the number of Equity Shares that can be held by them under applicable limits under laws or regulations.***

### **Pre- Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement in all editions of the English national newspaper Business Standard, all editions of the Hindi national newspaper Business Standard and the Hyderabad edition of the Telugu newspaper Nava Telangana (Telugu being the regional language of Telangana, where the Registered Office of our Company is situated), each with wide circulation, respectively. In the pre- Issue advertisement, we shall state the Bid/Issue Opening Date and the Bid/Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

### **Information for Bidders**

In addition to the instructions provided to Bidders set forth in the sub-section “*Issue Procedure – Part B – General Information Document for Investing in Public Issues*” on page 272 of this Prospectus, Bidders are requested to note the following additional information in relation to the Issue.

1. The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip (“Acknowledgement Slip”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each Bid cum Application Form. It is the Bidder’s responsibility to obtain the Acknowledgment Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/ allotted. Such Acknowledgement will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgment Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.
2. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
3. In the event of an upward revision in the Price Band, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. If the total amount (i.e., the original Bid Amount plus additional payment) exceeds ₹ 200,000.00, the Bid will be considered for allocation under the Non-Institutional Portion. If, however, the Retail Individual Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price. 4. In the event of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cutoff Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised.
4. Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

## Signing of the Underwriting Agreement and the RoC Filing

Our Company intends to enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Issue Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Issue Price, Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.

## GENERAL INSTRUCTIONS

In addition to the general instructions provided in the sub-section “*Part B – General Information Document for Investing in Public Issues*” on page 272 of this Prospectus, Bidders are requested to note the additional instructions provided below.

### *Do's:*

1. Check if you are eligible to apply as per the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form, bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time, except in case of electronic forms.
6. With respect to the ASBA Bids, ensure that the ASBA Form is signed by the account holder in case the applicant is not the ASBA Account holder. In case there are joint holders in ASBA Account, the ASBA Form should be signed by all joint holders in the same sequence as per the bank records. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;
7. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
8. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
9. Ensure that you request for and receive a stamped Acknowledgement Slip of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the Bid cum Application Form;
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
11. Instruct your respective banks to release the funds blocked in accordance with the ASBA process;
12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;
13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the State of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, are exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, institutions, which are exempted from specifying, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;
14. Ensure that the Demographic Details are updated, true and correct in all respects;
15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
16. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the

- first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
17. Ensure that you tick the correct investor category and the investor status, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
  18. Ensure that for Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
  19. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
  20. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the electronic system of the Stock Exchanges by the relevant Designated Intermediary match with the DP ID, Client ID and PAN available in the Depository database;
  21. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online system of the Stock Exchanges by the relevant Designated Intermediary, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form
  22. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
  23. Ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>).
  24. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form; and
  25. In relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid or revise the Bid to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount by cheques and demand drafts or in cash, by money order or by postal order or by stock invest or any mode other than blocked amounts in the bank account maintained with SCSB;
5. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;
6. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary and not submit the Bid cum Application Forms to the Escrow Collection Bank(s) (assuming that such bank is not an SCSB), the BRLM or the Registrar to the Issue (assuming that the Registrar to the Issue is not one of the RTAs);
7. Anchor Investors should not Bid through the ASBA process;
8. Bidders bidding in QIB and Non- Institutional Bidders category cannot Bid at the Cut-off Price.;
9. Do not Bid for a Bid Amount exceeding ₹ 200,000.00 (for Bids by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
11. Do not submit the General Index Register number instead of the PAN;
12. Do not instruct your respective banks to release the funds blocked in your ASBA Account;
13. Do not submit the Bids without instructions to block funds equivalent to the Bid Amount in the ASBA Account;
14. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
15. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
16. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Issue Closing Date;

17. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise
18. If you are a Non-Institutional Bidder or Retail Individual Bidder, do not submit your Bid after 3.00 p.m. on the Bid/Issue Closing Date;
19. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;
20. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidders;
21. Do not submit more than five ASBA Forms per ASBA Account;
22. Do not submit ASBA Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>); and
23. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

### **INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

In addition to the instructions for completing the Bid cum Application Form provided in the sub-section “*Part B – General Information Document for Investing in Public Issues – Applying in the Issue – Instructions for filing the Bid cum Application Form/ Application Form*” on page 272 of this Prospectus, Bidders are requested to note the additional instructions provided below.

1. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
2. ASBA Bids must be made in a single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant), and completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the ASBA Form.
3. Bids on a repatriation basis shall be in the names of FIIs or FPIs but not in the names of minors, OCBs, firms or partnerships and foreign nationals.

### **Designated Date and Allotment**

- (a) Our Company will ensure that the Allotment and credit to the successful Bidder’s depository account will be completed within six Working Days, or such period as may be prescribed by SEBI, of the Bid/Issue Closing Date or such other period as may be prescribed.
- (b) Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act, 2013 and the Depositories Act.

### **Grounds for Technical Rejections**

In addition to the grounds for rejection of Bids on technical grounds as provided in the sub-section “*Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection and Responsibility for Upload of Bids – Grounds for Technical Rejections*” on page 272 of this Prospectus, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

1. Bid submitted without payment of the entire Bid Amount;
2. Bids submitted by Bidders which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids by HUFs not mentioned correctly as given in the sub-section “*Issue Procedure – Who can Bid?*” on page 272 of this Prospectus;
5. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
6. Bids submitted without the signature of the First Bidder or sole Bidder;

7. With respect to ASBA Bids, the ASBA Form not being signed by the account holders, if the accountholder is different from the Bidder;
8. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are 'suspended for credit' in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July29, 2010;
9. GIR number furnished instead of PAN;
10. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹ 200,000.00;
11. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
12. Bids by Bidders (who are not Anchor Investors) accompanied by cheques or demand drafts;
13. Bids accompanied by stock invest, money order, postal order or cash;
14. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/Issue Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/Issue Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid/Issue Closing Date, unless extended by the Stock Exchanges.

### **Depository Arrangements**

The Allotment of the Equity Shares in the Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements had been signed among our Company, the respective Depositories and the Registrar to the Issue:

1. Agreement dated June 22, 2017 among NSDL, our Company and the Registrar to the Issue.
2. Agreement dated June 27, 2017 among CDSL, our Company and Registrar to the Issue.

### **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

1. That if our Company does not proceed with the Issue after the Bid/Issue Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre- Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
2. That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
3. That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Issue Closing Date or such other period as may be prescribed;
4. If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 6 days from the Bid/Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders at the rate of 15.00% per annum for the delayed period;
5. That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within 6days from the Bid/Issue Closing Date or such lesser time as specified by SEBI, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit for the refund;
6. That the Promoters' contribution in full, if required, shall be brought in advance before the Issue opens for subscription
7. That funds required for making refunds to unsuccessful applicants as per mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;
8. No further offer of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;

9. That if our Company withdraws the Issue after the Bid/Issue Closing Date, our Company shall be required to file a fresh offer document with the SEBI, in the event our Company subsequently decides to proceed with the Issue;
10. That our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;
11. That the allotment of securities/refund confirmation to Eligible NRIs shall be dispatched within specified time;
12. That adequate arrangements shall be made to collect all Bid cum Application Forms; and
13. That our Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges.

### **Utilisation of Net Proceeds**

Our Company specifically confirms and declares:

- (i) all monies received out of issue of specified securities to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- (ii) details of all monies utilised out of the issue referred to in sub-item(i) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilised; and
- (iii) details of all unutilised monies out of the issue of specified securities referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.
- (iv) the utilization of monies received under the Promoters' contribution, if any, shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (v) the details of all unutilised monies out of the funds received under the Promoters' contribution, if any, shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

The decisions with respect to the Price Band, the minimum Bid lot, reservations in the Issue, rupee amount of the Retail Discount and Employee Discount, as applicable, revision of Price Band, Issue Price, will be taken by our Company, in consultation with the BRLM.

### **Withdrawal of the Issue**

Our Company, in consultation with the BRLM (other than SCML), reserves the right not to proceed with the entire or portion of the Issue for any reason at any time after the Bid/Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the pre- Issue advertisements were published, within two days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Further, the Stock Exchanges shall be informed promptly in this regard by our Company. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Issue and subsequently, plans of a fresh offer by our Company, a fresh Draft Red Herring Prospectus will be submitted again to SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days or such other period as may be prescribed, and the final RoC approval of the Prospectus after it is filed with the RoC and the Stock Exchanges.

## **PART B - General Information Document for Investing In Public Issues**

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the “General Information Document”) included below under “Part B – General Information Document”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations including reference to the SEBI FPI Regulations and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document, which are applicable to the Issue.*

*Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus.*

### **SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)**

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBIICDR Regulations**”) Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue will be set out in the Red Herring Prospectus (“**RHP**”)/Prospectus that will be filed by the Issuer with the Registrar of Companies (“**RoC**”).

Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/ Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Issue and on the website of Securities and Exchange Board of India (“**SEBI**”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see “Glossary and Abbreviations.”

### **SECTION 2: BRIEF INTRODUCTION TO IPOs/ FPOs**

#### **2.1. Initial public offer (IPO)**

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is inter-alia required to comply with the eligibility requirements of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

#### **2.2. Further public offer (FPO)**

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is inter-alia required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

### 2.3. Other Eligibility Requirements

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/ Applicants may refer to the RHP/Prospectus.

### 2.4. Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Bidders/Applicants should refer to the RHP/ Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### 2.5. ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/ Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/ Issue Period. Details of Bid/ Issue Period are also available on the website of the Stock Exchange(s).

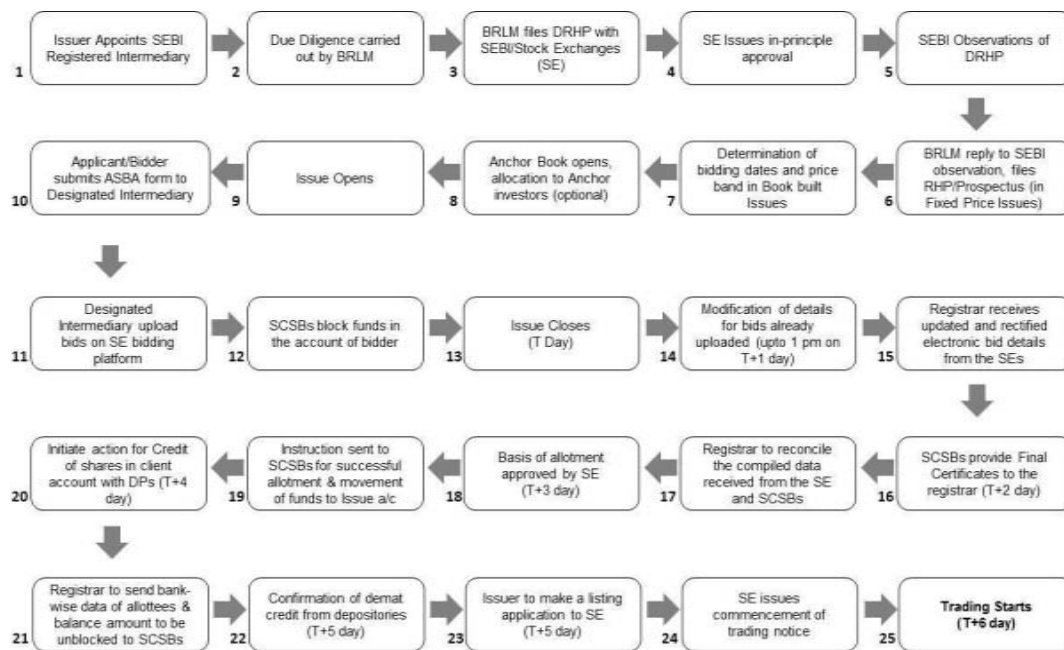
In case of a Book Built Issue, the Issuer may close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/ Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the advertisement in the newspaper(s) issued in this regard.

### 2.6. FLOW CHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/ Applicants may note that this is not applicable for Fast Track FPOs

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as
  - i. Step 7: Determination of Issue Date and Price
  - ii. Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries





### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/ Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/ Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder/ Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Bidder (“NIBs”) category;
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIBs category;

- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

#### SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

**Fixed Price Issue:** Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their sub-accounts other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders Bidding/applying in the reserved category	As specified by the Issuer
Eligible Employees Bidding in the Employee Reservation Portion	Pink

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/ Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to Allotment.

#### 4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non- Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS</b>
Address : _____	Contact Details : _____	CIN No. _____

LOGO **TO, THE BOARD OF DIRECTORS XYZ LIMITED**

**BOOK BUILT ISSUE** **Bid cum Application Form No.** \_\_\_\_\_

ISIN : \_\_\_\_\_

<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>
		Mr. / Ms. _____
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>SCSB/DP/RTA BRANCH STAMP &amp; CODE</b>	Address _____
		Email _____
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	Tel. No. (with STD code) / Mobile _____
		<b>2. PAN OF SOLE / FIRST BIDDER</b>
		_____

<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b>	<input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	<b>6. INVESTOR STATUS</b>
For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID		<input type="checkbox"/> Individual Bidder
		<input type="checkbox"/> Retail Investor Bidder
		<input type="checkbox"/> Non-Resident Indian - NRI (Non-Repatriation basis)
		<input type="checkbox"/> National Investment Fund - NIF
		<input type="checkbox"/> Insurance Funds - IF
		<input type="checkbox"/> Insurance Companies - IC
		<input type="checkbox"/> Venture Capital Funds - VCF
		<input type="checkbox"/> Alternative Investment Funds - AIF
		<input type="checkbox"/> Others (Please specify) - OTH _____

<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b>				<b>5. CATEGORY</b>	
<b>Bid Options</b>	<b>No. of Equity Shares Bid (in Figures)</b> (Bids must be in multiples of Bid Lot as advertised)	<b>Price per Equity Share (₹) / "Cut-off" Price (in multiples of ₹ 10 only) (in Figures)</b>		<input type="checkbox"/> Retail Individual Bidder	<input type="checkbox"/> QIB
Option 1	8   7   6   5   4   3   2   1	Bid Price	Retail Discount	Net Price	
OR) Option 2					
OR) Option 3					

<b>7. PAYMENT DETAILS</b>	<b>PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/></b>
Amount paid (₹ in figures) _____ (₹ in words) _____	
ASBA Bank A/c No. _____	
Bank Name & Branch _____	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED AGREEMENTS AND THE GENERAL INFORMATION FOR INVESTING IN PUBLIC ISSUES AND HEREBY AGREE AND CONFIRM TO BE BIDDING / NOT BIDDING AS GIVEN OVER LEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVER LEAF.

<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b>	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S)</b> (AS PER BANK RECORDS)	<b>BROKER / SCSB / DP / RTA</b> SEAL (to be affixed only upon receipt of Bid at Stock Exchange system)
	1) _____ 2) _____ 3) _____	
Date : _____	I/We authorize the SCSB to debit and credit my account to meet the Application in this form.	

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

LOGO **XYZ LIMITED INITIAL PUBLIC ISSUE - R**

**Acknowledgement Slip for Broker/SCSB/DP/RTA** **Bid cum Application Form No.** \_\_\_\_\_

DPID / CLID	PAN of Sole / First Bidder
Amount paid (₹ in figures) _____	Bank & Branch _____
ASBA Bank A/c No. _____	Stamp & Signature of SCSB Branch _____
Received from Mr/Ms _____	
Telephone / Mobile _____	Email _____

TEAR HERE

<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	Option 1	Option 2	Option 3	Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder _____
	No. of Equity Shares				
	Bid Price				
	Amount Paid (₹)				
ASBA Bank A/c No. _____				<b>Acknowledgement Slip for Bidder</b>	
Bank & Branch _____				Bid cum Application Form No. _____	

TEAR HERE

<b>COMMON BID CUM APPLICATION FORM</b>		<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>		<b>FOR NON-RESIDENTS, INCLUDING ELIGIBLE NREs, FPIs OR FVCI, ETC. APPLYING ON A REPATRIATION BASIS</b>	
Address : _____		Contact Details : _____		CIN No. _____	
<b>LOGO</b> THE BOARD OF DIRECTORS XYZ LIMITED		<b>BOOK BUILT ISSUE</b> ISIN : _____		Bid cum Application Form No. _____	
SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/DP/RTA STAMP & CODE		1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE		SCSB'S BRANCH'S STAMP & CODE		Mr./Ms. _____	
BANK BRANCH SOCIAL NO.		SCSB SERIAL NO.		Address _____	
				Tel. No. (with STD code) / Mobile _____	
				E-mail _____	
				2. PAN OF SOLE / FIRST BIDDER _____	
3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NRELI <input type="checkbox"/> CPGL				4. INVESTOR STATUS	
DEPOSITORY CODE & BRIDGE (REQUIRED BY ALL BIDDERS) & DEPOSITORY CODE (INDIVIDUAL)				<input type="checkbox"/> NRE Non-Resident Individual (Repatriation Basis) <input type="checkbox"/> FPI FPI in Sub-account (Corporate/Individual) <input type="checkbox"/> FVCI Foreign Venture Capital Investor - <input type="checkbox"/> FPI FPI in Sub-account (Corporate/Individual) <input type="checkbox"/> FPI FPI in Sub-account (Corporate/Individual) <input type="checkbox"/> FPI FPI in Sub-account (Corporate/Individual)	
5. BID OPTIONS (ONDERSTATED INDIVIDUAL BIDDERS CAN BID ANY OF THESE)					
Bid Option 1: No. of Equity Shares Bid (in figures) (Bid must be in multiples of Bid Lot as advised)		Bid Price: _____		Price per Equity Share (S/ "Cut-off" Price in multiples of ₹ 1/- only) (in figures)	
Bid Option 2: _____		Bid Price: _____		Price per Equity Share (S/ "Cut-off" Price in multiples of ₹ 1/- only) (in figures)	
Bid Option 3: _____		Bid Price: _____		Price per Equity Share (S/ "Cut-off" Price in multiples of ₹ 1/- only) (in figures)	
				<input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non-Institutional Bidder <input type="checkbox"/> QIB	
7. PAYMENT DETAILS				PAYMENT OPTION - FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>	
Amount paid (₹ in figures) _____				(₹ in words) _____	
ASBA Bank A/c No. _____					
Bank Name & Branch: _____					
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THE BID CUM APPLICATION FORM AND THE ATTACHED AGREED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTMENT IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE BIDDERS (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.					
8A. SIGNATURE OF SOLE / FIRST BIDDER		8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (This section to be filled up only if necessary to make the Application in the Line)		BROKER / SCSB / DP / RTA STAMP (Locks to be kept separate of this in Block, Standalone System)	
_____ Stamp: _____		_____ Stamp: _____		_____ Stamp: _____	
TEAR HERE					
<b>LOGO</b> XYZ LIMITED INITIAL PUBLIC ISSUE - NR		Acknowledgement Slip for Broker/SCSB/DP/RTA		Bid cum Application Form No. _____	
DDD / CID: _____		PAN of Sole / First Bidder: _____		Stamp & Signature of SCSB Branch: _____	
Amount paid (₹ in figures) _____		Bank & Branch: _____		Received from Mr./Ms. _____ Telephone / Mobile: _____ Email: _____	
TEAR HERE					
XYZ LIMITED - INITIAL PUBLIC ISSUE - NR		Stamp & Signature of Broker / SCSB / DP / RTA: _____		Name of Sole / First Bidder: _____	
No. of Equity Shares: _____		Bid Price: _____		Amount Paid (₹): _____	
ASBA Bank A/c No.: _____		Bank & Branch: _____		Acknowledgement Slip for Bidder	
Bid cum Application Form No. _____					

#### **4.1.1. FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders.
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:**

Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

#### **4.1.2. FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

- a. PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.
- b. PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim (“PAN Exempted Bidders/Applicants”). Consequently, all Bidders/Applicants, other than the PAN

Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/ Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- c. The exemption for the PAN Exempted Bidders/ Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d. Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.
- e. Bids/Applications by Bidders/Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/ MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and Demographic Details are not provided by depositories.

#### **4.1.3. FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to an Offer.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk.

#### **4.1.4. FIELD NUMBER 4: BID OPTIONS**

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Issue Opening Date in case of an IPO, and at least one Working Day before Bid/ Issue Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (for further details Bidders may refer to Section 5.6 (e)).
- (c) **Cut-Off Price:** Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLM may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the

range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

- (e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000. Bids by Employees must be for such number of equity shares so as to ensure that the Bid Amount less Discount (if applicable), payable by the Bidder does not exceed ₹ 500,000.
- (b) In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.
- (c) In case of a Bid by an Eligible Employee Bidding under the Employee Reservation Portion which exceeds ₹ 200,000 but does not exceed ₹ 500,000, may not be considered for allocation under the Non-Institutional Category,. However, in case the Bid Amount exceeds ₹ 500,000 due to revision in the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount, then such Bid may be rejected if it is at the Cut-off Price.
- (d) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non- Institutional Category for the purposes of allocation.
- (e) Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIBs and QIBs are not allowed to Bid at Cut-off Price.
- (f) RIBs may revise their Bids or withdraw their bids until the Bid/Issue Closing Date. QIBs and NIBs cannot withdraw or lower their Bids (in terms of quantity of Equity Share or the Bid Amount) at any stage after Bidding.
- (g) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (h) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- (i) A Bid cannot be submitted for more than the Issue size.

- (j) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (k) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the highest number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e)).

#### **4.1.4.2 Multiple Bids**

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.
- (b) Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.
- (c) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
  - i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (d) The following Bids may not be treated as multiple Bids:
  - i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Issue portion in public category.
  - ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### **4.1.5. FIELDNUMBER 5: CATEGORY OF BIDDERS**

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, NIBs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.



- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.
- (d) The SEBI ICDR Regulations, 2009, specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form.

For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/ Prospectus.

#### **4.1.6. FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7. FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If Discount is applicable in the Issue, RIBs should indicate the full Bid Amount in the Bid cum Application Form and funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.
- (c) All Bidders (except Anchor Investors) have to participate in the Issue only through the ASBA mechanism.
- (d) Bid Amount cannot be paid in cash, cheque, demand drafts, through money order or through postal order.

##### **4.1.7.1 Instructions for Anchor Investors:**

- (a) Anchor Investors may submit their Bids with a Book Running Lead Manager.
- (b) Payments should be made either by direct credit, RTGS or NEFT.
- (c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

##### **4.1.7.2 Payment instructions for ASBA Bidders**

- (a) Bidders may submit the ASBA Form either

- i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
  - ii. in physical mode to any Designated Intermediary.
- (b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
  - (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.
  - (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
  - (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
  - (f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
  - (g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.
  - (h) Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
  - (i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
  - (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
  - (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.
  - (l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.
  - (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
  - (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.7.2.1 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the

relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Issue Closing Date.

#### **4.1.7.3 Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RIB category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

#### **4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/ Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.
- (c) The signature has to be correctly affixed in the authorisation/ undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/ Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

#### **4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.
- (b) All communications in connection with Bids made in the Issue may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/ Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Bid/ Issue Period, any Bidder/Applicant (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RIB may revise their bids or withdraw their Bids till the Bid/ Issue Closing Date.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period.

However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

<b>COMMON BID REVISION FORM</b>		<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>		<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT GUIN, AND ELIGIBLE NRI'S APPLYING ON A NON-REPATRIATION BASIS</b>	
Address : _____		Contact Details: _____		CIN No. _____	
LOGO		TO, THE BOARD OF DIRECTORS XYZ LIMITED		BOOK BUILT ISSUE ISIN : _____	
SYNDICATE MEMBER'S STAMP & CODE		BROKER'S/SCSB/DP/RTA STAMP & CODE		1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE		DISION/BRANCH/SCSB BRANCH STAMP & CODE		Mr./Ms. _____ Address : _____ Est. No (with STD code) / Mobile : _____	
BANK BRANCH SERIAL NO.		SCSB SERIAL NO.		2. PAN OF SOLE / FIRST BIDDER	
				3. BIDDER'S DEPOSITORY ACCOUNT DETAILS	
				For NSDL, enter 14 digit CDSL, For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 14 digit Client ID	
<b>PLEASE CHANGE MY BID</b>					
<b>4. FROM (AS PER LAST BID OR REVISION)</b>					
Bid Options		No. of Equity Shares Bid (Bid amount in multiples of Bid Lot as advertised) (In Figures)		Price per Equity Share (₹) *Cut-off* (Price in multiples of ₹ 1/- only) (In Figures)	
Option 1				Bid Price	
Option 2				Retail Discount	
Option 3				Net Price	
				*Cut-off* (Please check)	
<b>5. TO (Forward Bid) (Only Retail Individual Bidders can bid at *cut-off*)</b>					
Bid Options		No. of Equity Shares Bid (Bid amount in multiples of Bid Lot as advertised) (In Figures)		Price per Equity Share (₹) *Cut-off* (Price in multiples of ₹ 1/- only) (In Figures)	
Option 1				Bid Price	
Option 2				Retail Discount	
Option 3				Net Price	
				*Cut-off* (Please check)	
<b>6. PAYMENT DETAILS</b>					
Additional Amount Paid (₹ in figure) _____ ₹ in words) _____					
ASBA Bank A/c No. _____					
Bank Name & Branch _____					
PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>					
7A. SIGNATURE OF SOLE / FIRST BIDDER		7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s)		BROKER / SCSB / DP / RTA	
_____		_____		Stamp & Signature of SCSB Branch	
TEAR HERE					
LOGO		XYZ LIMITED		Bid cum Application Form No. _____	
BID REVISION FORM - INITIAL PUBLIC ISSUE - R		Acknowledgement Slip for Broker/SCSB/DP/RTA		PAN of Sole / First Bidder	
Additional Amount Paid (₹) _____		Bank & Branch _____		Stamp & Signature of SCSB Branch	
ASBA Bank A/c No. _____		_____		_____	
Received from Mr./Ms. _____		_____		_____	
Telephone / Mobile _____		Email _____		_____	
TEAR HERE					
No. of Equity Shares		Option 1		Option 2	
Bid Price		Option 3		Stamp & Signature of Broker / SCSB / DP / RTA	
Additional Amount Paid (₹) _____		_____		Name of Sole / First Bidder	
ASBA Bank A/c No. _____		_____		Acknowledgement Slip for Bidder	
Bank & Branch _____		_____		Bid cum Application Form No. _____	

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

#### 4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/ APPLICANTS, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/ APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

- (i) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/ Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (ii) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- (iii) In case of revision of Bids by RIBs, Employees and Retail Individual Shareholders, such Bidders/ Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000 and Employees should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 500,000. In case the Bid Amount exceeds ₹ 200,000 (in case of RIBs) or ₹ 500,000 (in case of Employees) due to revision of the Bid or for any

other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

- (iv) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/ Prospectus, provided that in case of an Bid by an Employee Bidding in the Employee Reservation Portion, a Bid exceeding ₹ 500,000 will be considered for allocation under the Non-institutional category in terms of the Red Herring Prospectus/Prospectus. . If, however, the RIB does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid, where possible, shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cutoff Price.
- (v) In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the allotment is finalised.

#### **4.2.3 FIELD 6: PAYMENT DETAILS**

- (i) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/ Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (ii) Bidder/Applicants may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (iii) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/ Prospectus, provided that in case of a Bid by an Employee Bidding in the Employee Reservation Portion, a Bid exceeding ₹ 500,000 will be considered for allocation under the Non-institutional Category in terms of the Red Herring Prospectus/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- (iv) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of basis of allotment.

#### **4.2.4 FIELD7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### **4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

#### **4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/ APPLICANT, PAN OF SOLE/FIRST BIDDER/ APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT

- (i) The Issuer may mention Issue Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (ii) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Manager may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (iii) Applications by RIBs, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.
- (iv) Applications by Employees must be for such number of shares so as to ensure that the application amount payable does not exceed ₹500,000 on a net basis.
- (v) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (vi) An application cannot be submitted for more than the Issue size.
- (vii) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (viii) **Multiple Applications:** An Applicant should submit only one Application Form.

Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

- (ix) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.
  - ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications, which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (x) The following applications may not be treated as multiple Bids:
  - i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Issue portion in public category.
  - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
  - iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its subaccounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### 4.3.3 FIELDNUMBER 5: CATEGORY OF APPLICANTS

- (a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

#### 4.3.4 FIELD NUMBER 6: INVESTOR STATUS

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### 4.3.5 FIELD 7: PAYMENT DETAILS

- (a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Issue
- (b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

##### 4.3.5.1 Payment instructions for ASBA Applicants

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

##### 4.3.5.2 Unblocking of ASBA Account

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

##### 4.3.5.3 Discount (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

#### 4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

#### 4.4 SUBMISSION OF BID CUM APPLICATION FORM/APPLICATION FORM/REVISION FORM

##### 4.4.1 Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner: -

Mode of Acquisition	Submission of Bid cum Application Form
Anchor Investors Application Form	To the Book Running Lead Managers at the locations mentioned in the Anchor Investors Application Form
ASBA Form	a. To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the DP at the Designated DP Location. b. To the Designated Branches of the SCSBs.



- (a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.
- (b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/ Applicant.
- (c) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

## **SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/ Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

### **5.1 SUBMISSION OF BIDS**

- (a) During the Bid/ Issue Period, Bidders/ Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.
- (b) In case of Bidders/Applicants (excluding NIBs and QIBs) Bidding at Cut-off Price, the Bidders/ Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/ Applicants are requested to refer to the RHP.

### **5.2 ELECTRONIC REGISTRATION OF BIDS**

- (a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/ Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1 p.m. on the next Working Day following the Bid/ Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

### **5.3 BUILD UP OF THE BOOK**

- (a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/ Issue Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/ Issue Period.

#### **5.4 WITHDRAWAL OF BIDS**

- (a) RIBs can withdraw their Bids until Bid/ Issue Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finaliation of basis of allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

#### **5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
  - i. the Bids accepted by the Designated Intermediary,
  - ii. the Bids uploaded by the Designated Intermediary, and
  - iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediary.
- (b) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIBs & RIBs Bidders can be rejected on technical grounds listed herein.
- (f) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (g) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (h) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (i) All bids by QIBs, NIBs & RIBs Bidders can be rejected on technical grounds listed herein.
- (j) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (k) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (l) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However,

such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

- (m) All bids by QIBs, NIBs & RIBs Bidders can be rejected on technical grounds listed herein.

### **5.5.1 GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, which have been detailed at various places in this GID:-

- (a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids/Applications by OCBs;
- (c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not being submitted along with the Bid cum application form;
- (e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (g) PAN not mentioned in the Bid cum Application Form/Application Forms except for Bids/ Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (i) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (j) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- (k) Bids/Applications at Cut-off Price by NIBs and QIBs;
- (l) The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (m) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (n) Bids/Applications for shares more than the prescribed limit by each Stock Exchange for each category.
- (o) Submission of more than five ASBA Forms/ Application Forms per ASBA Account;
- (p) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares as specified in the RHP;
- (q) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (r) Bids not uploaded in the Stock Exchanges bidding system.

- (s) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;
- (t) Where no confirmation is received from SCSB for blocking of funds;
- (u) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- (v) Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Issue;
- (w) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (x) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## 5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.
- (b) Under-subscription in any category (except QIB Portion) is allowed to be met with spillover from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- (c) In case of under subscription in the Issue, spill-over to the extent of such under subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/ Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process** Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.70%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.70%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, i.e., at or below ₹ 22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (“**Alternate Book Building Process**”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## **SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category. For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Bidder will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIBs**

Bids received from the RIBs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity

Shares available for Allotment to RIBs by the minimum Bid Lot (“**Maximum RIB Allottees**”). The Allotment to the RIBs will then be made in the following manner:

- (a) In the event the number of RIBs who have submitted valid Bids in the Issue is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIBs who have submitted valid Bids in the Issue is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

## **7.2 ALLOTMENT TO NIBS**

Bids received from NIBs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

## **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Issue Price; and Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

## **7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer in consultation with the BRLM, subject to compliance with the following requirements:
  - i. not more than 60% of the QIB Category will be allocated to Anchor Investors;
  - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

- iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
- a maximum number of two Anchor Investors for allocation up to ₹100 million;
  - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹100 million and up to ₹2,500 million subject to minimum Allotment of ₹50 million per such Anchor Investor; and
  - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof, subject to minimum Allotment of ₹50 million per such Anchor Investor.
- (b) An Anchor Investor shall make an application of a value of at least ₹100 million in the Issue.
- (c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (d) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (e) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

#### **7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE**

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009. The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if

that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## **7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Issue Closing Date.

## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/ Issue Closing Date. The Registrar to the Issue may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories within six Working Days of the Bid/ Issue Closing Date.

### **8.2 GROUNDS FOR REFUND**

#### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every



officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders/ Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

### **8.2.2 NONRECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Issue Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under subscription in the Issue involving a Fresh Issue and an Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

### **8.2.4 INCASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

## **8.3 MODE OF REFUND**

- (a) **In case of ASBA Bids:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.
- (b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds.

Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any

interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

### 8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

**8.3.1.1 NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/ Applicant as obtained from the Depository;

**8.3.1.2 NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors’ bank is NEFT enabled and has been assigned the Indian Financial System Code (“IFSC”), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

**8.3.1.3 RTGS**—Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS.

**8.3.1.4 Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

## 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/ Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares are the Basis of Allotment has been approved by the Designated Stock Exchange

Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLM, to Anchor Investors on a discretionary basis. One third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by ASBA Bidders/Applicants, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
Application Supported by Blocked Amount Form /ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidder	All Bidders/Applicants except Anchor Investors
Banker(s) to the Issue/Escrow Collection Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue fixed price process, all references to a Bid should be construed to mean an Application.
Bid	An indication to make an offer during the Bid/ Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/ Issue Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/ Issue Closing Date
Bid/ Issue Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/ Issue Opening Date
Bid/ Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective ASBA Bidders/Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Issue Period
Bidder/Applicant	Any Prospective investor who makes a Bid/Application pursuant to the terms of the

	RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicants should be construed to mean an Applicant
Book Built Process /Book Building Process/Book Building Method Broker Centres	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
Broker Centres	Broker Centres notified by the Stock Exchanges, where Bidders /Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the website of the Stock Exchanges.
BRLM(s)/Book Running Lead Manager(s)/ Lead Manager/LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM.
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Issue Period
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat Account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale.
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Issue
Designated RTA	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.

Locations	The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue FCNR Account Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/ Fixed Price Process /Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RIB Allottees	The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/ Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account

NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Issue less reservation portion
Non Institutional Bidders or NIBs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign Corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than Retail Individual Bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	A Bank account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/ Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed

	price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no.CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTO	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category / Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Bidders/ RIBs	Investors who applies or bids for a value of not more than ₹ 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges / SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s) /SM Underwriters	The Syndicate Member(s) as disclosed in the RHP/Prospectus The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All trading days of Stock Exchanges, excluding Sundays and holidays for commercial banks in Mumbai.

## SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

*Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association. Certain defined terms used in the Articles of Association are set forth below. All other defined terms used in this section have the meaning given to them in the Articles of Association.*

Article No.	Provisions
<b>Authorised Share Capital</b>	
3.	The Authorized Capital of the Company shall be as per Capital clause of the Memorandum of Association of the Company with power to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classed and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board of Directors or by the Company in the General meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denominations
<b>Shares at the disposal of the directors</b>	
4.	Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (subject to the compliance with the provision of Section 53 of the Act) and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company in payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.
<b>Allotment of shares</b>	
5.	Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit. If at any time, the capital of the Company, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights attached to the shares of each class may, subject to the provisions of Section 106 and 107 of the Act, be varied with the consent in writing of the holders of at least three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of issued shares of that class and all the provisions hereinafter contained as to general meetings shall, mutatis mutandis, apply to every such meeting.
<b>Share certificates</b>	
6.	(i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided - <div style="margin-left: 40px;">                     (a) one certificate for all his shares without payment of any chargesor                      (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.                 </div> (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.



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(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders;

Subject as aforesaid, where more than one share is so held, the joint holders shall be entitled to apply jointly for the issue of several Certificates in accordance with Article 4 (b) above.

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(i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of such fee as the Board thinks fit, not exceeding fifty rupees per certificate.

PROVIDED THAT such new certificate shall not be given except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation, or upon proof of destruction or loss, on such terms as to evidence, advertisement and indemnity and the payment of out of pocket expenses as the Board may require in the case of the certificate having being destroyed or lost.

(ii) The provisions of Articles (4) to (5) shall mutatis mutandis apply to debentures of the company.

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#### **Nomination of shares**

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7. (A) Every holder of Shares in, or holder of Debentures of, the Company may, at any time, nominate, in the manner prescribed under the Act, a Person to whom his Shares in, or Debentures of, the Company shall vest in the event of his death.

(B) Where the Shares in, or Debentures of, the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Act, a Person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint holders.

(C) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such Shares in or Debentures of, the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any Person the right to vest the Shares in, or Debentures of, the Company, the nominee shall, on the death of the Member or debenture holder of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the Shares or Debentures of the Company or, as the case may be, all the joint holders, in relation to such Shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the Act.

(D) Where the nominee is a minor, the holder of the Shares or Debentures concerned, can make the nomination to appoint in prescribed manner under the Act, any Person to become entitled to the Shares or Debentures of the Company in the event of his death, during the minority

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#### **Dematerialization of Securities**

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8. a) For the purpose of this Article – a. ‘Beneficial Owner’ means a person or persons whose name is recorded as such with a depository. b. ‘Depository’ means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a Depository under the Securities and Exchange Board of India Act, 1992; and c. ‘SEBI’ means the Securities and Exchange Board of India.

b) Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize / rematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under.

c) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in sections 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner.

d) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. a. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. b. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a

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- depository.
- e) Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
  - f) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of who are entered as beneficial owners in the records of a depository.
  - g) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.
  - h) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a depository.
  - i) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.”
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**Trust not recognized**

9. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
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**Power to pay commission**

10. .(i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there-under.  
(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.  
(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.  
(iv) The company can also pay on any issue of shares or debentures brokerage not exceeding such rate as may be prescribed.
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**Variation of rights**

11. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.  
(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.  
(iii) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
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**Issue of preference shares**

12. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.
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**LIEN**

**Company's lien on shares**

13. (i) The company shall have a first and paramount lien—  
(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and  
(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:
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Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

Unless otherwise agreed the registration of transfer of shares shall operate as a waiver of the Company's lien if any on such shares.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

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14. **Enforcing lien by sale**

The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

(i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

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**Application of proceeds of sale**

15. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

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**Calls on shares Notice of Call and Payment in installment:**

16. (i) Subject to the provisions of Section 49 of the Act and the rules made thereunder, the Board may, from time to time, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof, made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board of Directors.

(ii) Not less than fourteen days notice of any call shall be given specifying the time and place of payment provided that before the time for payment of such call the Directors may notice in writing to the members extend the time for the payment thereof.

(iii) If by their terms of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the shares or by way of premium every such amount of instalment shall be payable as it were a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

(iv) A call may be revoked or postponed at the discretion of the Board.

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**When Interest on Call Payable:**

17. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine. The Board shall be at liberty to waive payment of any such interest wholly or in part.

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**Liability of Joint Holder of Shares**

18. The joint holders of a share shall be jointly and severally liable for the payment of all instalments,

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calls and interest and expenses, if any due in respect of such share or shares.

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**When Call deemed to have been made:**

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19. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.  
(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
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**Payment of Calls in Advance:**

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20. The Board—  
a. may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and  
b. upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of the company in general meeting 12% per annum) as may be agreed upon between the Board and the members paying the sum in advance.
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**Transfer of shares**

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21. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.  
(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
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**Board's right to refuse to register**

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22. The Board may, subject to the right of appeal conferred by section 58 decline to register  
a. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or  
b. any transfer of shares on which the company has a lien.
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**Form of Transfer**

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23. The Board may decline to recognise any instrument of transfer unless—  
a. The instrument of transfer is in the form as prescribed in rules made under sub-section i of section 56;  
b. The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and  
c. The instrument of transfer is in respect of only one class of shares.
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**Closure of Register of Members and Register of Debenture holders**

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24. On giving not less than seven days' previous notice in accordance with section 91 and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:  
Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
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**Transmission of shares Transmission of Registered Shares**

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25. i) The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such members and in the case of death of any one or more of the joint holders of any registered shares, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares.  
Provided that if the member should have been a member of a Joint Hindu Family, the Board on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonged to the joint family, may recognize the survivors or the Karta thereof as having title to the shares registered in the name of such member, provided further that in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration or other legal representatives upon such terms as to indemnity or otherwise as to the Board may seem just.  
(ii) Nothing in Article 23(i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
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**Rights and Liabilities of Legal Representatives**

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26. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—  
a. to be registered himself as holder of the share; or  
b. to make such transfer of the share as the deceased or insolvent member could have made.  
(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

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**Notice of Election by Legal Representatives**

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27. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.  
(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.  
(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.  
(iv) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:  
Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

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**Company's Right to Register Transfer by Apparent Legal Owner**

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28. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right or referred thereto in any book of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in the books of the Company; but the Company shall nevertheless be at liberty to have regard and to attend to any such notice and give effect thereto, if the Board shall so think fit.

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**Forfeiture of shares If a Call or Installment not paid, notice may be given**

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29. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Director may, at any time thereafter during such time as any part of such a call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

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**Form of Notice**

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30. The notice aforesaid shall—  
a. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and  
b. state that, in the event of non-payment on or before the time appointed, the shares in respect of which the call was made shall be liable to be forfeited.

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**If Notice is not complied with shares may be forfeited**

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31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.

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**Surrender of Share**

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32. The Board may accept in the name and for the benefit of the Company and upon such terms and
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conditions as may be agreed upon, the surrender of any share liable to forfeiture and so far as the law permits of any other shares.

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**Sale of Forfeited Shares**

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33. (i) A forfeited or surrendered share shall be deemed to be the property of the Company may be sold or otherwise disposed of on such terms and in such manner as the Directors thinks fit and  
(ii) At any time before a sale or disposal, the forfeiture may be cancelled on such terms as the Directors may thinks fit.  
(iii) Where any share is so sold or dispose of by the Board and the certificate in respect thereof is not delivered upto the Company by the former holder of such share the Board may issue a new certificate for such share distinguishing it such manner as it may think fit from the certificate not so delivered up.
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**Liability after Forfeiture**

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34. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares, whether such claim be barred by limitation on the date of the forfeiture or not.  
(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
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**Declaration of Forfeiture**

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35. (i) A duly verified declaration in writing that the declarant is a director or the secretary of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.  
(ii)The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of. The receipt of the consideration by the Company shall constitute good title to the share.  
(iii)The transferee shall thereupon be registered as the holder of the share.  
(iv)The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
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**Non-Payment of sums payable at Fixed Times**

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36. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
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**Set-off Moneys Due to Shareholders**

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37. Any money due from the Company to a shareholder may, without the consent of such shareholder, be applied by the Company in or towards payment of any money due from him either alone or jointly with any other person, to the Company in respect of the calls.
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**Alteration of capital Power to Increase or Reduce Capital**

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38. (i) The Company in its general meeting may, from time to time alter the conditions of its Memorandum of Association as follows:  
a)increase its share capital by such amount as it thinks expedient by issuing new shares;  
b)consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;  
Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal or such authority as may be prescribed on an application made in the manner as may be prescribed from time to time.  
c)convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of the denomination;  
d)sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division on the proportion between the amount paid and the amount, if any, unpaid, on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived.  
e)Cancel shares which, at the date of passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the
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shares so cancelled.

(ii) The resolution whereby any share is sub-divided may determined that, as between the holder of the shares resulting from such sub-division, one or more such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others.

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**On what conditions new shares may be issued**

39. Except so far as otherwise provided by the conditions of issue or by these Articles, the new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

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**Conversion of Shares into Stock**

40. Where shares are converted into stock,—
- (i) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations, as and subject to which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:  
Provided that the Directors may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- (ii) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (iii) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

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**Reduction of Capital and Reserves by the Company**

41. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—
- a. its share capital;
- b. any capital redemption reserve account; or
- c. any share premium account.

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**Capitalisation of profits**

42. (i) The company in general meeting may, upon the recommendation of the Board, resolve—
- a. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
- b. that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
- (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
- (iii) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures if any; and
- (b) generally do all acts and things required to give effect thereto.
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(iv) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and also

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(v) Any agreement made under such authority shall be effective and binding on such members

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**Buy-back of shares**

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43. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.
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**General meetings**

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**Annual General Meeting**

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44. (i) The Company shall in each year hold in addition to the other meetings a general meeting which shall be called as its Annual General Meeting at intervals and in accordance with the provisions of Section 96 of the Act as specified below:

a) Every Annual General Meeting shall be held within six months from the date of closing of the financial year of the Company and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next.

b) The Company may hold its first annual general meeting within a period not more than eighteen months from date of incorporation and if such a meeting is held within that period, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation or in the following year. Subject however, to the power of Registrar of Companies to extend the time by a period not exceeding three months within which such meeting (not being the first Annual General Meeting) can be held.

c) Every annual general meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a National Holiday and shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated and the notice calling the meeting shall specify it as Annual General Meeting.

(ii) All general meetings other than annual general meeting shall be called extraordinary general meeting.

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**Extraordinary General Meeting**

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45. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.  
(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.  
(iii) Extraordinary General Meetings may be held either at the Registered Office of the Company or at such convenient place as the Board or the Managing Director (subject to any directions of the Board) may deem fit.
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**Requisition by the Members**

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46. (i) The Board shall, on the requisition of such number of members of the Company as is specified below, proceed duly to call an Extraordinary General Meeting of the Company and comply with the provisions of the Act in regard to meetings on requisition.  
(ii) The requisition shall set out matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company or sent to the Company by Registered Post addressed to the Company at its Registered Office.  
(iii) The requisition may consist of several documents in like forms, each signed by one or more requisitionists.  
(iv) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold, on the date of the deposit of the requisition, not less than 1/10th of such of the
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paid-up capital of the Company as at the date carries the right of the voting in regard to the matter set out in the requisition.

(v) If the Board does not, within 21 days from the date of receipt of deposit of the valid requisition with regard to any matter, proceed duly to call a meeting for the consideration of these matters on a date not later than 45 days from the date of deposit of the requisition, the meeting may be called by the requisitionists themselves or such of the requisitionists, as represent either majority in the value of the paid up share capital held by them or of not less than one tenth of such paid-up capital of the Company as is referred to in Sub-clause (iv) above, whichever is less.

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#### **Notice of General Meeting**

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47. A General Meeting of the Company may be called by giving not less than twenty one days notice in writing, provided that a General Meeting may be called after giving shorter notice if consent thereto is accorded by the members holding not less than 95 per cent of the part of the paid- up share capital which gives the right to vote on the matters to be considered at the meeting.  
Provided that where any member of the Company is entitled to vote only on some resolutions to be moved at a meeting and not on the others, those members, shall be taken into account for purpose of this clause in respect of the former resolution or resolutions and not in respect of the latter.
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#### **Omission of Notice**

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48. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings of any resolution passed at such meeting.
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#### **Special Business**

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49. (i) All business shall be deemed special that is transacted at an Extraordinary Meeting and also that is transacted at an Annual Meeting with the exception of declaration of any dividend, the consideration of financial statements and the reports of the Directors and Auditors thereon, the election of the Directors in the place of those retiring, and the appointment of and the fixing of the remuneration of Auditors.

(ii) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein, of every Director and the Manager, if any, every other Key Managerial Personnel and the relatives of Directors, Manager and other Key Managerial Personnel.

Where any item of business refers to any document which is to be considered at the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Where any item of special business to be transacted at a meeting of the company relates to or affects any other company, the extent of shareholding interest in that other company of every promoter, director, manager, if any, and of every other key managerial personnel of the first mentioned company shall, if the extent of such shareholding is not less than two per cent of the paid-up share capital of that company, also be set out in the statement.

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#### **Proceedings at general meetings**

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##### **Quorum**

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50. .i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.  
(ii) The quorum requirements for general meetings shall be as under: Number of members upto 1000: 5 members personally present Number of members 1000-5000: 15 members personally present Number of members more than 5000: 30 members personally present
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##### **Dissolution and Adjournment of Meeting**

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51. If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week and at the same time and place or to such other day and at such other time and place as the Board may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.
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##### **Chairman of Meeting**

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52. The chairman, if any, of the Board and in his absence, the vice-chairman, if any shall preside as chairman at every general meeting of the company.
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##### **Election of Chairman**

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53. 8.If there is no such Chairman or Vice-Chairman or if at any meeting either of them is not present
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within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman of the meeting, the members present shall choose another Director as Chairman and if no directors be present or if all the Directors decline to take the Chair, then the members present shall choose someone of their number to be the Chairman of the Meeting.

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**Adjournment of meeting**

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54. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.  
(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.  
(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.  
(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
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**Voting rights**

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**Votes**

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55. (i) Every member of the Company holding Equity Share(s), shall have a right to vote in respect of such shares on every resolution placed before the meeting. On a show of hands, every member present in person shall have one vote. On a poll or on e-voting, his voting right shall be in proportion to his share of the paid-up Equity Capital of the Company.  
(ii) A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.  
(iii) A company or a body corporate which is a Member of the Company (hereinafter called "Member Company") may vote by proxy or by representative duly appointed in accordance with section 113 of the Act. A person duly appointed to represent the Member Company at any meeting of the Company or at any meeting of any class of Members of the Company shall be entitled to exercise the same rights and powers (including the right to vote by proxy and in a postal ballot) on behalf of the Member Company which he represents as that Member Company could exercise if it were an individual Member.  
Except as specifically authorised by these Articles or any other agreement in writing among the Members and the Company, no Member or the Company shall have or hold itself out as having any authority or agency to act on behalf of any other Member of the Company (as applicable) in any capacity or in any manner whatsoever, and no Member or the Company shall become liable by reason of any representation, action or omission of any other Member or the Company (as applicable) contrary to the provisions of these Articles.

Passing of resolution by postal ballot

Notwithstanding anything contained in these Articles, the Company can adopt the mode of passing a resolution by the Members of the Company by means of a postal ballot and/or otherwise as may be prescribed by the Central Government in this behalf in respect of any business, other than ordinary business, that can be transacted by the Company in the General Meeting and particularly, resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard

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**Joint Holders**

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56. In the case of joint holders, the vote of the first named of such joint holders who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
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**Member of Unsound Mind**

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57. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy or minor, may vote, whether on a show of hands or on a poll, by his natural or other guardian, and any such guardian may, on a poll, vote by proxy.
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**Business may be proceed not withstanding demand for Poll**

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58. A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business
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other than that on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

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**No Member entitled to vote while call due to the Company**

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59. No member shall be entitled to vote either personally or by proxy at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid or in regard to which the Company has and has exercised any right of lien.
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**Validity of Votes**

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60. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.  
(ii) Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.
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**PROXY**

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**Deposit of Proxy**

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61. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
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**Validity of Vote by Proxy**

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62. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the appointer or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.
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**Form of Proxy**

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63. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
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**BOARD OF DIRECTORS**

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**Number of Directors**

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64. (i) Unless otherwise determined by a General Meeting, the number of Directors shall not be less than 3 (three) and not more than 15 (fifteen).
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**Remuneration of Directors**

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65. a) Every Director shall be paid a sitting fee of such sum and subject to the ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board of Directors or of any Committee thereof attended by him and shall be paid in addition thereto all traveling, hotel and other expenses properly incurred by him in attending and returning from meeting of the Board of Directors or of any Committee thereof or General Meetings of the Company or in connection with the business of the Company to and from any place. The Board may, from time to time, decide quantum of sitting fees payable to a director for attendance at the Board Meeting or of any Committee thereof within the overall maximum limits prescribed apart from travelling and other expenses.
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66. A Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration-either  
a) by way of a monthly, quarterly or annual payment with the approval of the Central Government; or  
b) by way of commission if the Company by Special Resolution authorizes such payment;
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Provided that the remuneration paid to such Director or where there is more than one such Director, to all of them together, shall not exceed-

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- b) (i) One percent of the net profits of the Company, if the Company has Managing or whole time Director or a Manager;  
(ii) three percent of the net profits of the Company, in any other case;
- c) Provided further that the Company in General Meeting may, with the approval of the Central Government, authorize the payment of such remuneration at a rate exceeding one percent or, as the case may be, three percent of its net profits.
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**Sitting fees payable to Board of Directors**

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67. The sitting fees payable to the Directors for attending the meeting of the Board of Directors or any of its Committees which may extend up to the limit as prescribed by the Companies Act 2013 and the rules made thereunder for every meeting. They shall also be entitled to reimbursement of travelling expenses and halting charges incurred by them.
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**Qualification of Director**

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68. Any person whether a member or not may be appointed a Director and no qualification by way of shareholding shall be required.
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**Casual Vacancy**

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69. If the office of any Director becomes vacant before the expiry of the period of his directorship in the normal course, the resulting casual vacancy may be filled by the Board at a meeting of the Board. Any person so appointed shall hold office only up to the date up to which the Director in whose place he was appointed would have held office if the vacancy had not occurred as aforesaid. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 70(i)
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**Additional Director**

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70. Subject to the provisions of Section 161 of the Act and the rules made thereunder, the Board may, from time to time, appoint any person as an Additional Director provided that the number of Directors and additional together shall not exceed the maximum number of Directors fixed under Article 62 above. Any person so appointed as an additional director shall hold office up to the date of the next Annual General Meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act and the rules made thereunder.
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**Ex-Officio Director, Nominee Director**

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71. Ex-Officio Director” means the Director appointed by some person by virtue of a power contained in these articles or in agreement between the company and the appointer. Subject to the provisions of Section 161 of the Act and the rules made thereunder, the Board may, from time to time, appoint any person as Ex-officio Director or Nominee Director.
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**Right of Continuing Director when there is no quorum**

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72. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as the number is reduced below the number fixed by or pursuant to these regulations as the minimum number of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.
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**Vacation of Office of Director**

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73. (i) The office of a Director shall be vacated if:
- a. he is found to be of unsound mind by a Court of competent jurisdiction;
  - b. he applies to be adjudicated as an insolvent;
  - c. he is an undischarged insolvent;
  - d. he is convicted by a Court of any offence whether involving moral turpitude or otherwise and is sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
  - e. Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company.
  - f. an order disqualifying him for appointment as Director has been passed by court or tribunal and the order is in force.
  - g. he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly
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- with others, within six months from the last date fixed for the payment of the call;
  - h.he has been convicted of the offence dealing with related party transaction under section 188 at any time during the preceding five years.
  - i.he has not complied with Subsection (3) of Section 152.
  - j.he absents himself from all meetings of the Board for a continuous period of twelve months, with or without seeking leave of absence from the Board;
  - k.he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested.
  - l.he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184.
  - m.he becomes disqualified by an order of a court or the Tribunal.
  - n.he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:
  - o.Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;
  - p.he is removed in pursuance of the provisions of this Act;
  - q.he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

(ii) Provided that the disqualifications referred to in clauses (d), (e) and (g) as aforesaid shall not take effect—

- (i)for thirty days from the date of conviction or order of disqualification;
- (ii)where an appeal or petition is preferred within thirty days as aforesaid against the conviction resulting in sentence or order, until expiry of seven days from the date on which such appeal or petition is disposed off; or
- (iii)where any further appeal or petition is preferred against order or sentence within seven days, until such further appeal or petition is disposed off.

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**Alternate Director**

- 74. (i) The Board may appoint an Alternate Director to act for a Director hereinafter called in this clause—the Original Director—during his absence for a period of not less than 3 months from India.
- (ii) An Alternate Director appointed as aforesaid shall vacate office if and when the Original Director returns to India.
- (iii) If the term of office of the original director is determined before he so returns to India, any provision for the automatic re-appointment of retiring directors in default of another appointment shall apply to the original, and not to the alternate director.

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**Execution of Certain Documents**

- 75. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

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**Rotation of Directors**

- 76. (i) At every annual meeting, one-third of such of the Directors who are liable to retire by rotation for the time being or if their number is neither three nor a multiple of three, then the number nearest to one-third, shall retire from office.
- (ii) Independent Directors shall not be liable to retire by rotation.

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**Retiring Director eligible for re-election**

- 77. A retiring Director shall be eligible for re-election and the Company at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up vacated office by electing a person thereto.

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**Directors to Retire**

- 78. a) The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot.

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- 79. **Continuance of Retiring Directors**
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(i) Subject to Section 152 of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating or deceased Directors is not filled up and the meeting has not expressly resolved not to fill up or appoint the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday at the same time and place.

(ii) If at the adjourned meeting the place of vacating Directors is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the vacating Directors or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned meeting subject to the conditions specified under Section 152 of the Companies Act, 2013.

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**Power for General Meeting to Increase or Reduce Number of Directors**

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80. Subject to the provisions of Sections 149, 151 and 152 the Company in General Meeting may increase or reduce the number of Directors subject to the limits set out in Article 87 and may also determine in what rotation the increased or reduced number is to retire.

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**Removal of Directors**

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81. Subject to provisions of Section 169 the Company, by Ordinary Resolution, may at any time removes any Director before the expiry of his period of office, and may by Ordinary Resolution appoint another person in his place. The person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

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**Notice of Candidature for Directorship**

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82. i) Subject to the provisions of Section 160 of the Act, a person not being a retiring Director shall be eligible for appointment to the office of a Director at any general meeting if he or some other member intending to propose him as a Director has not less than fourteen days before the meeting, left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of the Director, or the intention of such member to propose him as a candidate for that office, as the case may be —along with a deposit of Rs lakh or such higher amount as may be prescribed from time to time which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director or gets more than 25% of total valid votes cast either on show of hands or electronically or on poll on such resolution.

(ii)The company shall, at least seven days before the general meeting, inform its members of the candidature of a person for the office of a director or the intention of a member to propose such person as a candidate for that office-

(a)by serving individual notices, on the members through electronic mode to such members who have provided their email addresses to the company for communication purposes, and in writing to all other members; and

(b)by placing notice of such candidature or intention on the website of the company, if any.

(iii)Provided that it shall not be necessary for the company to serve individual notices upon the members as aforesaid, if the company advertises such candidature or intention, not less than seven days before the general meeting in atleast two newspapers circulating in the place where the registered office of the company is situated, of which one is published in the English language and the other in the regional language of that place.

(iv)Further a person appointed as a director shall not act as a director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within thirty days of his appointment in such manner as may be prescribed.

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**Proceedings of the Board**

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**Meetings of the Board**

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83. (i) The Board of directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. Provided that a meeting of the Board shall be held at least once in every one hundred and twenty days and at least four such meetings shall be held in every year.

(ii) The Managing Director or any director authorized by him may at any time, summon a meeting of the Board. The Managing Director or manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

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**Notice of Meeting**

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84. (i) A meeting of the Board shall be called by giving not less than seven days' notice in writing to
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every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means.

(ii) A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting:

Provided further that in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director, if any.

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#### **Agenda for the Meeting**

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85. Every notice convening a meeting of the Board of Directors shall set out the agenda in full and in sufficient detail of the business to be transacted thereat and no item of business shall be transacted at such meeting, unless the same has been stated in full and in sufficient detail in the said notice convening the meeting. Provided that with the unanimous consent of all the Directors present at the meeting any item not included in the agenda may be transacted at the meeting.
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#### **Quorum for Meeting**

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86. The quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher; provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested present at the meeting being not less than two shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of the Board after deducting there from the number of Directors, if any, whose places are vacant at the time.
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#### **Questions How Decided**

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87. (i) Save as otherwise expressly provided in the Act, a meeting of its Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, questions arising at any meeting of the Board shall be decided by a majority of votes.  
(ii) In case of an equality of votes, the chairman shall have a second or casting vote.
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#### **Chairman of the Board**

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88. (i) The Board may at any time and from time to time elect one of their number to be the Chairman or Vice-Chairman of the Board and may determine the period for which he is to hold office.  
(ii) Any Director so appointed to the office of Chairman or Vice-Chairman shall not be deemed to have vacated the said office of Chairman or Vice-Chairman respectively, by reason only that he retires or vacates at any Annual General Meeting of the Company and is re-elected at the same meeting.  
(ii) At all meetings of the Board of Directors, the Chairman and in his absence the Vice-Chairman shall preside over the meetings. If no person has been appointed as Chairman or Vice-Chairman or if at any meeting of the Board of Directors neither the Chairman or Vice-Chairman is present within five minutes of the time appointed for holding the same or being present, neither of them is willing to preside over the said meeting, then in that case the directors present may choose one of their number to preside over that meeting.
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#### **Appointment of Managing Director as Chairman**

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89. The Managing Director of the Company may also be appointed as Chairman of the Company by complying with the necessary formalities as may be required by the law for the time being in force.
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#### **Committees**

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90. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.  
(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.  
(iii) The quorum of the committee shall be at least two members.
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#### **Election of Chairman of the Meeting**

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91. If the Chairman and/or the Vice-Chairperson of the Board of Directors are/is member/s of the Committee, the Chairman and in his absence the Vice-Chairman shall preside over all meetings of the Committee. If the Chairman and/or Vice-Chairman is not a member thereof or if at any meeting the Chairman and/or Vice-Chairman being member/s of the Committee are/is not present within five minutes after the time appointed for holding the meeting, or being present, neither of them is willing to preside over the said meeting, the members of the Committee present may choose one of their number
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to be the Chairman of the meeting.

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**Proceedings of the Committees**

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92. (i) A committee may meet and adjourn as it thinks fit.  
(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
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**Validity of Acts notwithstanding Defects of Appointment**

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93. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
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**Resolution by Circulation**

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94. Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with necessary papers, if any, to all the members of the Board/Committee then in India (not being less in number than the quorum fixed for the meeting of the Board or the Committee as the case may be) and to all other Directors or members at their registered address and approved by a majority of such of them as are entitled to vote on the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or Committee duly convened and held.
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**Borrowing Powers**

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95. The Board of Directors may from time to time but with consent of the Company in general meeting as may be required under section 73, 179, 180 of the Companies Act, 2013 read with rules made there under, by a resolution passed at a Meeting of the Board raise any money or any moneys or sums of money for the purpose of the Company; provided that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not, without the sanction of the Company at a General Meeting, exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set-apart for any specific purpose and in particular but subject to the provisions of Section 180 of the Act and the rules made there under, the Board may, from time to time, at its discretion raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company, at such times and in payment of any sum or sums of money for the purpose of the Company, at such times and in such manner and upon such terms and conditions as they deems fit by the issue of debentures, perpetual or otherwise including debentures convertible into shares of this or any other company or perpetual annuities, debenture stock, bonds, Promissory Notes, or by opening current accounts, or by receiving deposits and advances with or without security, or by issue of bonds and in security of any such money so borrowed, raised or received, to mortgage, pledge or charge, the whole or any part of the undertaking property, rights assets, or revenue of the Company, present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that the Directors may by resolution at a meeting of the Board delegate the power to borrow money otherwise than on debentures to a Committee of Directors or the Managing Director subject to the limits upto which the money may be so borrowed as may be specified in the said resolution.

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**Terms of Issue of Debentures**

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96. Any bonds, mortgages debentures, debenture stock or other securities may be issued at a discount, premium or otherwise or with any special privileges as to assignment, redemption, surrender, drawing or in exchange or allotment of shares or otherwise and any debentures or debenture stock created by the Company may be so framed that the same shall be assignable free from any equities between the Company and the original or any intermediate holders.
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**POWERS AND DUTIES OF DIRECTORS**

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**Charge on Uncalled Capital**

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97. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Board may, by instrument under the Company's seal, authorize the person in whose favour such mortgage or security is executed or any other person in trust for him, to make calls on the security is
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executed or any other person in trust for him, to make calls on the members in respect of such uncalled capital, and the provisions herein before contained in regard to calls, shall mutatis mutandis apply to calls and the power to make such calls may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

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**Subsequent Assignees of Uncalled Capital**

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98. Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the shareholder or otherwise, to obtain priority over such prior charge.
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**Charges in Favour of Director for Indemnity**

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If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other person so becoming liable as aforesaid from any loss in respect of such liability.

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**Power to be exercised by Board only at the Meeting**

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99. (i) The Board shall exercise the following powers on behalf of the Company and the said power shall be exercised only by resolution passed at the meetings of the Board.
- (a) to make calls on shareholders in respect of money unpaid on their shares;
  - (b) to authorise buy-back of securities under section 68;
  - (c) to issue securities, including debentures, whether in or outside India;
  - (d) to borrow monies;
  - (e) to invest the funds of the company;
  - (f) to grant loans or give guarantee or provide security in respect of loans;
  - (g) to approve financial statement and the Board's report;
  - (h) to diversify the business of the company;
  - (i) to approve amalgamation, merger or reconstruction;
  - (j) to take over a company or acquire a controlling or substantial stake in another company;
  - (k) to make political contributions;
  - (l) to appoint or remove key managerial personnel (KMP);
  - (m) to take note of appointment(s) or removal(s) of one level below the Key Management Personnel;
  - (n) to appoint internal auditors and secretarial auditor;
  - (o) to take note of the disclosure of director's interest and shareholding;
  - (p) to buy, sell investments held by the company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee company;
  - (q) to invite or accept or renew public deposits and related matters;
  - (r) to review or change the terms and conditions of public deposit;
  - (s) to approve quarterly, half yearly and annual financial statements or financial results as the case may be.
  - (t) such other business as may be prescribed by the Act and the rules made thereunder.
- (ii) The Board may by a meeting delegate to any Committee of the Board or to the Managing Director the powers specified in Sub-clauses, d, e and f above.
- (iii) Every resolution delegating the power set out in Sub-clause (d) of Clause (i) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the said delegate.
- (iv) Every resolution delegating the power referred to in Sub-clause (e) of Clause (i) shall specify the total amount up to which the funds may be invested and the nature of investments which may be made by the delegate.
- (v) Every resolution delegating the power referred to in Sub-clause (f) of Clause (i) above shall specify the total amount up to which loans may be made by the delegate, the purposes for which the loans may be made, and the maximum amount of loans that may be made for each such purpose in individual cases.
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**Business to be carried on by Managing Directors**

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100. (i) Subject to the provisions of the Act and the rules made thereunder, the Board of Directors may
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appoint at any time one or more of their body to be the Managing Director/s as they deem fit for conducting the business and affairs of the Company and shall determine the period for which such Managing Director/s shall hold office.

(ii)The Managing Director/s shall carry on the business and affairs of the Company subject to the control and supervision of the Board of Directors.

(iii)If a Managing Director ceases to hold office as Director he shall “ipso facto” and immediately cease to be a Managing Director.

(iv)In the event of any vacancy arising in the office of a Managing Director the same may, be filled by the Board of Directors and the Managing Director, so appointed shall hold the office for such period as the Board of Directors may deem fit.

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#### **Revocation of Powers**

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101. Subject to the provisions of the Act read with the rules made thereunder and subject to the approval of the Central Government, if any, required in that behalf, the Board may at any time appoint one or more of their body, as Whole-time Director/s under the designation of Technical Director/Executive Director, Administrative Director or under such other and on such terms and conditions and on such powers and duties as the Board may deem fit. The Whole-time Director/s shall perform such duties and exercise such powers as the Board may from time to time determine, and subject to the conditions and restrictions if any, the Board may impose, and shall exercise all such powers and perform all such duties subject to the control, supervision and directions of the Board and/or Managing Director/s.
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#### **Remuneration of Managing Director/Whole-Time Director**

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102. Subject to the provisions of the Act and subject to the approval of the Government of India as may be required, the Managing Director/Whole-Time Directors shall, each of them, be paid for their respective services such remuneration on such terms as the Board or the Company may, by resolution in General Meeting, from time to time respectively determine.
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#### **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

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103. Subject to the provisions of the Act,—  
(i)A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;  
(ii)A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
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104. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.
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#### **The Seal**

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##### **Common Seal**

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105. 77.The Directors shall provide a common seal of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The common seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or any other Director or the Secretary or such other person as the Board may determine from time to time.
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##### **Execution of Deeds**

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106. The common seal shall be affixed to any instrument under the authority of a resolution of the Board or Committee authorized by the Board in that behalf and unless the Board otherwise determines, every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by one Director atleast in whose presence the seal shall have been affixed and counter signed by the Company Secretary or such other person as may, from time to time, be authorised by the Board in that behalf and provided nevertheless that any instrument bearing the seal of the Company issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority to issue the same; provided further also that the counter signature of the Company Secretary or the authorized person shall not be necessary in the case of instruments executed in favour of a Managing/Whole-Time Director which shall be sealed in the presence of any other Director and signed by him on behalf of the Company.
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<b>Dividends and Reserve</b>	
<b>Application of Profit</b>	
107.	The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these presents as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively
<b>Declaration of Dividend</b>	
108.	The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
<b>Interim Dividend</b>	
109.	The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.
<b>Payment of Dividend out of Profits</b>	
110.	No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 123 of the Act.
<b>Reserve Funds</b>	
112.	(i) The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit. (ii) The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as Reserve.
<b>Method of Payment of Dividend</b>	
113.	(i) Subject to the rights of persons, if any, entitled to share with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid. (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of these regulations as paid on the share. (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such shares shall rank for dividend accordingly.
<b>Deduction of Arrears</b>	
114.	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
<b>Adjustment of Dividend against Calls</b>	
115.	Any General Meeting declaring a dividend or bonus may make a call on the members of such amounts as the meeting fixes, but so that the call on each member shall not exceed the dividend or bonus payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and themselves, be set off against the call.
<b>Payment by Cheque or Warrant</b>	
116.	(i) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque /Warrant/ Electronic mode sent through post directly to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or to such person and to such address of the holder as the joint holders may in writing direct. (ii) Every such cheque /Warrant shall be made payable to the order of the person to whom it is sent. (iii) Every such cheque or warrant shall be posted within thirty days or such time as may be prescribed by the Act and the rules made thereunder from the date of declaration of the dividends.
<b>Receipt of Joint Holders</b>	
117.	Any one of two of the joint holders of a share may give effectual receipt for any dividends, bonuses, or other moneys payable in respect of such share.

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**Notice of Dividend**

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118. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act and the rules made thereunder
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**Dividend not to bear interest**

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119. No dividend shall bear interest against the Company.
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**Unclaimed Dividend**

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120. No unclaimed dividends shall be forfeited by the Board and the Company shall comply with provisions of Sections 124 of the Companies Act, 2013 and the rules made thereunder.
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**Secrecy**

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121. Every Director, Manager, Auditor, Trustee, Member of Committee, Officer, Agent, Accountant or other Person employed in the business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declarations pledge himself not to reveal any at the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions of these presents contained.
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122. Subject to Articles 111 and 124 hereof, no member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or they require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or communicate.
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**Winding up**

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123. Subject to the provisions of Chapter XX of the Act and rules made thereunder—
- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
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**Indemnity**

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124. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.
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## SECTION X – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to RoC for registration. Copies of these contracts and also the documents for inspection referred to hereunder, were available for inspection at the Registered Office between 10.00 a.m. and 5.00 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

#### **A. *Material Contracts to the Issue***

1. Issue Agreement dated September 1, 2017 entered into between our Company and the BRLM.
2. Agreement dated September 1, 2017 entered into between our Company and the Registrar to the Issue.
3. Tripartite Agreement dated June 27, 2017 between CDSL, our Company and the Registrar to the Issue.
4. Tripartite Agreement dated June 22, 2017 between NSDL, our Company and the Registrar to the Issue.
5. Escrow Agreement dated December 11, 2017 between our Company, the BRLM, the Syndicate Members, the Escrow Collection Bank(s), Refund Bank(s) and the Registrar to the Issue.
6. Syndicate Agreement dated December 11, 2017 between our Company, the BRLM, and the Syndicate Members and Registrar to the Issue.
7. Underwriting Agreement dated January 15, 2018 between our Company, the BRLM and the Underwriters.
8. Monitoring Agency Agreement dated December 13, 2017 between our Company and HDFC Bank Limited.

#### **B. *Material Documents***

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time including Certificate of Incorporation dated March 3, 1997 and fresh certificate of incorporation consequent upon conversion from private limited company to public limited company dated April 1, 2017.
2. Resolution of the Board dated August 11, 2017 and AGM resolution dated August 26, 2017 authorizing the Issue.
3. Resolution of the Board of Directors of our Company dated September 23, 2017, approving the Draft Red Herring Prospectus.
4. Resolution of the Board of Directors of our Company dated December 19, 2017, approving the Red Herring Prospectus.
5. Examination reports of our Statutory Auditor dated November 29, 2017 regarding the Restated Financial Statements of our Company for Fiscal ended 2013, 2014, 2015, 2016 and 2017 and for six months period ended September 30, 2017 included in this Red Herring Prospectus.
6. Consent letter from the Statutory Auditors of our Company for inclusion of their name as experts.
7. Statement of Tax Benefits dated September 1, 2017 issued by our Statutory Auditor.

8. Consents of Bankers to our Company, BRLM, Legal Counsel to the Issue, our Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Syndicate Member, Escrow & Refund Banker, Monitoring Agency and Registrar to the Issue as referred to in their specific capacities.
9. Certificate dated December 1, 2017 issued by our Statutory Auditors regarding sources and deployment of funds as on November 30, 2017.
10. Copies of the annual reports of our Company for the Fiscal ended March 31, 2013, 2014, 2015, 2016 and 2017 and balance sheet of our Company for six months period ended September 30, 2017.
11. In – principle listing approvals both dated October 13, 2017 from BSE and NSE respectively.
12. Due diligence Certificate dated September 23, 2017 addressed to SEBI issued by the BRLM.
13. Debenture subscription agreement dated May 29, 2017 entered between the Company, its promoter, OHM Commodity Broker Private Limited and OHM Equity Solution India Private Limited.
14. Statutory auditor certificate dated September 15, 2017 confirming internal accruals of the Company as at March 31, 2017.
15. Statutory auditor certificate dated September 1, 2017 certifying the working capital requirements of the Company for the financial year 2018 and 2019.
16. SEBI observation letter no. SRO/SRO/OW/P/01/0027932/2017 dated November 13, 2017.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We, hereby certify and declare that, all the relevant provisions of the Companies Act, 1956 and Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines and regulations issued, as the case may be. We further certify that all the disclosures and statements made in the Prospectus are true and correct.

### Signed by the Directors of our Company

Raghupathy Goud Theegala

*Chairman and Independent Director*

Karunakar Reddy Baddam

*Managing Director*

Venkata Siva Prasad Chandrapati

*Whole – time Director (Technical)*

Krishna Sai Kumar Addepalli

*Whole – time Director (Operations)*

Sri Lakshmi Reddy Vangeti

*Non – Executive Director*

Srinivas Pagadala

*Independent Director*

### Signed by Chief Financial Officer

Sudarshan Chiluveru

*Chief Financial Officer*

**Place:** Hyderabad

**Date:** January 16, 2018