



# S K S TEXTILES LIMITED

CIN: U17000MH1997PLC111406

Our Company was incorporated as S K S Textiles Private Limited on October 20, 1997, under the Companies Act, 1956 with the Registrar of Companies, Mumbai bearing Registration No. 111406. The status of our Company was changed to a public limited company and the name of our Company was changed to S K S Textiles Limited by a special resolution passed on August 21, 2017. A fresh certificate of incorporation consequent to the change of name was granted to our Company on September 08, 2017, by the Registrar of Companies, Mumbai. For further details, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page no. 106 of this Draft Prospectus.

**Registered Office:** Gala No. 431, Keval Industrial Estate, 4<sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013.

**Tel No.:** +91 – 22 – 6120 6222; **Fax No.:** +91 – 22 – 6120 6200 **Email:** info@groupsk.com ; **Website:** www.groupsk.com

**Contact Person:** Mrs. Naveena Singh, Company Secretary and Compliance Officer.

**Our Promoters:** Mr. Sukanraj Shah, Mr. Vicky Shah, Mr. Sahil Shah and Sukanraj Bhabhutmal Shah HUF

| THE OFFER   |   |
|---|---|
| <p><b>PUBLIC OFFER OF 8,88,000 EQUITY SHARES OF ₹ 10/- EACH ("EQUITY SHARES") OF S K S TEXTILES LIMITED ("STL" OR THE "COMPANY") FOR CASH AT A PRICE OF ₹ 150/- PER SHARE (THE "OFFER PRICE"), AGGREGATING TO ₹ 1,332.00 LAKHS ("THE OFFER") CONSISTING OF FRESH ISSUE OF 4,38,000 EQUITY SHARES AGGREGATING TO ₹ 657.00 LAKHS AND AN OFFER FOR SALE OF 4,50,000 EQUITY SHARES BY THE SELLING SHAREHOLDERS AGGREGATING TO ₹ 675.00 LAKHS ("OFFER FOR SALE"), OF WHICH 48,000 EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE OFFER (THE "MARKET MAKER RESERVATION PORTION"). THE OFFER LESS MARKET MAKER RESERVATION PORTION I.E. OFFER OF 8,40,000 EQUITY SHARES OF ₹ 10/- EACH IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE 27.24% AND 25.77%, RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.</b></p> |   |
| THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 AND THE OFFER PRICE IS 15.00 TIMES OF THE FACE VALUE   |   |
| <p><b>THIS OFFER IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.</b><br/> <i>For further details see "Offer Related Information" beginning on page no. 193 of this Draft Prospectus.</i></p> <p>In terms of the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Offer only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Offer Procedure" on page no. 201 of this Draft Prospectus. A copy will be delivered for registration to the Registrar of Companies as required under Section 26 &amp; 28 of the Companies Act, 2013.</p>   |   |
| RISK IN RELATION TO THE FIRST OFFER   |   |
| <p>This being the first public issue of the Company, there has been no formal market for the securities of the company. The Offer Price (as determined and justified by our Company and the Selling Shareholders in consultation with the Lead Manager) as stated under the paragraph on "Basis for Offer Price" on page no. 72 of this Draft Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of our company or regarding the price at which the shares will be traded after listing.</p>  |   |
| GENERAL RISKS   |   |
| <p>Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision investors must rely on their own examination of our Company and the Offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. <b>Specific attention of the Investors is invited to the statement of Risk Factors given on page no. 10 of this Draft Prospectus under the Section "Risk Factors".</b></p>  |   |
| COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY   |   |
| <p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each Selling Shareholder, severally and not jointly, assumes responsibility only for statements in relation to such Selling Shareholder included in this Draft Prospectus.</p>  |   |
| LISTING   |   |
| <p>The Equity Shares offered through this Draft Prospectus are proposed to be listed on Emerge Platform of National Stock Exchange of India Limited in terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. Our Company has received an In Principal Approval letter dated [●] from National Stock Exchange of India Limited for using its name in this offer document for listing our shares on the SME Platform of National Stock Exchange of India Limited. For the purpose of this Offer, the designated Stock Exchange will be the National Stock Exchange of India Limited ("NSE").</p>  |   |
| LEAD MANAGER TO THE OFFER   | REGISTRAR TO THE OFFER  |
|  <p><b>ARYAMAN FINANCIAL SERVICES LIMITED</b><br/>                 60, Khatau Building, Ground Floor,<br/>                 Alkesh Dinesh Modi Marg, Fort, Mumbai – 400 001<br/> <b>Tel No.:</b> +91 – 22 – 6216 6999<br/> <b>Fax No.:</b> +91 – 22 – 2263 0434<br/> <b>Email:</b> info@afsl.co.in<br/> <b>Website:</b> www.afsl.co.in<br/> <b>Investor Grievance Email:</b> feedback@afsl.co.in<br/> <b>Contact Person:</b> Mr. Pranav Nagar / Mr. Chaitanya Hiregange<br/> <b>SEBI Registration No.:</b> INM000011344</p>   |  <p><b>SHAREX DYNAMIC (I) PRIVATE LIMITED</b><br/>                 Unit No 1, Luthra Ind. Premises, 1<sup>st</sup> Floor, 44 – E,<br/>                 M. Vasanti Marg, Andheri Kurla Road, Safed Pool,<br/>                 Andheri (E), Mumbai – 400 072<br/> <b>Tel:</b> +91 – 22 – 2851 5606<br/> <b>Fax:</b> +91 – 22 – 2851 2885<br/> <b>Email:</b> shareindia@vsnl.com;<br/> <b>Website:</b> www.shareindia.com<br/> <b>Contact Person:</b> Mr. K. C. Ajitkumar<br/> <b>SEBI Registration No.:</b> INR000002102</p> |
| OFFER OPENS ON  | OFFER CLOSES ON   |
| [●]   | [●]   |

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

#### General Terms

| Term  | Description  |
|---|--|
| S K S Textiles Ltd. / S K S / The Company / Company / We / Us / Our Company | Unless the context otherwise indicates or implies refers to S K S Textiles Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office in the Mumbai, Maharashtra.                 |
| Promoter(s)   | The Promoters of our company: <ul style="list-style-type: none"> <li>• Mr. Sukanraj Shah</li> <li>• Mr. Vicky Shah</li> <li>• Mr. Sahil Shah</li> <li>• M/s. Sukanraj Bhabhutmal Shah (HUF)</li> </ul>   |
| Promoter Group  | Such persons, entities and companies constituting our promoter group pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations as disclosed in the Chapter titled “Our Promoter and Promoter Group” on page no. 124 of this Draft Prospectus. |

#### Company related Terms

| Term                                       | Description  |
|--|--|
| Articles / Articles of Association         | Unless the context otherwise requires, refers to the Articles of Association of S K S Textiles Limited.  |
| Auditor of the Company (Statutory Auditor) | M/s. Bhatler and Co., Chartered Accountants, having their office at 307, Tulsiani Chambers, Nariman Point, Mumbai – 400 021  |
| Audit Committee                            | The committee of the Board of Directors constituted on September 11, 2017 as our Company’s Audit Committee in accordance with Section 177 of the Companies Act, 2013   |
| Board of Directors / Board                 | The Board of Directors of S K S Textiles Limited., including all duly constituted Committees thereof.  |
| Company Secretary and Compliance Officer   | Mrs. Naveena Singh   |
| Director(s)                                | Director(s) of S K S Textiles Limited, unless otherwise specified.   |
| Equity Shares                              | Equity Shares of our Company of Face Value of ₹ 10 each unless otherwise specified in the context thereof.   |
| Equity Shareholders                        | Persons holding Equity Share of our Company.   |
| Group Companies                            | <ul style="list-style-type: none"> <li>• Parag Housing Developments Private Limited</li> </ul> Please refer chapter “Our Group Companies” on page no. 128 of this Draft Prospectus.  |
| Key Management Personnel / KMP             | Individuals described in the chapter titled “Our Management” on page no. 109 of this Draft Prospectus.   |
| MOA / Memorandum of Association            | Memorandum of Association of S K S Textiles Limited.   |
| Nomination and Remuneration Committee      | The committee of the Board of Directors constituted on September 11, 2017 as our Company’s Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013.  |
| Registered Office                          | Gala No. 431, Kewal Industrial Estate, 4 <sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel (W) Mumbai – 400 013  |
| Registrar of Companies / RoC               | Registrar of Companies, Maharashtra situated at Everest, 100, Marine Drive, Mumbai – 400 002.  |
| Restated Financial Statements              | The restated financial statements of our Company for the period ended March 31, 2017, and for the Financial Years ended March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013, which comprises the restated balance sheet, the restated statement of profit and loss and the restated cash flow statement, together with the annexures and notes thereto, which have been prepared in accordance with the Companies Act, Indian GAAP, and restated in accordance with the SEBI ICDR Regulations. |

| Term                                 | Description  |
|--------------------------------------|--|
| Selling Shareholders                 | Mr. Sukanraj Shah<br>Mr. Vicky Shah<br>M/s. Sukanraj Bhabhutmal Shah HUF<br>Mr. Sahil Shah<br>Mrs Lalita Kumari Shah<br>Mrs Sapna Shah |
| Stakeholders' Relationship Committee | The committee of the Board of Directors constituted on September 11, 2017 as our Company's Stakeholders' Relationship Committee.       |
| Stock Exchange                       | Unless the context requires otherwise, refers to, SME Platform of NSE i.e. "NSE EMERGE PLATFORM".                                      |

#### Offer Related Terms

| Term   | Description   |
|--|---|
| Abridged Prospectus                            | Abridged Prospectus to be issued under Regulation 58 of SEBI ICDR Regulations and appended to the Application Form.   |
| Allotment                                      | Unless the context otherwise requires, the allotment of the Equity Shares pursuant to the Offer to the successful Bidders, including transfer of the Equity Shares pursuant to the Offer to the successful applicants.  |
| Allotment Advice                               | Note, advice or intimation of Allotment sent to the Applicants 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(s)                                    | The successful applicant to whom the Equity Shares are being / have been Allotted.  |
| Applicant                                      | Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus.  |
| Application Form                               | The Form in terms of which the applicant shall apply for the Equity Shares of the Company.  |
| Application Supported by Blocked Amount/ ASBA  | An application, whether physical or electronic, used by ASBA Applicant to make an Application authorizing an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for all Applicants participating in the Offer.   |
| ASBA Account                                   | A bank account maintained with an SCSB and specified in the ASBA Form submitted by the Applicants for blocking the Application Amount mentioned in the ASBA Form.   |
| ASBA Applicant(s)                              | Any prospective investor who makes an Application pursuant to the terms of the Draft Prospectus and the Application Form.   |
| ASBA Application / Application                 | An indication to make an offer during the Bid/Offer Period by an Applicant pursuant to submission of the Application Form, to subscribe to the Equity Shares at a price as mentioned in the Prospectus, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in terms of the Prospectus and Application Form. |
| Banker(s) to the Company                       | Such banks which are disclosed as Bankers to our Company in the chapter titled "General Information" on page no. 45 of this Draft Prospectus.   |
| Banker(s) to the Offer                         | The banks which are Clearing Members and registered with SEBI as Banker to an Offer with whom the Escrow Agreement is entered and in this case being [●].   |
| Basis of Allotment                             | The basis on which the Equity Shares will be Allotted to successful Applicants under the Offer and which is described in the chapter titled "Offer Procedure" beginning on page no. 236 of this Draft Prospectus.   |
| Business Day                                   | Monday to Friday (except public holidays)   |
| CAN / Confirmation of Allocation Note          | The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.  |
| Collecting Depository Participant(s) or CDP(s) | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular No. GR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI  |
| Controlling Branches                           | Such Branches of the SCSBs which co-ordinate Applications by the Applicants with the  |

| Term   | Description   |
|--|---|
|  | Registrar to the Offer and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.   |
| Demographic Details                          | The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.  |
| Depositories                                 | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 i.e. CDSL and NSDL  |
| Depositories Act                             | The Depositories Act, 1996, as amended from time to time.   |
| Designated Date                              | The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts specified by the Applicants to the Public Offer Account.  |
| Designated Intermediaries / Collecting Agent | Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Offer.  |
| Designated Locations CDP                     | Such locations of the CDPs where Applicants can submit the Application 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 Application Forms are available on the websites of the Stock Exchange.              |
| Designated Locations RTA                     | Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchange.  |
| Designated Market Maker                      | Aryaman Capital Markets Limited (formerly known as Aryaman Broking Limited) will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations. |
| Designated Branches SCSB                     | Such Branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>   |
| Designated Stock Exchange                    | SME Platform of National Stock Exchange of India Limited i.e. NSE EMERGE PLATFORM   |
| Draft Prospectus                             | This Draft Prospectus dated September 16, 2017 issued in accordance with the SEBI ICDR Regulations  |
| Eligible NRIs                                | An NRI from such a jurisdiction outside India where it is not unlawful to make an Offer or invitation under this Offer and in relation to whom the Application Form and the Draft Prospectus will constitute an invitation to purchase the Equity Shares.   |
| Escrow Agreement                             | Agreement entered into amongst the Company, the Lead Manager, the Selling Shareholders, the Registrar to the Offer and the Banker to the Offer to receive monies from the Applicants through the SCSBs Bank Account on the Designated Date in the Public Offer Account.   |
| Foreign Investor / FPIs Portfolio            | Foreign Portfolio Investor as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014.   |
| Fresh Issue                                  | The fresh issue of 4,38,000 Equity Shares by our Company of ₹ 10 each aggregating to ₹ 657.00 lakhs to be issued by our Company for subscription pursuant to the terms of this Draft Prospectus.  |
| Fresh Issue Proceeds                         | Gross proceeds to be raised through the Fresh Issue. For further details, please refer the chapter "Objects of the Offer" on page no. 65 of this Draft Prospectus   |
| Offer / Offer Size / Public Offer / IPO      | This Initial Public Offer of 8,88,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 150 per equity share, aggregating to ₹ 1,322.00 lakhs by the Company and the Selling Shareholders.  |
| Offer Closing date                           | The date on which the Offer closes for subscription being [●]   |
| Offer Opening date                           | The date on which the Offer opens for subscription being [●]  |
| Offer Price                                  | The price at which the Equity Shares are being offered by our Company and the Selling Shareholders in consultation with the Lead Manager, under this Draft Prospectus being ₹ 150.  |
| LM / Lead Manager                            | Lead Manager to the Offer, in this case being Aryaman Financial Services Limited.   |
| Listing Agreement /                          | Unless the context specifies otherwise, this means the Equity Listing Agreement to be   |



| Term                                     | Description   |
|--|---|
| Equity Listing Agreement                 | signed between our Company and the EMERGE Platform of NSE.  |
| Market Maker Reservation Portion         | The reserved portion of 48,000 Equity Shares of ₹ 10 each at ₹ 150 per Equity Share aggregating to ₹ 72.00 lakhs for the Designated Market Maker in the Public Offer of our Company.  |
| Market Making Agreement                  | The Agreement among the Market Maker, the Lead Manager and our Company dated September 12, 2017.  |
| Mutual Fund                              | A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended.   |
| Non-Institutional Applicant              | All Applicants, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than ₹ 2,00,000 (but not including NRIs other than Eligible NRIs)  |
| Net Offer                                | The Net Offer of 8,40,000 Equity Shares of ₹ 10 each at ₹ 150 per Equity Share aggregating to ₹ 1,260.00 lakhs by the Company and the Selling Shareholders.   |
| Non-Resident                             | A person resident outside India, as defined under FEMA and includes Eligible NRIs, Eligible QFIs, FIIs registered with SEBI and FVCIs registered with SEBI  |
| NSE EMERGE Platform                      | NSE EMERGE SME Platform, approved by SEBI as an SME Exchange for listing of equity shares Offered under Chapter XB of the SEBI ICDR Regulations.  |
| Person or Persons                        | Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, Company, partnership, limited liability Company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.   |
| Prospectus                               | The Prospectus, filed with the RoC containing, inter alia, the Offer opening and closing dates and other information.   |
| Public Offer Account                     | Account opened with Bankers to the Offer for the purpose of transfer of monies from the SCSBs from the ASBA accounts on the Designated Date.  |
| Qualified Foreign Investors / QFIs       | Non-resident investors other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs who meet 'know your client' requirements prescribed by SEBI.  |
| Qualified Institutional Buyers / QIBs    | Public financial institutions as defined in Section 2 (72) of the Companies Act, 2013, Foreign Portfolio Investor other than Category III Foreign Portfolio Investor, AIFs, VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of ₹ 250 million, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, Government of India, eligible for Bidding and does not include FVCIs and multilateral and bilateral institutions. |
| Registrar and Share Transfer Agents/RTAs | Registrar and Share Transfer Agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI  |
| Registrar / Registrar to the Offer       | Registrar to the Offer being Sharex Dynamic (I) Private Limited   |
| Retail Individual Investors              | Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than ₹2,00,000   |
| Self Certified Syndicate Bank(s) / SCSBs | A Bank registered with SEBI under the SEBI (Bankers to an Offer) Regulations, 1994 and Issues the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>   |
| Share Escrow Agent                       | Share Escrow agent appointed pursuant to the Share Escrow Agreement, being [●]  |
| Share Escrow Agreement                   | Agreement dated [●] entered into between the Selling Shareholders, our Company, the Escrow Agent and the Lead Manager in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees.   |
| TRS / Transaction Registration Slip      | The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the Applicant, as proof of registration of the Application.  |

| Term                   | Description  |
|------------------------|--|
| Underwriters           | Aryaman Financial Services Limited and Aryaman Capital Markets Limited.                                  |
| Underwriting Agreement | The Agreement among the Underwriters, the Selling Shareholders and our Company dated September 12, 2017. |
| U.S. Securities Act    | U.S. Securities Act of 1933, as amended.   |
| Working Day            | All trading days of the Stock Exchange excluding Sundays and Bank holidays in Mumbai.                    |

#### Technical / Industry related Terms

| Term                         | Description   |
|------------------------------|---|
| ASSOCHAM                     | The Associated Chambers of Commerce & Industry of India   |
| BCG                          | Boston Consulting Group   |
| Creel                        | A rack holding bobbins or spools when spinning.   |
| CSO                          | Central Statistics Organisation   |
| EPI                          | Ends per Inch   |
| H1 / H2                      | 1 <sup>st</sup> half or 2 <sup>nd</sup> half of a financial year                                      |
| IIP                          | Index of Industrial Production  |
| IMF                          | International Monetary Fund   |
| ISM                          | Institute for Supply Management   |
| KVIP                         | Khadi and Village Industries Commission   |
| MMF                          | Man Made Fibre  |
| Mtrs / Month                 | Meters per Month  |
| NASSCOM                      | The National Association of Software and Services Companies   |
| NER Textile Promotion Scheme | North East Region Textile Promotion Scheme  |
| PMI                          | Purchasing Manufacturer's Index   |
| PPP                          | Purchasing Power Parity   |
| QC / QA                      | Quality Control / Quality Analysis  |
| Q1 / Q2 / Q3 / Q4            | 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> or 4 <sup>th</sup> Quarter of a financial year    |
| Q-o-Q                        | Quarter on Quarter  |
| TUFS                         | Technology Up-gradation Fund Scheme   |
| Warper Beam                  | A roller, located at the back of a loom, on which the warp ends are wound in preparation for weaving. |

#### Conventional Terms / General Terms / Abbreviations

| Term   | Description   |
|--|---|
| A/c  | Account   |
| AGM  | Annual General Meeting  |
| AIF  | Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 |
| AS / Accounting Standards                                      | Accounting Standards as issued by the Institute of Chartered Accountants of India   |
| ASBA   | Applications Supported by Blocked Amount  |
| AY   | Assessment Year   |
| BSE  | BSE Limited   |
| CAGR   | Compounded Annual Growth Rate   |
| Category II foreign portfolio investor(s) / Category II FPIs   | FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations   |
| Category III foreign portfolio investor(s) / Category III FPIs | FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations  |
| CDSL   | Central Depository Services (India) Limited   |
| CFO  | Chief Financial Officer   |
| CIN  | Company Identification Number   |

| Term                         | Description   |
|------------------------------|---|
| CIT                          | Commissioner of Income Tax  |
| Client ID                    | Client identification number of the Applicant's beneficiary account   |
| Companies Act                | Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification. |
| Companies Act, 1956          | The Companies Act, 1956, as amended from time to time   |
| Companies Act, 2013          | The Companies Act, 2013 published on August 29, 2013 and applicable to the extent notified by MCA till date.  |
| CSR                          | Corporate Social Responsibility   |
| CST                          | Central Sales Tax   |
| DIN                          | Director Identification Number  |
| DP                           | Depository Participant as defined under the Depositories Act  |
| DP ID                        | Depository Participant's identification   |
| ECS                          | Electronic Clearing System  |
| EOGM                         | Extraordinary General Meeting   |
| EMDEs                        | Emerging Market and Developing Economies  |
| EPS                          | Earnings Per Share  |
| FCNR Account                 | Foreign Currency Non Resident Account   |
| FDI                          | Foreign Direct Investment   |
| FEMA                         | Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under   |
| FIIIs                        | Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India   |
| FPIs                         | Foreign Portfolio Investors as defined under the SEBI FPI Regulations   |
| FIPB                         | Foreign Investment Promotion Board  |
| FY / Fiscal / Financial Year | Period of twelve months ended March 31 of that particular year, unless otherwise stated   |
| GDP                          | Gross Domestic Product  |
| GoI/Government               | Government of India   |
| GST                          | Goods & Services Tax  |
| HNI                          | High Networth Individuals   |
| HUF                          | Hindu Undivided Family  |
| IAS Rules                    | Indian Accounting Standards, Rules 2015   |
| IFRS                         | International Financial Reporting Standards   |
| Indian GAAP                  | Generally Accepted Accounting Principles in India   |
| Ind. AS                      | Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015   |
| I.T. Act                     | Income Tax Act, 1961, as amended from time to time  |
| ICAI                         | Institute of Chartered Accountants Of India   |
| ICSI                         | Institute of Company Secretaries Of India   |
| IPO                          | Initial Public Offering   |
| ISIN                         | International Securities Identification Number  |
| KM / Km / km                 | Kilo Meter  |
| Merchant Banker              | Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992  |
| MoF                          | Ministry of Finance, Government of India  |
| MICR                         | Magnetic ink character recognition  |
| MOU                          | Memorandum of Understanding   |
| NA / N. A.                   | Not Applicable  |
| NAV                          | Net Asset Value   |
| NECS                         | National Electronic Clearing Service  |
| NEFT                         | National Electronic Fund Transfer   |
| NoC                          | No Objection Certificate  |



| Term   | Description  |
|--|--|
| NRE Account  | Non Resident External Account  |
| NRI  | A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management(Deposit) Regulations, 2000  |
| NRO Account  | Non Resident Ordinary Account  |
| NSDL   | National Securities Depository Limited   |
| NSE  | 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 60.00% by NRIs including overseas trusts, in which not less than 60.00% 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 |
| p.a.   | per annum  |
| P/E Ratio  | Price/Earnings Ratio   |
| PAC  | Persons Acting in Concert  |
| PAN  | Permanent Account Number   |
| PAT  | Profit After Tax   |
| PLR  | Prime Lending Rate   |
| RBI  | The Reserve Bank of India  |
| ROE  | Return on Equity   |
| RONW   | Return on Net Worth  |
| Rupees / Rs. / ₹                                       | Rupees, the official currency of the Republic of India   |
| RTGS   | Real Time Gross Settlement   |
| SCRA   | Securities Contract (Regulation) Act, 1956, as amended from time to time   |
| SCRR   | Securities Contracts (Regulation) Rules, 1957, as amended from time to time  |
| SEBI   | Securities and Exchange Board of India   |
| SEBI Act   | Securities and Exchange Board of India Act, 1992   |
| SEBI AIF Regulations                                   | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012   |
| SEBI FII Regulations                                   | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995   |
| SEBI FPI Regulations                                   | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014   |
| SEBI FVCI Regulations                                  | Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000  |
| SEBI ICDR Regulations                                  | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009  |
| SEBI LODR Regulations, 2015 / SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified on September 2, 2015   |
| SEBI SAST Regulations                                  | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011   |
| Sec.   | Section  |
| Securities Act   | U.S. Securities Act of 1933, as amended  |
| SICA   | Sick Industrial Companies (Special Provisions) Act, 1985   |
| STT  | Securities Transaction Tax   |
| TIN  | Taxpayers Identification Number  |
| TDS  | Tax Deducted at Source   |
| US/United States                                       | United States of America   |
| USD/ US\$/ \$  | United States Dollar, the official currency of the Unites States of America  |
| VAT  | Value added tax  |
| VCF / Venture Capital Fund                             | Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.   |

## CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

All references to “India” contained in this Draft Prospectus are to the Republic of India. In this Draft Prospectus, our Company has presented numerical information in “lakhs” units. One lakh represents 1,00,000.

### Financial Data

Unless stated otherwise, the financial data in this Draft Prospectus is derived from our audited financial statements for the Fiscal Years ended March 31, 2017, 2016, 2015, 2014 and 2013, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations and included in this Draft Prospectus. Our Fiscal Year commences on April 1 and ends on March 31 of the following year. In this Draft Prospectus, any discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

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

Any percentage amounts, as set forth in the section titled “*Risk Factors*”, chapters titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page nos. 10, 86 and 159 of this Draft Prospectus, respectively, and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated on the basis of our audited financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations.

### Currency, Units of Presentation and Exchange Rates

All references to “Rupees”, “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “US Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

This Draft Prospectus may contain conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

### Definitions

For definitions, for details please see the Chapter titled “*Definitions and Abbreviations*” on page no. 1 of this Draft Prospectus in the Section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page no. 248 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

### Industry and Market Data

Unless stated otherwise, the industry and market data and forecasts used throughout this Draft Prospectus has been obtained from industry sources as well as Government Publications. Industry sources as well as Government Publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Further, the extent to which the industry and market data presented in this Draft Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

## FORWARD-LOOKING STATEMENTS

All statements contained in this Draft Prospectus that are not statements of historical fact constitute 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 Draft Prospectus regarding matters that are not historical facts. Investors can generally identify forward-looking statements by the use of terminology such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “may”, “will”, “will continue”, “will pursue”, “contemplate”, “future”, “goal”, “propose”, “will likely result”, “will seek to” or other words or phrases of similar import. All forward looking statements (whether made by us or any third party) are predictions and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Further the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the Textile Industry in India and overseas in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and overseas which have an impact on our business activities or investments, the monetary and fiscal policies of India and other jurisdictions in which we operate, inflation, deflation, unanticipated volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Other important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- ✓ General economic and business conditions in the markets in which we operate and in the local, regional and national economies
- ✓ Increasing competition in or other factors affecting the industry segments in which our Company operates
- ✓ Changes in laws and regulations relating to the industries in which we operate;
- ✓ Recession in the textile industry / market
- ✓ Volatility of interest rates and inflation
- ✓ Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- ✓ Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
- ✓ Our inability to retain the services of our senior management, key managerial personnel and capable employees;
- ✓ Changes in political and social conditions in India the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices
- ✓ Failure to obtain any applicable approvals, licenses, registrations and permits in a timely manner

For further discussions of factors that could cause our actual results to differ, please see the section titled “*Risk Factors*” and the chapters titled “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page nos. 10, 86 and 159 of this Draft Prospectus, respectively.

By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements speak only as of this Draft Prospectus Our Company, the Selling Shareholders, our Directors, the Lead Manager, and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company, the Selling Shareholders and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading approvals by the Stock Exchange.

## SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in this Draft Prospectus, including the risks described below, before making an investment in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, as well as the other risks and uncertainties discussed in this Draft Prospectus, could have a material adverse effect on our business and could cause the trading price of our Equity Shares to decline and you may lose all or part of your investment. In addition, the risks set out in this Draft Prospectus are not exhaustive. Additional risks and uncertainties, whether known or unknown, may in the future have material adverse effect on our business, financial condition and results of operations, or which we currently deem immaterial, may arise or become material in the future. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with the sections entitled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations on page nos. 86 and 159 of this Draft Prospectus respectively as well as other financial and statistical information contained in this Draft Prospectus. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial information of our Company prepared in accordance with the Companies Act and restated in accordance with the SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto.

### Materiality

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

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

### INTERNAL RISK FACTORS

1. ***Our Company is party to certain legal proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.***

Our Company is party to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals / forums. Mentioned below are the details of the proceedings involving our Company as on the date of this Draft Prospectus along with the amount involved, to the extent quantifiable, based on the materiality policy for litigations, as approved by the Company in its Board meeting held on September 11, 2017.

| Sr. No. | Nature of Case                         | No. of Outstanding cases | Amount in dispute / demanded to the extent quantifiable (in ₹) <sup>(1)</sup> |
|---------|--|--------------------------|---|
| 1.      | <b>Litigations against our Company</b> |                          |   |
| (a)     | Statutory/Regulatory Authorities       | 1                        | Not Quantifiable  |
| (b)     | Direct Tax                             | 1                        | 74,33,874/-   |

<sup>(1)</sup> The amount mentioned above may be subject to additional interest rates and/or penalties being levied by the concerned authorities for delay in making payment or otherwise. Amount of interest and/ or penalty that may be levied is unascertainable as on the date of this Draft Prospectus.

There can be no assurance that these litigations will be decided in our favour or in favour of our Company and consequently it may divert the attention of our management and Promoter and waste our corporate resources and

we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For the details of the cases filed by and against our Company, please refer the chapter titled “*Outstanding Litigations and Material Developments*” on page no. 172 of this Draft Prospectus.

- 2. We require certain approvals and licenses in the ordinary course of business and are required to comply with certain rules and regulations to operate our business, and the failure to obtain, retain and renew such approvals and licences or comply with such rules and regulations, and the failure to obtain or retain them in a timely manner or at all may adversely affect our operations.***

We require several statutory and regulatory permits, licenses and approvals to operate our business, some of which our Company has either received, applied for or is in the process of application. Many of these approvals are granted for fixed periods of time and need renewal from time to time. Non-renewal of the said permits and licenses would adversely affect our Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all.

Further, some of our permits, licenses and approvals are subject to several conditions and we cannot provide any assurance that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, which may lead to the cancellation, revocation or suspension of relevant permits, licenses or approvals. Any failure by us to apply in time, to renew, maintain or obtain the required permits, licenses or approvals, or the cancellation, suspension or revocation of any of the permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on the business. Further, our Company is required to obtain the (i) No Objection Certificate/ Approval from the Chief Fire Officer in accordance with the provisions of the Maharashtra Fire Prevention and Life Safety Measures Act, 2006; and (ii) file the Information Memorandum in Form 1-A under Clause 4 of Textile (Development and Regulation) Order, 2001 before the Textile Commissioner for installation of textile machinery. However, the same has not been obtained/filed by the Company as on the date of filing the Draft Prospectus and our Company may therefore be liable to penalties/seizure of its machinery/actions as may be mandated by the applicable legislations. Further, if we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change, we may incur increased costs, be subject to penalties or suffer a disruption in our business activities, any of which could adversely affect our results of operations.

For further details, please refer chapters titled “*Key Industry Regulations and Policies*” and “*Government and Other Statutory Approvals*” on page nos. 99 and 179 respectively of this Draft Prospectus.

- 3. Substantial portion of our revenues has been dependent upon our few clients. The loss of any one or more of our major clients would have a material effect on our business operations and profitability.***

Our customers include various distributors that market our products, direct sellers and also large corporate houses. For the financial year ended March 31, 2017, our top ten clients accounted for approximately 76.50% of our gross revenue from operations. The loss of any significant client would have a material effect on our financial results. We cannot assure you that we can maintain the historical levels of business from these clients/distributors or that we will be able to replace these clients/distributors in case we lose any of them. Furthermore, major events affecting our clients, such as bankruptcy, change of management, mergers and acquisitions could impact our business. If any of our major clients becomes bankrupt or insolvent, we may lose some or all of our business from that client and our receivable from that client would increase and may have to be written off, impacting our income and financial condition.

- 4. We do not have any long-term agreement or contract for supply of Yarn and Grey Fabric used in our manufacturing unit or other service providers due to which we may face disruptions in supply from our current suppliers or service providers and are also exposed to price and supply fluctuations for our raw materials.***

We are, to a major extent, dependent on external suppliers for our raw materials requirements and we do not have any long-term supply agreements or commitments in relation to the same or for any other raw materials used in our manufacturing process and typically transact on an invoice basis for each order. There can be no assurance that there will not be a significant disruption in the supply of raw materials or finished products from current sources



or, in the event of a disruption, that we would be able to locate alternative suppliers of materials or third party manufacturers of comparable quality on terms acceptable to us, or at all. Identifying a suitable supplier involves a process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labour and other ethical practices. Consequently, we are also exposed to price fluctuations in yarn, grey cloth and other raw materials, and these fluctuations may adversely affect our ability to obtain orders and/or to execute them in a timely manner, which would have a material adverse effect on our business, results of operations and financial condition.

In case of non-availability of raw materials on favourable terms, we may have to procure the same at the terms and conditions prevalent at that point. This will result in reducing our revenues by a considerable amount due to shortage of raw material or due to inability to procure the same. Further, unfavourable terms of raw materials may also force us to reduce the scale of our operations resulting in a down-sizing of our overall business. We may have to put on hold any expansion plans and our future growth will be severely stunted. Any delay, interruption or increased cost in the supply of yarn / fabric arising from a lack of long-term contracts could have an adverse effect on our ability to meet customer demand for our products and result in lower revenue from operations both in the short and long term.

**5. *We do not have any agreement with the third party service providers to whom we outsource some processes like sizing and other allied work; consequently we are exposed to price and supply fluctuations for the same.***

Our Company relies on local third parties for outsourcing some of the processes like sizing, dyeing and other chemical related work on yarn, grey fabric and finished fabric. We outsource work to them on invoice basis and have no agreements with them. Further, we cannot assure you that our third party service providers will continue to be associated with us on reasonable terms, or at all. Since such third party service providers are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms to such third party service providers, which may cause them to cater to our competitors alongside, or even instead of us. Also, in the absence of any contract, they may discontinue their job-work on a short notice and our production process may be stalled or hindered due to this. We may have to rely on in-experienced or costlier or unprofessional processing units which may compromise the quality of our finished products.

Consequently, we may be exposed to price and supply fluctuations in these areas which may have a material effect on our business, results of operations and financials.

In case of we are unable to outsource our various processes and other chemical related work on yarn, grey fabric and finished fabric works locally, we may have to get this work done at the terms and conditions prevalent at that point. Further, this may result in us reducing our scale of operations resulting in downsizing of our overall business. We may have to put on hold any expansion plans and our future growth will be severely stunted.

**6. *Our Company has not entered into any long-term contracts with most of its customers and we typically operate on the basis of orders. Inability to maintain regular order flow would adversely impact our revenues and profitability***

Our Company has had long standing business relationships with certain customers and has been supplying our products to such customers for several years. However, we have not entered into any contracts with these customers and we cater to them on an order-by-order basis; except with Raymond Limited, with whom we have entered into an Agreement dated November 05, 2015. As a result, our customers can terminate their relationships with us without any notice and, without consequence, which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our products. Our Company's customers have no obligation to place order with us and may either cancel, reduce or delay orders. The orders placed by our Company's customers are dependent on factors such as the customer satisfaction with the level of service that our Company provides, fluctuation in demand for our Company's products and customer's inventory management.

Although we place a strong emphasis on quality, timely delivery of our products and after sales service such as feedback on the trends in their market, personal interaction by the top management with the customers, etc., in the absence of contracts, any sudden change in the buying pattern of buyers could adversely affect the business and the profitability of our Company.



Further, though our agreement with Raymond Ltd. has been signed for an indefinite period, the agreement is liable to be terminated on notice basis and also on non-fulfilment of its terms. If we fail to comply with the terms, including quality of the product and timeliness of the delivery, not only we may face a termination of this agreement, but will also adversely affect our market reputation which in turn may affect our business operations and financial condition.

**7. *Inventories and trade receivables form a major part of our current assets and net worth. Failure to manage our inventory and trade receivables could have an adverse effect on our net sales, profitability, cash flow and liquidity.***

Our Company's business is working capital intensive and hence, inventories and trade receivables form a major part of our current assets and net worth. The results of operations of our business are dependent on our ability to effectively manage our inventory (raw material and finished goods) and trade receivables.

To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. However, if our management misjudges expected customer demand, it could cause either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory we manufacture or purchase, we may be required to write-down our inventory or pay our suppliers without new purchases, or create additional vendor financing, all of which could have an adverse impact on our income and cash flows.

To effectively manage our trade receivables, we must be able to accurately evaluate the credit worthiness of our customers and dealers and ensure that suitable terms and conditions are given to them in order to ensure our continued relationship with them. However, if our management fails to accurately evaluate the credit worthiness of our customers, it may lead to bad debts, delays in recoveries and / or write-offs which could lead to a liquidity crunch, thereby adversely affecting our business and results of operations. A liquidity crunch may also result in increased working capital borrowings and, consequently, higher finance cost which will adversely impact our profitability.

**8. *Our operations are subject to high working capital requirements. Our inability to maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet requirement of working capital or pay out debts, could adversely affect our operations.***

Our business requires significant amount of working capital. Major Portion of our working capital is utilized towards debtors and inventory. We have a sanctioned limit for working capital of ₹ 5,329.50 lakhs from the existing bankers / financial institutions, including fund based (₹ 3,509.50 lakhs) and non fund based (₹ 1,820.00 lakhs) limits. Our growing scale and expansion, if any, may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations.

Further, we have high Debtors which may result in a high risk in case of non-payment by these Debtors. In the event we are not able to recover our dues from our Debtors, we may not be able to maintain our Sales level and thus adversely affecting our financial health. If this situation persists, we may not be able to pay our lenders / creditors and we may be forced to go for Corporate Debt Restructuring (CDR) which may result in adversely affecting our operations and future prospects.

**9. *Intellectual property rights are important to our business. Since our business is based on trust and identity and using the same for maintain, acquiring and servicing our clients, it is very important for us to ensure confidentiality of our intellectual property rights. We may be unable to protect them from being infringed by others, including our current and / or future competitors / employees.***

Our trademarks and patents are our material assets and are crucial to our business operations. As on the date of this Draft Prospectus, we have not obtained registration for our new corporate logo "SCS" and also for our brands logos i.e. "Pierricarlo", "cotbbelly's" & "Earthen Belly", and hence we do not enjoy the statutory protection accorded to a registered trademark. Though, we have made application for the same under Class 25 and Class 24 with application nos. 3618820, 3395981, 3395982 and 3618819, respectively, there can be no assurance that our application will succeed. Grounds for refusal of registration may include the validity or scope of the application. If

we are unable to obtain a registration, we may still continue to use the above mentioned logos but remain vulnerable to infringement and passing-off by third parties and will not be able to enforce any rights against them. We may also need to change our logos which may adversely affect our reputation, existing brand market and business and could require us to incur additional costs.

Further, though we have obtained registration for the name “Pierri Carlo” under class 24, third parties may infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Our efforts to protect our intellectual property may not be adequate and any third party claim on any of our unprotected name logo may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time-consuming and costly and a favourable outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. We cannot assure that any unauthorized use by third parties of the trademarks will not similarly cause damage to our business prospects, reputation and goodwill.

For further details, see “Our Business — Intellectual Property” on page no. 96 of this Draft Prospectus.

**10. We are dependent on third party transportation providers for the delivery of raw materials and products. Accordingly, continuing increases in transportation costs or unavailability of transportation services for our products, as well the extent and reliability of Indian infrastructure may have an adverse effect on our business, financial condition, results of operations and prospects**

We use third party transportation providers for the supply of most of our raw materials and for delivery of our products to our customers. Transportation strikes could have an adverse effect on our receipt of raw materials and our ability to deliver our products to our customers. Non-availability of ships, barges, trucks and railway cars could also adversely affect our receipt of raw materials and the delivery of our products.

In addition, transportation costs in India have been steadily increasing over the past several years. While usually the end consumer bears the freight cost, we may not always be able to pass on these costs to our customers. Continuing increases in transportation costs or unavailability of transportation services for our products may have an adverse effect on our business, financial condition, results of operations and prospects.

In addition, India’s physical infrastructure is less developed than that of many developed nations, and problems with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity, including our supply of raw materials and the delivery of our products to customers by third-party transportation providers. Any deterioration of India’s physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have a material adverse effect on our results of operations and financial condition.

**11. Our Company has reported certain negative cash flows from its investing and financing activities, details of which are given below. Sustained negative cash flow could impact our growth and business in the future.**

Our Company had reported certain negative cash flows from its investing and financing activities in the previous years as per the restated financial statements and the same are summarized as under:

(₹ in lakhs)

| Particulars                         | For the year ended March 31, |          |          |          |            |
|-------------------------------------|------------------------------|----------|----------|----------|------------|
|                                     | 2017                         | 2016     | 2015     | 2014     | 2013       |
| Cash flow from Operating Activities | 298.26                       | 124.00   | 428.35   | 211.65   | 982.55     |
| Cash flow from Investing Activities | 6.35                         | (133.79) | 330.45   | 86.44    | (1,577.42) |
| Cash flow from Financing Activities | (373.67)                     | 135.41   | (774.99) | (249.21) | 617.21     |

For details, please refer “Management’s Discussion and Analysis of Financial Conditions and Results of Operations of our Company” on page no. 159 of this Draft Prospectus.

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external

resources. If our Company is not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

**12. We have significant power requirements for continuous running of our factories. Any disruption to our operations on account of interruption in power supply or any irregular or significant hike in power tariffs may have an effect on our business, results of operations and financial condition.**

Our factories, godown and offices have significant electricity requirements and any interruption in power supply to our factories, godown and offices may disrupt our operations. Our business and financial results may be affected by any disruption of operations. We depend on third parties for all of our power requirements. Since we have significant power consumption, any unexpected or significant increase in its tariff can increase the operating cost of factories, godown and offices and production cost which we may not be able to pass on to our customers. There are limited number of electricity providers in area from where we operate due to which in case of a price hike we may not be able to find a cost-effective substitute, which may negatively affect our business, financial condition and results of operations.

**13. Our success depends heavily upon our Promoters and Senior Management for their continuing services, strategic guidance and financial support.**

Our success depends heavily upon the continuing services of Mr. Sukanraj Shah, Mr. Vicky Shah and Mr. Sahil Shah, who are the natural person in control of our Company. Mr. Vicky Shah currently serves as our Managing Director and Chief Financial Officer and his experience and vision has played a key role in obtaining our current market position. Mr. Sukanraj Shah and Mr. Sahil Shah as Whole Time Directors have also played a pivotal role in the production and marketing areas, respectively. We believe that our relation with our Promoters, who have rich experience in setting up business, developing markets, managing customers and handling overall businesses, has enabled us to experience growth and profitability. We benefit from our relationship with our Promoters and our success depends upon the continuing services of our Promoters who have been responsible for the growth of our business and are closely involved in the overall strategy, direction and management of our business. Further, our Promoters have also promoted other companies / firms / ventures and may continue to do so. If they divert their attention to the other companies, we may not be able to function as efficiently and profitably as before. We may have to incur additional costs to replace the services of our promoters or we may not be able to do so at all, which could adversely affect our business operations and affect our ability to continue to manage and expand our business.

Further, we also depend significantly on our Key Managerial Persons for executing their day to day activities. If our Promoters / Directors or any member of the senior management team is unable or unwilling to continue in his present position, we may not be able to replace him easily or at all, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, we depend on our Executive Directors / Promoters in procuring certain bank loans and for the extension of unsecured loans and advances from time to time. We rely on our Directors and persons in control of our Promoter, in relation to certain of our bank loans for which they have granted certain security and personal guarantees. Further, our Promoter Group have from time to time, extended loans and advances to our Company for various business purposes ("Unsecured Loans"). For details, see "Annexure XXVI – Related Party Transactions" and chapter titled "Financial Indebtedness" on page nos. 154 and 167 respectively of this Draft Prospectus. We cannot assure you that any future financing we obtain without guarantees from our Promoters or from unrelated third-parties will be on terms which are equal to or more favourable than the terms of our past financings.

**14. Some of the immovable properties used by us are on lease and leave and licence basis. If we are unable to renew existing lease and leave and license or relocate operations on commercially reasonable terms, there may be an effect on our business, results of operations and prospects.**

We do not own some of the premises from where we operate. We have entered into a lease agreement for our manufacturing unit at Bhiwandi and a leave and license agreement for our Registered Office in Mumbai, both of which are renewable based on the terms of the agreement. Periodic renewals of short-term leases may increase our costs, since they are subject to rent escalation. Further, if we are required to relocate our factories and registered office as a result of any termination or non-renewal of our leases and leave and license, we may incur additional cost as a result of such relocation. If we are unable to renew the agreements pursuant to which we occupy the premises on terms and conditions acceptable to us, or at all, we may have to relocate to other places.

Any failure or difficulty faced by us in renewing leases, or disputes or other problems that we may face in the future with lessees may affect our business and prospects. For further details of our Properties, please refer to section titled "Our Business" beginning on page no. 97 of this Draft Prospectus.

**15. Our Company has allotted Equity Shares during the preceding one year from the date of the Draft Prospectus which is lower than the Offer Price.**

Our Company has allotted the following Equity Shares during the preceding one year from the date of the Draft Prospectus which is lower than the Offer Price:

| Date of Allotment | No. of Equity Shares | FV (₹) | Issue Price (₹) | Nature of Allotment | Allotted Person   | Benefits Accrued to the Company |
|-------------------|----------------------|--------|-----------------|---------------------|---|---------------------------------|
| July 26, 2017     | 17,95,460            | 10     | Nil             | Bonus Issue         | Allotted to all the Shareholders of the company as on the date of allotment | Expansion of Capital            |

**16. Our Company has availed ₹ 351.35 lakhs as unsecured loan which are repayable on demand. Any demand from the lenders for repayment of such unsecured loan may affect our cash flow and financial condition.**

Our Company, as per the restated financial statement, has availed total sum of ₹ 351.35 lakhs as unsecured loan as on March 31, 2017, which may be recalled at any time. Sudden recall may disrupt our operations and also may force us to opt for funding at higher interest rates, resulting in higher financial burden. Further, we will not be able to raise funds at short notice and thus result in shortage of working capital fund. For further details, please refer the chapter "Financial Indebtedness" on page no. 167 of this Draft Prospectus. Any demand for the repayment of such unsecured loan, may adversely affect our cash flow and financial condition.

**17. We constantly face a credit risk which may in turn affect our complete buying cycle adversely.**

As a textile manufacturing and trading Company, our primary competence is the ability to manufacture, finish and market our textile products for various consumer segments, and hence exploit the benefits of variety, economies of scale and credit shortage in the textile trade. Our requirement of working capital is high mainly due to our ability to procure and store sufficient amounts of raw materials and finished goods, thus relieving our units with disruptions and work stoppages. Once the production process is complete, we are required to give sufficient credit period to our customers in order to maintain our customer relations and competitiveness. Our Debtors turnover period is an average approximately 80 days while our Creditors turnover period ranges in approximately 55 days leading to a considerable working capital gap.

Our aforementioned buying cycle is heavily dependent on timely payments being received from our customers. If there is a default in payment from any of our customers or there is any unforeseeable delay in payment, our working capital cycle will be adversely affected. This may lead to our inability to maintain our inventories and thus lack the competitive advantage against various other manufacturers leading to an adverse effect on our business operations and profitability.

**18. We have availed of certain loans from Banks, pursuant to the Financing Agreements that we have entered into with them. Pursuant to the terms of such agreements, we require consents from the respective Bankers for a number of corporate actions, including for undertaking this Offer, which have not been obtained as on date. Any failure to obtain such consents may result in a default under the terms of the Financing Agreements.**

Pursuant to the Financing Agreements entered into by us with the Bankers, we are required to obtain consents from the respective Bankers to undertake certain actions, including this Offer and for completion of the requirements pertaining to this Offer. Though, we have informed our bankers orally of our intention to undertake this Offer, we have not obtained consents from one these bankers and the same is awaited.

While our Company intends to obtain all the necessary consents in relation to this Offer from our bankers prior to the filing of the Prospectus with the RoC, undertaking this Offer without obtaining these consents, or in contravention of any conditions contained in such contents, may constitute a breach of the Financing Agreements.

Any default under the Financing Agreements may enable our bankers to cancel any outstanding commitments, accelerate the repayment and enforce their security interests. If our obligations under the Financing Agreements are accelerated, our financial condition and operations could materially and adversely be affected.

**19. Our Company's manufacturing activities are labour intensive and depend on availability of skilled and unskilled labourers in large numbers. In case of unavailability of such labourers and / or inability to retain such personnel, our business operations could be affected.**

Our Company has employed 120 employees all of whom are on our payrolls. The above includes employees in the Top and middle management (including Executive Directors), and also employees who are part of manufacturing unit and office staff. Our operations and performance are labour intensive and depends on our ability to identify, attract and retain both skilled and unskilled labour. In case such labour is unavailable or we are unable to identify and retain such labourers, our business could be adversely affected.

Further, there are instances where we need to hire additional contract labour, either for specialized jobs or during periods of high customer orders. We have not entered into any agreement for hiring additional labourers and thus availability of appropriately skilled labour cannot be guaranteed. Any failure to hire the appropriate labour may impact the operations and impair our client relations.

**20. Orders placed by customers may be delayed, modified, cancelled or not fully paid for by our customers, which may have an adverse effect on our business, financial condition and results of operations**

We may encounter problems in executing the orders in relation to our products, or executing it on a timely basis. Moreover, factors beyond our control or the control of our customers, including delays or failure to obtain necessary permits, authorizations, permissions and other types of difficulties or obstructions, may result in the postponement of the delivery of products or cause its cancellation. Further, since we do not execute contracts with our customers, the order could be cancelled or there could be changes in scope and / or scheduled delivery of the products. Accordingly, it is difficult to predict with certainty if, when, and to what extent we may be able to deliver the orders placed. Failure to deliver products on time could lead to customers delaying or refusing to pay the amount, in part or full, which may adversely affect our business

In addition, even where a delivery proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. While we have not yet experienced any material delay, reduction in scope, cancellation, execution difficulty, delay or default in payment with regard to the orders placed with us, or any material disputes with customers in respect of any of the foregoing, any such adverse event in the future could materially harm our cash flow position and income. Any delay, modification, cancellation of order by our large customers may have material adverse effect on our financial condition and results of operations.

**21. We have high financial indebtedness which could adversely affect our financial condition and results of operations and further we may not be able to meet our obligations under the debt financing agreements.**

We have outstanding loans aggregating to ₹ 4,744.33 lakhs as on March 31, 2017 as per restated financial statements from various commercial banks and financial institutions consisting of ₹ 4,392.98 lakhs of secured loans and ₹ 351.35 lakhs of unsecured loans. In the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lenders could declare us to be in default, accelerate the maturity of our obligations or takeover our project or even sell our Company's movable and immovable assets. We cannot assure investors that in the event of any such acceleration we will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flows generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings. Incurring significant indebtedness may limit our flexibility in planning for or reacting to changes in our business & industry and limit our ability to borrow additional funds. Further, our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;



- limiting our ability to borrow more money both now and in the future; and
- increasing our interest expenditure and adversely affecting our profitability

For further details please refer the chapter “*Financial Indebtedness*” on page no. 167 of this Draft Prospectus.

**22. *Our manufacturing and storage units are concentrated only in 1 area in India i.e. Bhiwandi. Our results of operations could be materially and adversely affected if such facilities are disrupted.***

All our manufacturing and trading operations are based in our manufacturing unit and our storage unit, both of which are based in the area of Bhiwandi, Thane in Maharashtra. These units are the one of the main locations from where we sell our manufactured products and also dispatch our traded goods. Because of the concentration of our people and other resources at these units, our results of operations could be materially and adversely affected if one or more of those facilities are damaged as a result of a natural disaster, including an earthquake, flood, fire, or other event that disrupts our business or causes material damage to our property. Further, any disruption of transport services and other infrastructure problems may halt or hinder our manufacturing and trading operations. Also, our operations in these units may be interrupted due to discontinuation / non renewal or cancellation of the existing lease agreements on these places. Since we do not have any back-up facilities, it could be difficult for us to maintain or resume our operations quickly in the aftermath of such a disaster / event. Further, we also do not have any insurance to cover any such loss or damage to our assets.

**23. *Our Company depends on timely identification of evolving fashion trends and creating new designs. Any lag on the part of our Company in this regard may adversely affect our business operations.***

The key success factor in the textiles business is in creating appealing designs and colour combinations to create buyer appeal. In order to be in line with this success factor, we maintain a team of in house designers who design and develop the products as per customer's needs. This team works on the development of designs by analyzing the needs of clients by parameters like latest dyeing combinations, new printing techniques & patterns and most importantly the feedback gained from the sales of the similar products that were designed earlier. Our inability to tap the changing fashion can lead to rejection and obsolescence of our textiles thus damaging goodwill, business operations and financial conditions. It is very important for the designing team and also the Company's management to have a good understanding of the trends prevailing in that particular country.

**24. *Our funding requirements and deployment of the issue proceeds are based on management estimates and actual cost may vary compared with the estimated amount.***

Our funding requirement and deployment of the proceeds of the issue are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by banks or financial institutions and are based on our estimates. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and, consequently, our funding requirements may also change as a result of various factors which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the working capital limits maintained from time to time at the discretion of our board. In addition, schedule of implementation as described herein are based on management's current expectations and our subject to change due to various factors some of which may not be in our control. The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee.

**25. *The deployment of the Net Proceeds from the Fresh Issue are based on management estimates and have not been independently appraised by any bank or financial institution and is not subject to any monitoring by any independent agency and our Company's management will have flexibility in utilizing the Net Proceeds from the Fresh Issue.***

Our Company intends to primarily use the Net Proceeds from the Fresh Issue towards working capital as described in “*Objects of the Offer*” on page no. 65 of this Draft Prospectus. In terms of Regulation 16 of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency since the Fresh Issue size is not in excess of ₹ 100 crores. The management of our Company will have discretion to use the Net Proceeds from the Fresh Issue, and investors will be relying on the judgment of our Company's management regarding the application of the Net Proceeds from the Fresh Issue. Our Company may have to revise its management estimates from time to time and



consequently its requirements may change. Additionally, various risks and uncertainties, including those set forth in this section “Risk Factors”, may limit or delay our Company’s efforts to use the Net Proceeds from the Fresh Issue to achieve profitable growth in its business.

Further, pursuant to Section 27 of the Companies Act 2013, any variation in the objects would require a special resolution of the Shareholders and would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to change the objects of the Offer, at a price and manner as specified in Chapter VI-A of the SEBI ICDR Regulations pursuant to the SEBI ICDR (Second Amendment) Regulations, 2016 dated February 17, 2016. Additionally, the requirement on Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may deter the Promoters or controlling shareholders from agreeing to the variation of the proposed utilisation of our Net Proceeds, even if such variation is in our interest. Further, we cannot assure you that our Promoters or the controlling shareholders will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price which may be prescribed by SEBI.

Accordingly, prospective investors in the Issue will need to rely upon our management’s judgment with respect to the use of Net Proceeds. If we are unable to enter into arrangements for utilization of Net proceeds as expected and assumed by us in a timely manner or at all, we may not be able to derive the expected benefits from the proceeds of the Issue and our business and financial results may suffer.

***26. Our business is dependent on our operating facilities. The loss or shutdown of our facilities could have a material adverse effect on our business, financial condition and results of operations***

Our facilities at Bhiwandi are subject to operating risks, such as shutdowns due to the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, adequate utilisation rates, obsolescence of equipment, labour disputes, strikes, lockouts, industrial accidents, disruption by extremist groups, or any other reason, and the need to comply with the directives and regulations of the Government of India (“GoI”) and relevant state government authorities. We are heavily reliant on floor workers at our unit, including those workers who are hired on a daily wage / per piece basis and are not on a fixed payroll. Our inability to continue to procure such services or any disputes with this group of labour would severely affect our operations and may cause a under-utilisation of our capacities or a total shut down.

Our operations involve a significant degree of integration, and our results of operations are dependent on the successful operation of each facility. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition, results of operations and prospects may be adversely affected by any disruption of operations at our facilities.

***27. Our insurance coverage may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

Our business, assets and vehicles could suffer damage from fire, natural calamities, misappropriation or other causes, resulting in losses, which may not be fully compensated by insurance. There can be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by our Company or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

Further, our Company is required to renew these insurance policies from time to time and in the event, we fail to renew the insurance policies within the time period prescribed in the respective insurance policies or not obtain at all, our Company may face significant uninsured losses. If our Company suffers a large uninsured loss or if any insured loss suffered, significantly exceeds our insurance coverage, our business, financial condition and results of operations may be adversely affected.

***28. We face competition in our business from organized and unorganized players, which may adversely affect our business operation and financial condition.***

The State of Maharashtra and especially Bhiwandi is a hub for the Textile Industry and this has resulted in huge competitive pressures. We may have to confront pressures in respect of pricing; product quality etc. from the clients and such pressures may put strain on our profit margins which may consequently affect the financial position of our Company. Competition emerges not only from the organized sector but also from the unorganized sector and from both small and big players. We are also in direct competition with the leading textile

manufacturing units in India as well as the local units. Our Competitiveness is also measured by the technology we adopt as the textile industry is rapidly growing in India and in International Markets. Some of our clients might export their final products which in turn compel us to meet international standards also. Our inability to compete with this intense competition; local, national and international will have material adverse impact on our Company's financial position.

**29. Our Company has entered into certain related party transactions in the past and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.**

Our Company has entered into certain transactions with our related parties including our Promoter, Promoter Group, Directors and their relatives. While we believe that all such transactions have been conducted on the arm's length basis, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties.

Furthermore, it is likely that we may enter into related party transactions in the future. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition. For details, please refer "*Financial Statements – Related Party Transactions*" on page no. 154 of this Draft Prospectus.

**30. There are various negative covenants in the sanction letters issued to us by our lenders, which could put us at a competitive disadvantage and could have an adverse effect on our business, results of operations and financial condition.**

The sanction letter issued to us contains provisions that restrict our ability to do, among other things, any of the following:

- To make any change in the constitution/Shareholding pattern without the prior written.
- To avail any loan from any Bank or financial institution without the prior written consent.
- To create or allow to exist any encumbrance or security over assets specifically charged with the bank, without any prior written consent.
- To have any additional current accounts with other Banks, without the knowledge and written consent of the Bank;
- To declare dividends/ withdraw any amount in any form of salary/ remuneration/ incentive/ commission by the Promoters/ Directors in case of overdue with the Bank.
- To change directors/ ownership/ promoters/ major shareholders without the written consent of the Bank.
- To divert any funds and/or launch any new scheme/business without prior permission of the Bank

Further the company has created a charge on its assets in favour of their bankers against the assets of the company. In case of default by the company in repayment of the loans, bankers may exercise their rights over the security, which may be detrimental to the interest of the company. For details, please refer "*Financial Indebtedness*" on page no. 167 of this Draft Prospectus.

Also, we are required to obtain the required consents of the lenders before undertaking certain significant corporate actions. We cannot assure you that the lenders will grant the required approvals in a timely manner, or at all. The time required to secure consents may hinder us from taking advantage of a dynamic market environment. In addition to the restrictions listed above, we are required to maintain certain financial ratios under our financing agreements. These financial ratios and the restrictive provisions could limit our flexibility to engage in certain business transactions or activities.

Additionally, our borrowings are secured by our movable, immovable or tangible assets (whether existing or future) and by a personal guarantee of our Promoter / Promoter Group. Such securities enable the lenders to cancel any outstanding commitments, accelerate the repayment, exercise cross default provisions and enforce their security interests on the occurrence of events of default such as a breach of financial covenants, failure to obtain the proper consents, failure to perfect security as specified and such other covenants that are not cured. It is possible that we may not have sufficient funds upon such an acceleration of our financial obligations to pay the principal amount and interest in full. Further, if we are forced to issue additional equity to the lenders, your ownership interest in our Company will be diluted. It is also possible that future financing agreements may contain similar or more onerous covenants and may also result in higher interest cost.

If any of these events were to occur, our business, results of operations and financial condition may be adversely affected.

**31. Our success largely depends on our ability to attract and retain our Key Managerial Personnel. Any loss of our Key Managerial Personnel could adversely affect our business, operations and financial condition.**

Our Company is depending significantly on the expertise, experience, and continued efforts of our Key Managerial Personnel. If one or more members of our Key Managerial Personnel are unable or unwilling to continue in his/her present position, it may be difficult to find a replacement, and business might thereby be adversely affected. Our industry requires personnel with specific technical knowledge and experience for our software development and software services.

Competition for Key Managerial Personnel in our industry is intense and it is possible that our Company may not be able to retain existing Key Managerial Personnel or may fail to attract/ retain new employees at equivalent positions in the future. As such, loss of Key Managerial Personnel could adversely affect our business, results of operations and financial condition. For further details on the key managerial personnel of our Company, please refer to the chapter titled “Our Management” beginning on page no. 109 of this Draft Prospectus.

**32. In addition to normal remuneration, other benefits and reimbursement of expenses our Directors (including our Promoters) and Key Management Personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.**

Some of our Directors (including our Promoters) and Key Management Personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company, in addition to normal remuneration, incentives or benefits and reimbursement of expenses. We cannot assure you that our Directors or our Key Management Personnel would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, our Directors will continue to exercise significant control over our Company, 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 may be unable to affect the outcome of such voting. Our Directors may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions. We cannot assure you that our Directors will always act to resolve any conflicts of interest in our favour, thereby adversely affecting our business and results of operations and prospects.

**33. Our Group entity Parag Housing Developments Private Limited has incurred losses in two (2) of the last three (3) financial years .**

Our Group Entity Parag Housing Developments Private Limited has incurred losses during the financial years preceding the current financial year, details of which are as under:

(₹ in lakhs)

| Name of Company                            | For the year ended March 31, |        |        |
|--|------------------------------|--------|--------|
|  | 2017                         | 2016   | 2015   |
| Parag Housing Developments Private Limited | 0.55                         | (0.29) | (0.08) |

**34. Contingent liabilities could adversely affect our financial condition. Crystallization of any of these contingent liabilities may adversely affect our financial condition.**

As of March 31, 2017, our contingent liabilities as indicated in our Restated Financial Statements and also certified by our statutory auditors were as follows:

(₹ in lakhs)

| Particulars                  | As at March 31, |              |              |              |          |
|------------------------------|-----------------|--------------|--------------|--------------|----------|
|                              | 2017            | 2016         | 2015         | 2014         | 2013     |
| <b>On Pending Litigation</b> |                 |              |              |              |          |
| Income Tax                   | 74.34           | 74.34        | 74.34        | 74.34        | -        |
| <b>Total</b>                 | <b>74.34</b>    | <b>74.34</b> | <b>74.34</b> | <b>74.34</b> | <b>-</b> |

We believe these claims will be dismissed, But in the event that any of our contingent liabilities materialize, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future. For further information, please refer “Annexure XXVII - Contingent Liability” on page no. 156 of this Draft Prospectus.

**35. Our Company if not able to manage our growth or to successfully implement our business plan could have an effect on our business, results of operations and financial condition.**

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy involves focusing on Optimal Utilization of Resources and to develop relationships with customer and suppliers. For further details, see the section titled “Our Business – Our Strategies” on page no. 89 of this Draft Prospectus. Our success in implementing our growth strategies may be affected by:

- Our ability to identify new markets to expand;
- Our ability to maintain the quality of our products;
- Changes in the Indian regulatory environment in field of Textiles

If our Company is not able to execute our strategy on time and within our estimated budget, or that our expansion and development plans will increase our profitability. Any of these factors could impact our results of operations. Further, we expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and implement our growth strategy could have an effect on our business, financial condition and profitability.

**36. The Company will not receive any proceeds from the Offer for Sale.**

This Offer includes an Offer for Sale of Equity Shares by the Selling Shareholders. The entire proceeds from the Offer for Sale will be transferred to the Selling Shareholders and the Company will not receive any of the proceeds pertaining to the Offer for Sale. For further details, see the chapter titled “Objects of the Offer” on page no. 65 of this Draft Prospectus.

**37. Our Company might be unable to meet certain delivery obligations including timelines of delivery, due to which, it could become liable to claims by customers, suffer adverse publicity and incur substantial costs, which in turn could adversely affect our results of operations.**

Many of our orders involve providing services that are critical to the operations of our customers business. Any failure or defect in services could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect. Our Company has commitments for safe and timely delivery of the cargo. Any failure to meet the scheduled timelines set by our customers or loss or damage to cargo may lead to our customers raising claims against us.

Although Our Company is attempting to limit its contractual liability for all the damages, including consequential damages, while rendering the services, our Company cannot be assured that the limitations on liability it provides for, in the service contracts will be enforceable in all cases.

**38. Our Promoters have extended personal guarantees in connection with certain of our debt facilities. There can be no assurance that such personal guarantees will be continued to be provided by our Promoters in the future or can be called at any time, affecting the financial.**

Our Promoters have provided personal guarantees for our borrowings to secure our loans. If any of these guarantees are revoked, our lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure alternative guarantees satisfactory to our lenders, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, or to agree to more onerous terms under our financing agreements, which may limit our operational flexibility. Accordingly, our business, financial condition, results of

operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoters in connection with our Company's borrowings.

**39. *Our Promoters and Promoter Group will continue to retain majority shareholding in us after the Issue, which will allow them to exercise significant influence over us and potentially create conflicts of interest.***

The current Issue includes fresh issue of Equity Shares and Offer for Sale by our Promoters and Promoter Group. Our Promoter and Promoter Group may beneficially own approximately 72.76% of our post-Issue equity share capital. As a result, the Promoter Group may have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. In addition, for so long as the Promoter Group continues to exercise significant control over the Company, they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. The Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

**40. *Employee misconduct, errors or fraud could expose us to business risks or losses that could adversely affect our business prospects, results of operations and financial condition. middle***

Employee misconduct, errors or frauds could expose us to business risks or losses, including regulatory sanctions, penalties and serious harm to our reputation. Such employee misconduct includes breach in security requirements, misappropriation of funds, hiding unauthorized activities, failure to observe our stringent operational standards and processes, and improper use of confidential information. It is not always possible to detect or deter such misconduct, and the precautions we take to prevent and detect such misconduct may not be effective. In addition, losses caused on account of employee misconduct or misappropriation of petty cash expenses and advances may not be recoverable, which we may result in write-off of such amounts and thereby adversely affecting our results of operations. Our employees may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions in which case, our reputation, business prospects, results of operations and financial condition could be adversely affected.

**41. *We may not be able to sustain effective implementation of our business and growth strategies.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. We may not be able to execute our strategies in the future. Further, our growth strategies could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long term business outlook. Further, we operate in a highly dynamic industry, and on account of changes in market conditions, industry dynamics, technological improvements or changes and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands. Our inability to implement our business strategies and sustain our growth may impair our financial growth and thus result in an adverse impact on our Company's share price.

**42. *Any disproportionate increase in labour costs including increase in wage/salary demand, labour unrest or labour claims arising from accidents may adversely affect our business operations and financial conditions.***

Our increasing business operations may require our employee strength to increase in future. In the past our Company has not experienced any labour unrest, but there is no assurance that it will not experience the same at any time in the future. Also, there is a possibility that the labour costs increase disproportionately due to increase in wage/salary demand. In this event, if our Company is unable to pass on the increased costs to our customers, our business operations and financial conditions may be adversely affected.



- 43. In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of the objects / schedule of implementation of this Offer which would in turn affect our revenues and results of operations.**

The funds that we receive would be utilized for the Objects of the Fresh Issue as has been stated in the Chapter “Objects of the Offer” on page no. 65 of the Draft Prospectus. The proposed schedule of implementation of the objects of the Offer is based on our management’s estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Offer, we may have to revise our business, development and working capital plans resulting in unprecedented financial mismatch and this may adversely affect our revenues and results of operations.

- 44. The rate of interest for the loans obtained by us from the banks is variable and any increase in interest rates may adversely affect our results of operations and financial condition.**

Our Company is susceptible to changes in interest rates and the risks arising there from. Our sanction letters provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further the lenders are entitled to change the applicable rate of interest, which is a combination of a base rate that depends upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company’s credit risk rating. For further details of interest payable on our borrowings, please refer to the chapter titled “Financial Indebtedness” on page no. 167 of this Draft Prospectus Further, in recent years, the Government of India has taken measures to control inflation, which have included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition.

- 45. The requirements of being a public listed company may strain our resources and impose additional requirements.**

With the increased scrutiny of the affairs of a public listed company by shareholders, regulators and the public at large, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur in the past. We will also be subject to the provisions of the listing agreements signed with the Stock Exchanges which require us to file unaudited financial results on a quarterly basis. In order to meet our financial control and disclosure obligations, significant resources and management supervision will be required. As a result, management’s attention may be diverted from other business concerns, which could have an adverse effect on our business and operations. There can be no assurance that we will be able to satisfy our reporting obligations and/or readily determine and report any changes to our results of operations in a timely manner as other listed companies. In addition, we will need to increase the strength of our management team and hire additional legal and accounting staff with appropriate public company experience and accounting knowledge and we cannot assure that we will be able to do so in a timely manner.

## **RISK FACTORS RELATED TO EQUITY SHARES**

- 46. Any further issuance of Equity Shares by Our Company or sales of Equity Shares by any significant shareholders may adversely affect the trading price of the Equity Shares.**

Any future issuance of Equity Shares by our Company could dilute the investors’ shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

- 47. There is no existing market for our Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.**

There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares. Prior to the Issue, there has not been a public market for the Equity Shares. Further, we cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. The Offer Price is not indicative of prices that will prevail in the open market following



the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the Offer Price. The market price of the Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- Volatility in the Indian and other Global Securities Markets;
- The performance of the Indian and Global Economy;
- Risks relating to our business and industry, including those discussed in this Draft Prospectus;
- Strategic actions by us or our competitors;
- Investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- Adverse media reports about us, our shareholders or Group Companies;
- Future sales of the Equity Shares;
- Variations in our quarterly results of operations;
- Differences between our actual financial and operating results and those expected by investors and analysts;
- Our future expansion plans;
- Perceptions about our future performance or the performance of transport sector companies generally;
- Performance of our competitors in the Textile industry and the perception in the market about investments in the Textile sector;
- Significant developments in the regulation of the Textile industry in our key locations;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalisation and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations. There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share

Price could fluctuate significantly as a result of market volatility. A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

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

The price of the Equity Shares will be subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

***49. Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.***

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements, and that of our Subsidiary and the dividends they distribute to us. In the past, we have not made dividend payments to the Shareholders of our Company. The Company may decide to retain all future earnings, if any, for use in the operations and expansion of the business. In such situation, the Company may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot state with any certainty whether we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

***50. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized 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) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized 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 the Equity Shares will be exempt from taxation in India in cases where the 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 for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. In addition, changes in the terms of tax treaties or in their interpretation, as a result of renegotiations or otherwise, may affect the tax treatment of capital gains arising from a sale of Equity Shares.

## EXTERNAL RISK FACTORS

### ***51. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.***

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Further, companies meeting certain financial thresholds are also required to constitute a committee of the board of directors for corporate social responsibility activities and ensure that at least 2% of the average net profits of the company during three immediately preceding financial years are utilized for corporate social responsibility activities. Penalties for instances of non-compliance have been prescribed under the Companies Act, 2013, which may result in inter alia, our Company, Directors and key managerial employees being subject to such penalties and formal actions as prescribed under the Companies Act, 2013, should we not be able to comply with the provisions of the New Companies Act within the prescribed timelines, and this could also affect our reputation.

To ensure compliance with the requirements of the Companies Act, 2013 within the prescribed timelines, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. While we shall endeavour to comply with the prescribed framework and procedures, we may not be in a position to do so in a timely manner.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

### ***52. Any changes in the regulatory framework could adversely affect our operations and growth prospects.***

Our Company is subject to various regulations and policies. For details see section titled "Key Industry Regulations and Policies" beginning on page no. 99 of this Draft Prospectus. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the

future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse effect on our business, financial condition and results of operations.

**53. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, financial condition and prospects.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. The GoI has proposed a comprehensive national goods and services tax ("GST") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure which is proposed to be effective from July 01, 2017. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

Further, the General Anti Avoidance Rules ("GAAR") are proposed to be made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

We have not determined the impact of these proposed legislations on our business. Uncertainty in the applicability, Interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, the GoI may introduce a waiver or incentive scheme in relation to specific population segments such as MSEs in public interest, pursuant to which we may be required to Issue our products and services at discounted rates. This may affect our business and results of operations.

**54. *Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse affects on our operations and financial performance.***

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

**55. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, impede travel and other services and ultimately adversely affect our business. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other| adverse social, economic and political events in India could have a negative impact on the value of share prices generally as well as the price of our Equity Shares. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

**56. *Instability in financial markets could materially and adversely affect our results of operations and financial condition.***

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America or Europe, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy and us, thereby resulting in a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares.

**57. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our Company's business.***

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our Company's business and financial performance and ability to obtain financing for capital expenditures.

**58. *Conditions in the Indian securities market and stock exchanges may affect the price and liquidity of our Equity Shares.***

Indian stock exchanges, which are smaller and more volatile than stock markets in developed economies, have in the past, experienced problems which have affected the prices and liquidity of listed securities of Indian companies. These problems include temporary exchange closures to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. Further, a closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of our Equity Shares.

**59. *We will prepare our financial statements from April 1, 2018 onwards under the Indian Accounting Standards ("Ind AS"). As Ind AS is different in many respects from Indian GAAP, our financial statements from April 1, 2018 may not be comparable to our historical financial statements and our financial statements for the year ending March 31, 2017 prepared under Indian GAAP may not be comparable to our financial statements for the year ending March 31, 2017 prepared under Ind AS for comparison purposes. In addition, our transition to Ind AS reporting could have an adverse effect on our business and results of operations.***

We currently prepare our financial statements under Indian GAAP. The Companies (Indian Accounting Standards) Rules, 2015 ("IAS Rules"), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The IAS Rules provide that the financial statements of the companies to which they apply shall be prepared and audited in accordance with Ind AS. Ind AS is different in many respects from Indian GAAP. All NBFCs and HFCs having a net worth of more than ₹ 5,000.00 million are required to mandatorily adopt Ind AS for the accounting period beginning from April 1, 2018, with comparatives for the period ending on March 31, 2017. Although any company may voluntarily implement Ind AS for the accounting period beginning from April 1, 2015, we intend to implement Ind AS for the accounting period beginning from April 1, 2018. As there is not yet a significant body of established practice, such as interpretations of Ind AS, on which to draw in forming judgments regarding the Ind AS implementation and application, we have not determined with any degree of certainty the impact the adoption of Ind AS will have on our financial statements. However, we know that the Ind AS will change our methodology for estimating allowances for doubtful debt losses. Ind AS will require us to value our NPAs by reference to their

market value (if a ready market for such loans exists) or to calculate the present value of the expected future cash flows realisable from our loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate) in estimating allowances for doubtful debt losses. This may result in us recognising higher allowances for doubtful debt losses in the future, which will adversely affect our results of our operations. Accordingly, our financial statements for the period commencing from April 1, 2018 may not be comparable to our historical financial statements and our financial statements for the year ending March 31, 2017 prepared under Indian GAAP may not be comparable to our financial statements for the year ending March 31, 2017 prepared under Ind AS for comparison purposes.

In our transition to Ind AS reporting, we may encounter difficulties in the on-going process of implementing and enhancing our management information systems. Our management may also have to divert significant time and additional resources in order to implement Ind AS on a timely and successful basis. Moreover, there is increasing competition for the small number of Ind AS experienced accounting personnel available as more Indian companies begin to prepare Ind AS financial statements. Therefore, our transition to Ind AS reporting could have an adverse effect on our business and results of operations.

## PROMINENT NOTES

- Investors are free to contact the Lead Manager for any clarification, complaint or information pertaining to the Offer. The Lead Manager, Selling Shareholders and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.
- The Net Worth of our Company as on March 31, 2017 is ₹ 2,942.34 lakhs and the book value of each Equity Share as on March 31, 2017 is ₹ 286.78<sup>(1)</sup> as per our Restated Financial Statements. For more information, please refer the section titled "*Financial Information*" beginning on page no. 133 of this Draft Prospectus.

<sup>(1)</sup>As on March 31, 2017 the Company's paid-up equity capital consists of 10,25,977 number of fully paid up equity shares of face value ₹ 10/- each. Our Company had allotted 17,95,460 bonus shares on July 26, 2017 in the ratio of 7:4. Hence the pre-offer NAV as on March 31, 2017 should be read as ₹ 104.30 per share after adjusting for this event.

- Public Issue of upto 8,88,000 lakh Equity Shares for cash at price of ₹ 150 per share including a premium of ₹ 140 aggregating to ₹ 1,332.00 lakhs. The Issue will constitute 27.24 % of the post-Issue paid-up Equity Share capital of our Company.
- The average cost of acquisition of Equity Shares by our Promoters is.

| Promoter                     | Average cost (₹) |
|------------------------------|------------------|
| Sukanraj Shah                | 33.51            |
| Vicky Shah                   | 4.21             |
| Sahil Shah                   | 6.63             |
| Sukanraj Bhabhutmal Shah HUF | 42.36            |

- Investors are advised to refer to the chapter titled "*Basis for Offer Price*" beginning on page no. 72 of this Draft Prospectus.
- The details of transactions by our Company with our Group Companies or associate during the last year are disclosed under "*Annexure XXVI - Related Party Transactions*" on page no. 154 of this Draft Prospectus.
- There are no financing arrangements whereby the Promoter Group, the Directors of our Company who are the Promoters of our Company, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of 6 (six) months immediately preceding the date of this Draft Prospectus.
- Our Group Company Parag Housing Developments Private Limited does not have any business or other interest in our Company, except as stated in section titled "*Financial Information - Annexure XXVI - Statement of Related*



*Parties Transactions*” on page no. 154 and “*Our Group Companies*” on page no. 128 of this Draft Prospectus and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.

9. Our Company was initially incorporated in the year 1997 as “S K S Textiles Private Limited” under the provisions of the Companies Act 1956, with the Registrar of Companies, Mumbai, Maharashtra, bearing Registration Number 111406. Subsequently, the status of our Company was changed to public limited company and the name of our Company was changed to S K S Textiles Limited vide resolution dated August 21, 2017. A fresh Certificate of Incorporation consequent to the change of name was granted to our Company on September 08, 2017, by the Registrar of Companies, Mumbai, Maharashtra, bearing CIN U17000MH1997PLC111406.

## SECTION III- INTRODUCTION

### SUMMARY OF OUR INDUSTRY

#### INDIAN TEXTILE INDUSTRY

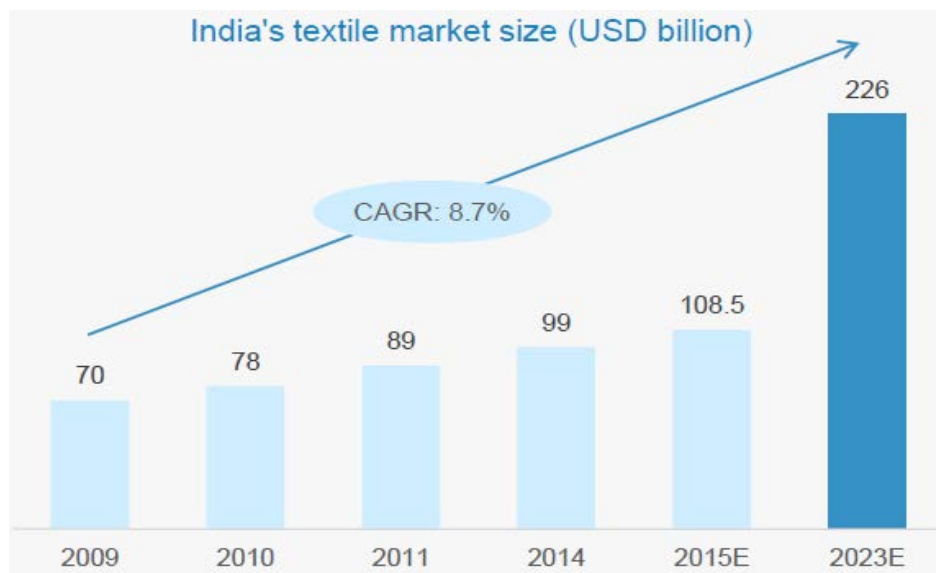
India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 15 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The textile industry employs about 51 million people directly and 68 million people indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

#### Market Size

The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 226 billion by 2023. The Indian Textile Industry contributes approximately 4 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP). Indian khadi products sales increased by 33 per cent year-on-year to Rs 2,005 crore (US\$ 311.31 million) in 2016-17 and is expected to exceed Rs 5,000 crore (US\$ 776.33 million) sales target for 2018-19, as per the Khadi and Village Industries Commission (KVIC).



(Source: Textile & Apparel Industry, IBEF)

The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17. Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles#. The Government of India targets textile and garment sector exports at US\$ 45 billion for 2017-18.

## IMPORT EXPORT IN INDIAN TEXTILES INDUSTRY

The Indian textile Industry is the second largest manufacturer and exporter in the world, second only to China. The industry is of vital importance to the Indian economy. The share of textile and apparel in India's total exports stands at significant 15%. India has a share of 5% of the global trade in textiles and apparels. The industry holds importance from employment point of view as well. It employs 4.5 crore people directly and around 6 crore in allied sectors, including large number of women and rural population. The sector has perfectly aligned with government's key initiatives of Make in India, Skill India, Women empowerment and Rural Youth employment. The Export scenario under textile and apparels is as under:

- Export of textile and apparel products including Handicrafts from India decreased to US\$40 billion during 2015-16 as compared to US\$40.7 during 2014-2015. However, its share in overall export basket of India increased from 13.6% in 2014-2015 to 15% in 2015-2016.
- During 2014-2015, Readymade garments accounted for almost 40% of total textile exports, while in 2015-2016 they accounted for almost 42% of the total textile exports.
- Total textile and apparel exports during 2016(April- Sept) is valued at US\$18.7 billion with a share of 14% in India's total export of US\$ 132 billion during the same period.

### India's Current Export of Textiles (including Jute, Coir & Handicrafts)

| Export                               | 2015 - 16 |          | 2016 - 17 (April - Sept) |          |
|--------------------------------------|-----------|----------|--------------------------|----------|
|                                      | ₹ Crore   | US \$ Mn | ₹ Crore                  | US \$ Mn |
| India Textile & Apparel              | 2,37,392  | 36,254   | 1,41,326                 | 16,819   |
| Handicrafts                          | 22,320    | 3,410    | 16,342                   | 1,943    |
| Total T & C including Handicrafts    | 2,59,712  | 39,664   | 1,54,332                 | 18,762   |
| India's overall exports              | 17,14,424 | 262,004  | 8,83,706                 | 132,033  |
| % Textile Exports of overall exports | 15%       | 15%      | 17%                      | 14%      |

(Source: Ministry of Textile Annual Report 2016-17, Government of India)

### India's Historical Export of Textiles (including Jute, Coir & Handicrafts)

| Items                                     | 2012-13         |               | 2013-14         |               | 2014-15         |               |
|---|-----------------|---------------|-----------------|---------------|-----------------|---------------|
|   | ₹ Crore         | Mn US \$      | ₹ Crore         | Mn US \$      | ₹ Crore         | Mn US \$      |
| Readymade Garments                        | 70,341          | 12,916        | 90,718          | 14,995        | 1,02,943        | 16,835        |
| Cotton Textiles                           | 61,215          | 11,240        | 81,001          | 13,389        | 69,475          | 11,361        |
| Man-made textiles                         | 27,434          | 5,037         | 35,018          | 5,788         | 35,629          | 5,826         |
| Wollen Yarn, Fabrics, Made-ups Etc.       | 664             | 122           | 770             | 127           | 1,234           | 202           |
| Silk Textiles                             | 930             | 171           | 981             | 162           | 889             | 145           |
| Other textile yarn, fabrics, made-ups etc | N.A.            | N.A.          | 2,563           | 424           | 2,444           | 400           |
| <b>TOTAL</b>                              | <b>1,60,584</b> | <b>29,486</b> | <b>2,11,051</b> | <b>34,884</b> | <b>2,12,614</b> | <b>34,769</b> |
| Handicrafts                               | 6,463           | 1,187         | 7,112           | 1,176         | 8,302           | 1,358         |
| Coir & Coir Manufacturers                 | 1,069           | 196           | 1,397           | 231           | 1,743           | 285           |
| Jute                                      | 2,124           | 390           | 2,428           | 401           | 2,242           | 367           |
| Handloom products                         | N.A.            | N.A.          | 2,250           | 372           | 2,260           | 370           |
| <b>TOTAL</b>                              | <b>9,656</b>    | <b>1,773</b>  | <b>13,187</b>   | <b>2,180</b>  | <b>14,547</b>   | <b>2,379</b>  |
| <b>GRAND TOTAL</b>                        | <b>1,70,240</b> | <b>31,259</b> | <b>2,24,238</b> | <b>37,064</b> | <b>2,27,161</b> | <b>37,148</b> |

(Source: Foreign Trade Statistics of India (Principal Commodities & Countries))

The import scenario of the textile industry is as follows:

- India is a major textile exporting country and exports are way more than the imports, Majority of the imports take place for re-export or for special requirements.
- The import of textile and apparels in India marginally increased from US\$3.1 billion during April-Sept 2015 to US\$3.4 billion during same period of the current fiscal year
- Import of textile and apparel product in India marginally reduced from US\$6.1 billion during 2014-2015 to US\$ 6 billion during 2015-2016

(Source: Annual report 2016-2017, Ministry of Textiles)

## COTTON SECTOR

Cotton is one of the most important cash crops and accounts for around 25% of the total global fibre production. Cotton is also one of the most important commercial crops cultivated in India. In the raw material consumption basket of the Indian textile industry, the proportion of cotton is around 59%. It plays a major role in sustaining the livelihood of an estimated 5.8 million cotton farmers and 40- 50 million people engaged in related activities such as cotton processing and trade. India also has the distinction of having the largest area under cotton cultivation in the world i.e. about 11 million hectares. India is the country to grow all four species of cultivated cotton *Gossypium Arboretum* and *Herbaceum* (Asian cotton), *G. Barbadense* (Egyptian cotton) and *G. Hirsutum* (American Upland cotton). *Gossypium Hirsutum* represents 88% of the hybrid cotton production in India and all the current BT cotton hybrids are *G. Hirsutum*. India is the largest producer and 2<sup>nd</sup> largest exporter of cotton in the World. India is also leading consumer of cotton. The details of production and consumption of cotton during the last 5 years is given below:-

(₹ in lakh bales of 170 Kg each)

| Year          | Production | Consumption |
|---------------|------------|-------------|
| 2011-2012     | 367.00     | 375.28      |
| 2012-2013     | 370.00     | 283.16      |
| 2013-2014     | 398.00     | 299.55      |
| 2014-2015     | 386.00     | 309.44      |
| 2015-2016     | 338.00     | 312.00      |
| 2016-2017 (P) | 351.00     | 313.00      |

(Source: Ministry of Textile Annual Report 2016-17 - Cotton Advisory Board)

## Import/Export

Cotton is a freely exportable commodity from India. India exports Cotton mainly to Bangladesh, China, Vietnam, Pakistan, Indonesia, Taiwan, Thailand etc. Even though China was the largest importer of Indian cotton fibre till 2013-14, it became the second largest importer of Indian Cotton fibre in 2014-15, with Bangladesh becoming the largest importer of Indian cotton. Although India is a major producer and exporter of cotton fibre, a small quantity of long fibre variety of cotton which is not available in the country, is imported. The following tables give the import and export figures for the last 5 years:-

(₹ in lakh bales of 170 Kg each)

| Year       | Import | Export |
|------------|--------|--------|
| 2011-12    | 7.51   | 129.57 |
| 2012-13    | 14.59  | 101.43 |
| 2013-14    | 11.51  | 116.96 |
| 2014-15    | 14.39  | 57.72  |
| 2015-16    | 20.00  | 69.00  |
| 2016-17(P) | 17.00  | 50.00  |

(Source: Ministry of Textile Annual Report 2016-17 - Cotton Advisory Board)

## ROAD AHEAD

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian

market. The apparel market in India is estimated to grow at a Compound Annual Growth Rate (CAGR) of 11.8 per cent to reach US\$ 180 billion by 2025.

The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand



## SUMMARY OF OUR BUSINESS

S K S Textiles Limited is an ISO 9000:2015 certified Company engaged in the business of Textile Manufacturing and Trading. Our Company is engaged in the manufacture of grey fabrics and finished fabrics for shirting, suiting, and other accessories for its own brand and also on outsourcing basis for other fabric / garment companies. We have an installed capacity of 3,25,000 mtrs / month for manufacture of various fabrics from natural and man-made fibres specializing in 100% cotton, Giza, Supima, cotton blended fabrics, polyester viscose and polyester cotton. Our Company procures Yarn and process it into Grey Fabric and further processes it into finished fabric as per the client's requirement.

In the year 2012, our Company procured machines with latest technology for manufacturing fabrics and also consequently increased our installed capacity from 2,00,000 mtrs / month to 3,25,000 mtrs / month.

We manufacture various fabrics like 100% Cotton – Lycra and Non-Lycra, Blended Cotton Suiting – Chief Value Cotton, Polyester Cotton, 100% Cotton Yarn Dyed, Polyester Viscose, Terry Rayon Suiting and Mock Linen under our brand names – Pierricarlo, Cotbbelly's and Earthen Belly. Our Company also undertakes corporate orders for Finished Fabrics and Grey Fabrics for corporate brands such as Raymond, Arvind, Siyaram's, Digjam Limited, Ashima, etc. Some of our manufactured products require certain processing like dyeing, value additions etc. which are outsourced to third parties and the finished goods from such third parties are directly sent to our Packing and Storage unit.

Our manufacturing unit is located at Sonale, Bhiwandi in Maharashtra and majority of the manufactured goods are dispatched from this unit itself. We also have a Packing and Storage unit at Kalher, Bhiwandi in Maharashtra and we dispatch the traded goods and certain outsourced processed goods from this unit.

We have a dedicated in-house Testing and Quality Control Team which undertakes rigorous testing and quality management. We have dedicated semi-automatic and manual testing machines. Our Testing and QC team coupled with our testing equipments ensure the quality of raw material dispensed in the production process and also the finished goods delivered to our customers. This helps in improving our procurement process thus reducing wastages, returns and other related costs. For details, please refer to "*Our Business - Testing and Quality Control*" on page no. 94 of this Draft Prospectus.

## OUR STRENGTHS

### *Management Expertise*

One of our Founding Promoter, Mr. Sukanraj Shah is engaged in the textiles business for the more than 48 years, and has a proven background and rich experience in the textile industry. Mr. Vicky Shah, along with Mr. Sukanraj Shah, started the company in 1997 and in the year 2009, Mr. Sahil Shah joined the Company; for further details of our Promoters' experience and background, please refer the chapter titled "*Our Promoter and Promoter Group*" on page no. 124 of this Draft Prospectus. With the combined business acumen and innovative approach, our Promoters have over the years, expanded our scale of operations. Our Company is managed by a team of experienced and professional personnel. The team comprises of personnel having technical, operational and business development experience. We believe that our management team's experience and their understanding of the textiles business will enable us to continue to take advantage of both current and future market opportunities. It is also expected to help us in addressing and mitigating various risks inherent to our business, including significant competition, reliance on independent agents, and fluctuations in textiles prices.

### *Established Marketing Setup and Diversified Customer Base*

Our Company was incorporated in the year 1997 and we are engaged in the manufacturing fabrics and trading of finished fabric.

We have an efficient sales & marketing team operating out of at our registered office. With more than 45 years of experience, our founding promoter, Mr. Sukanraj Shah has been instrumental in acquiring and maintaining a substantial customer base. Also, over the years our Promoters have built strong ties with various national and multi-national textile companies like Raymond, Arvind, Digjam, Siyaram's, etc. which is then serviced by our marketing team. The marketing team consists of well experienced and qualified people to develop maintain and increase relations with our customers. Our marketing team also plays an important role in the development of new products based on their study

and feedback on latest industrial needs. We maintain our customer relations by meeting them personally and suggesting them value added propositions.

### ***Strategic Location of Manufacturing and Utility Units***

Our Company has 1 (one) manufacturing unit for manufacturing and 1 (one) packing and storage unit in the State of Maharashtra.

Both our Units are strategically located with the following benefits:

- The manufacturing unit located in, Sonale, Bhiwandi is in proximity to the city of Mumbai and is approximately 50 km from the Mumbai International Airport. It is within a radius of 30 km from the National Highway 42.
- The Packing Unit is located in proximity to the manufacturing unit and is within a radius of 10 km. This gives a strategic advantage for packing and storing the products.
- Raw materials are sourced locally and are easily available and / or deliverable from the manufacturers located in Maharashtra to our Unit as majority of our suppliers has nationwide reach. Thus, procurement of raw materials is less time consuming and comparatively cheaper due to savings on time and freight.
- Skilled and semi-skilled workers are easily available in Bhiwandi, Thane district, Maharashtra in view of the large number of existing and upcoming Textile industries / sectors in these areas.
- Government has created various infrastructural facilities conducive for growth of all manufacturing companies.

### ***Cordial Relationship between management and labour***

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since inception.

### ***Strong Technological Capabilities***

We use latest technology and machinery procured from major suppliers/distributors in India. We have installed latest machineries like Air-jet Weaving machines, name writing jacquards, etc. which are capable of weaving fabrics in different patterns, designs and also print the customised name tags for our customers in a single cycle. Even the folding and packing processes are carried on latest machines which guarantee quality check and precision. These modern machineries also help us in maintaining high quality standards and thus retain various national and multi-national customers. The latest technology enables radical design and innovation in creating new looks and new trends. Technology has helped us in rolling out new combination of designs and prints.

### ***Consistency in Quality and Service Standards***

We follow stringent quality standards in our manufacturing unit to ensure that our products meet required customer standards. These standards ensure the quality consistency of the manufactured product by ensuring that we employ well trained staff, have sufficient premises and equipment for manufacturing.

We have an in-house testing and quality control mechanism having automatic / semi-automatic and mechanical checking machines, operated by skilled operators, under proper quality control and strict supervision. We have Rolling cum checking machines at both our manufacturing and packing & storing units.

### ***Scalable Business Model***

Our business model is order driven, and comprises of optimum utilization of our Narrow Width and Wider Width processing facilities, maximum capacity utilization, developing linkages with quality raw material suppliers and achieving consequent economies of scale. We believe that this business model has proved successful and scalable for us in the last few financial years. We can scale upward as per the requirement generated by our Company. The business scale generation is basically due to the development of new markets both international and domestic, by adopting aggressive marketing of the product, innovation in the product range and by maintaining the consistent quality of the product.

**Product mix and Market mix**

Our Company deals in a range of products like Suiting Fabrics, Trouser fabrics, jacketing fabrics and Other Accessories etc. Our extensive product portfolio of 100% Cotton – Lycra and Non-Lycra, Giza, Supima, Blended Cotton Suiting – Chief Value Cotton, Polyester Cotton, 100% Cotton Yarn Dyed, Polyester Viscose, Terry Rayon Suiting and Mock Linen has given us immense opportunity to expand and explore new markets. These products have wide scale applications not only in the ready-made garment industry but also in various fashion accessories and footwear.

**Cost effective production and timely fulfilment of orders**

Timely fulfilment of the orders is a prerequisite in our industry. Our Company has taken various steps in order to ensure adherence to timely fulfilment and also to achieve greater cost efficiency at our existing Bhiwandi unit. These steps include identifying quality yarn and grey cloth suppliers (which forms a bulk of our raw material cost), smooth labour relations, use of an efficient production system and ability to meet large and varied orders due to our capacity and linkages with raw material suppliers.

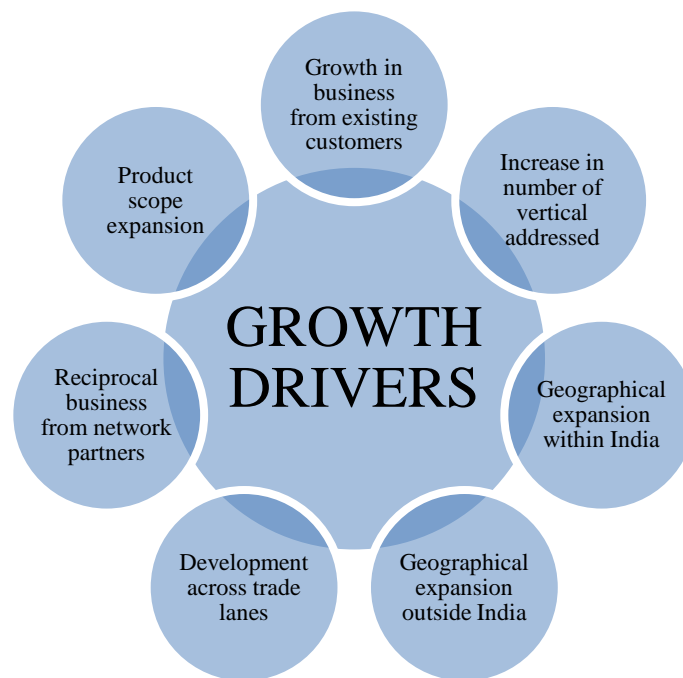
Our Company also has enjoyed good relations with our suppliers of yarn and grey cloth which is the primary raw material for our products and as a consequence has had the benefit of timely supplies of the raw materials which has been one of the major reasons why we have been able to achieve timely fulfilment of orders of our customers. Our Company constantly endeavours to implement an efficient procurement policy for inputs required for production so as to ensure cost efficiency in procurement which in turn results in cost effective production.

**For risks related to our business, our Company and our industry, see “Risk Factors” on page no. 10 of this Daft Prospectus.**

**OUR STRATEGIES**

Our strategic objective is to improve and consolidate our position as a Textile manufacturing Unit with a continuous growth philosophy. The diagram below represents our continuous growth philosophy being implemented on a day-to-day basis.

Our continuous growth philosophy is being driven with the strategic levers of operational excellence, strengthening existing services, customer satisfaction, ecosystem development, innovation and marketing.



### ***Increasing Operational efficiency***

We continue to invest in increasing our operational efficiency throughout the organization. We are addressing the increase in operational output through continuous process improvement, QC / QA activities, customer service, consistent quality and technology development. Alignment of our people to 'process improvement' through change management and upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is wide spread among all the employees.

### ***Expand Our Geographical network***

Our historically developed distribution in domestic market has been critical to our growth. We intend to continue developing and nurturing existing market, and create new distribution channels in under and non-penetrated geographies. We aim to further develop our domestic sales networks in those territories where there are lower transportation costs and those which have a significant demand of our products, where we can sell at price-points that can effectively offset higher transportation costs. Such expansion plans are intended to be effected by in-house examination of the market potential of various territories and our available distribution network in such geographies.

### ***Creativity***

Our Company has always been driven by the quest to develop a new trend and constantly strives to develop better products which appeal to our constantly growing customer base. Also our company provides mix and match fabric to attract our customers and dealers. Our Company's forte lies in its ability to translate its vision into realities using, technology and personnel who successfully supervise each new venture undertaken.

### ***Optimal Utilization of Resources***

Our Company constantly endeavours to improve our service process, and will increase manufacturing process to optimize the utilization of resources. We have invested significant resources, and intend to further invest in our activities to develop customized systems and processes to ensure effective management control. We regularly analyze our existing policies to be carried out for operations of our Company which enable us to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

### ***To build-up a professional organization***

As an organization, we believe in transparency and commitment in our work and with our customers. We have an experienced team for taking care of our day to day operations. We also consult with external agencies on a case to case basis on technical and financial aspects of our business. We will consistently put efforts among its group of experienced employees to transform them into an outstanding team of empowered professionals which helps in further accelerating the wheels of development of the Organization.

## SUMMARY OF FINANCIAL INFORMATION

### Annexure I STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in lakhs)

| Particulars                                      | As at March 31, 2017 |                  |                 |                 |                 |
|--|----------------------|------------------|-----------------|-----------------|-----------------|
|  | 2017                 | 2016             | 2015            | 2014            | 2013            |
| <b>EQUITY AND LIABILITIES</b>                    |                      |                  |                 |                 |                 |
| <b>Shareholder's fund</b>                        |                      |                  |                 |                 |                 |
| a) Equity Share Capital                          | 102.60               | 102.60           | 102.60          | 102.60          | 70.61           |
| b) Reserves and surplus                          | 2,845.31             | 2,693.98         | 2,559.00        | 2,476.38        | 1,792.45        |
| <b>Share Application Money Pending Allotment</b> | -                    | -                | -               | -               | 497.50          |
| <b>Total</b>                                     | <b>2,947.91</b>      | <b>2,796.58</b>  | <b>2,661.60</b> | <b>2,578.98</b> | <b>2,360.56</b> |
| <b>Non-current liabilities</b>                   |                      |                  |                 |                 |                 |
| a) Long Term Borrowings                          | 451.04               | 749.47           | 705.15          | 994.95          | 1,118.25        |
| b) Deferred Tax Liabilities (net)                | 223.94               | 214.12           | 170.77          | 161.15          | 139.11          |
| c) Other Long Term Liabilities                   | 12.33                | 11.00            | -               | -               | -               |
| d) Long Term Provisions                          | 15.45                | 13.29            | 11.35           | 9.13            | 7.09            |
| <b>Total</b>                                     | <b>702.75</b>        | <b>987.88</b>    | <b>887.27</b>   | <b>1,165.23</b> | <b>1,264.45</b> |
| <b>Current liabilities</b>                       |                      |                  |                 |                 |                 |
| a) Short-term borrowings                         | 3,978.79             | 3,476.29         | 2,830.86        | 2,809.27        | 2,501.42        |
| b) Trade payables                                | 1,976.13             | 2,726.79         | 1,734.92        | 1,615.02        | 1,534.37        |
| c) Other Current Liabilities                     | 323.34               | 330.25           | 300.92          | 241.57          | 69.99           |
| d) Short-term provisions                         | 231.84               | 135.64           | 65.75           | 33.54           | 93.69           |
| <b>Total</b>                                     | <b>6,510.11</b>      | <b>6,668.97</b>  | <b>4,932.44</b> | <b>4,699.40</b> | <b>4,199.47</b> |
| <b>TOTAL</b>                                     | <b>10,160.77</b>     | <b>10,453.43</b> | <b>8,481.31</b> | <b>8,443.60</b> | <b>7,824.49</b> |
| <b>ASSETS</b>                                    |                      |                  |                 |                 |                 |
| <b>Non - Current Assets</b>                      |                      |                  |                 |                 |                 |
| a) Fixed Assets                                  |                      |                  |                 |                 |                 |
| i) Tangible assets                               | 3,396.29             | 3,365.61         | 3,188.58        | 3,458.51        | 3,438.48        |
| ii) Intangible assets                            |                      |                  |                 |                 |                 |
| Gross Block                                      | 3,396.29             | 3,365.61         | 3,188.58        | 3,458.51        | 3,438.48        |
| Less Depreciation                                | 1,581.34             | 1,425.63         | 1,279.94        | 1,100.95        | 855.07          |
| <b>Net Block</b>                                 | <b>1,814.95</b>      | <b>1,939.98</b>  | <b>1,908.65</b> | <b>2,357.56</b> | <b>2,583.41</b> |
| b) Non- Current Investments                      | -                    | 25.00            | 25.00           | 25.00           | 28.51           |
| c) Long term Loans & Advances                    | 45.23                | 46.33            | 43.31           | 44.11           | 61.20           |
| <b>Total</b>                                     | <b>1860.18</b>       | <b>2011.31</b>   | <b>1976.96</b>  | <b>2426.67</b>  | <b>2673.12</b>  |
| <b>Current Assets</b>                            |                      |                  |                 |                 |                 |
| a) Inventories                                   | 4,217.45             | 3,929.29         | 3,856.24        | 3,212.59        | 2,428.30        |
| b) Trade Receivables                             | 3,380.90             | 3,768.22         | 2,086.83        | 2,349.52        | 2,294.56        |
| c) Cash and Cash equivalents                     | 177.64               | 246.70           | 121.09          | 137.28          | 88.41           |
| d) Short-term loans and advances                 | 513.28               | 492.33           | 438.16          | 315.59          | 340.11          |
| e) Other Current Assets                          | 11.32                | 5.58             | 2.04            | 1.95            | -               |
| <b>Total</b>                                     | <b>8300.59</b>       | <b>8442.12</b>   | <b>6504.35</b>  | <b>6016.94</b>  | <b>5151.37</b>  |
| <b>TOTAL</b>                                     | <b>10,160.77</b>     | <b>10,453.43</b> | <b>8,481.31</b> | <b>8,443.60</b> | <b>7,824.49</b> |



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

(₹ in lakhs)

| Particulars   | For the year ended March 31, 2017 |                  |                  |                  |                  |
|---|-----------------------------------|------------------|------------------|------------------|------------------|
|   | 2017                              | 2016             | 2015             | 2014             | 2013             |
| <b>INCOME:</b>  |                                   |                  |                  |                  |                  |
| Revenue from Operations                                     | 15,688.14                         | 14,685.96        | 13,069.07        | 11,939.76        | 11,233.72        |
| Other Income  | 187.14                            | 95.73            | 106.62           | 102.96           | 54.03            |
| <b>Total income</b>   | <b>15,875.28</b>                  | <b>14,781.70</b> | <b>13,175.69</b> | <b>12,042.72</b> | <b>11,287.74</b> |
| <b>EXPENSES:</b>  |                                   |                  |                  |                  |                  |
| Cost of Material Consumed                                   | 14,884.81                         | 13,604.56        | 12,681.59        | 11,590.26        | 10,787.17        |
| Changes in inventories                                      | (288.16)                          | (73.05)          | (643.65)         | (784.29)         | (494.20)         |
| Employee benefits expense                                   | 143.36                            | 128.57           | 147.95           | 135.48           | 110.79           |
| Finance cost  | 578.84                            | 551.33           | 507.58           | 560.52           | 472.09           |
| Depreciation and amortization expense                       | 155.72                            | 145.69           | 178.99           | 245.88           | 159.40           |
| Administration and other expenses                           | 134.93                            | 161.12           | 146.49           | 134.08           | 103.85           |
| <b>Total expenses</b>                                       | <b>15,609.50</b>                  | <b>14,518.23</b> | <b>13,018.94</b> | <b>11,881.93</b> | <b>11,139.10</b> |
| <b>Net Profit / (Loss) before exceptional items and tax</b> | <b>265.78</b>                     | <b>263.47</b>    | <b>156.74</b>    | <b>160.79</b>    | <b>148.64</b>    |
| Exceptional items   | -                                 | 6.33             | 6.96             | -                | -                |
| <b>Net Profit / (Loss) before tax</b>                       | <b>265.78</b>                     | <b>257.14</b>    | <b>149.79</b>    | <b>160.79</b>    | <b>148.64</b>    |
| <b>Less: Tax expense</b>                                    |                                   |                  |                  |                  |                  |
| (i) Current tax   | 95.00                             | 69.17            | 31.50            | 30.00            | 39.87            |
| (ii) MAT Credit   |                                   |                  |                  |                  |                  |
| (iii) Deferred tax  | 9.82                              | 43.35            | 9.63             | 22.03            | 26.90            |
| <b>Total Tax Expense</b>                                    | <b>104.82</b>                     | <b>112.52</b>    | <b>41.13</b>     | <b>52.03</b>     | <b>66.77</b>     |
| <b>Net Profit / ( Loss ) after tax</b>                      | <b>160.96</b>                     | <b>144.62</b>    | <b>108.66</b>    | <b>108.75</b>    | <b>81.87</b>     |

**Annexure III**  
**CASH FLOW STATEMENT, AS RESTATED**

(₹ in lakhs)

| Particulars   | As at March 31, |                 |                 |                 |                   |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|
|   | 2017            | 2016            | 2015            | 2014            | 2013              |
| <b>Cash flow from operating activities:</b>                       |                 |                 |                 |                 |                   |
| Net Profit before tax as per Profit And Loss A/c                  | 265.78          | 257.14          | 149.78          | 160.79          | 148.64            |
| Adjusted for:   |                 |                 |                 |                 |                   |
| Depreciation & Amortisation                                       | 155.72          | 145.69          | 178.99          | 245.88          | 159.40            |
| Interest & Finance Cost   | 578.84          | 551.33          | 507.58          | 560.52          | 472.09            |
| Interest Received   | (22.21)         | (32.24)         | (76.94)         | (102.96)        | (53.97)           |
| Capital Subsidy Received  | (9.64)          | (9.64)          | (9.64)          | -               | -                 |
| Gratuity Provision  | 2.89            | 2.59            | 2.98            | 2.73            | 2.23              |
| Loss on Sale of Investment  | 11.50           |                 |                 |                 |                   |
| <b>Operating Profit Before Working Capital Changes</b>            | <b>982.88</b>   | <b>914.87</b>   | <b>752.76</b>   | <b>866.96</b>   | <b>728.40</b>     |
| Adjusted for (Increase) / Decrease:                               |                 |                 |                 |                 |                   |
| Trade Receivables   | 387.31          | (1,681.39)      | 262.69          | (54.97)         | 48.19             |
| Inventories   | (288.16)        | (73.05)         | (643.65)        | (784.29)        | (494.20)          |
| Short Term Loans and Advances                                     | (20.94)         | (54.18)         | (122.57)        | 24.52           | (118.90)          |
| Other Current Assets  | (5.75)          | (3.53)          | (0.09)          | (1.95)          | -                 |
| Trade Payables  | (750.65)        | 991.87          | 119.89          | 80.65           | 751.90            |
| Short Term Provisions   | 0.47            | 0.07            | (0.04)          | 0.02            | (0.14)            |
| Other Current Liabilities   | (6.91)          | 29.33           | 59.34           | 171.58          | 67.30             |
| <b>Cash Generated From Operations Before Extra-Ordinary Items</b> | <b>298.26</b>   | <b>124.00</b>   | <b>428.35</b>   | <b>302.52</b>   | <b>982.55</b>     |
| Add:- Extra-Ordinary Items  | -               | -               | -               | -               | -                 |
| <b>Cash Generated From Operations</b>                             | <b>298.26</b>   | <b>124.00</b>   | <b>428.35</b>   | <b>302.52</b>   | <b>982.55</b>     |
| Direct Tax Paid   | -               | -               | -               | (90.87)         | -                 |
| <b>Net Cash Flow from/(used in) Operating Activities: (A)</b>     | <b>298.26</b>   | <b>124.00</b>   | <b>428.35</b>   | <b>211.65</b>   | <b>982.55</b>     |
|   |                 |                 |                 |                 |                   |
| <b>Cash Flow From Investing Activities:</b>                       |                 |                 |                 |                 |                   |
| Purchase of Fixed Assets  | (30.68)         | (248.36)        | (1.41)          | (20.03)         | (1,632.25)        |
| Sale of Fixed Assets  | -               | 71.33           | 254.93          | -               | -                 |
| Non- Current Investments  | 13.50           | -               | -               | 3.51            | 0.86              |
| Other Long Term Liabilities                                       | 1.33            | 11.00           | -               | -               | -                 |
| Interest Received   | 22.21           | 32.24           | 76.94           | 102.96          | 53.97             |
| <b>Net Cash Flow from/(used in) Investing Activities: (B)</b>     | <b>6.35</b>     | <b>(133.79)</b> | <b>330.45</b>   | <b>86.44</b>    | <b>(1,577.42)</b> |
|   |                 |                 |                 |                 |                   |
| <b>Cash Flow from Financing Activities:</b>                       |                 |                 |                 |                 |                   |
| Issue of Share Capital  | -               | -               | -               | 36.68           | -                 |
| Securities Premium Received                                       | -               | -               | -               | 474.11          |                   |
| Share Application Money received pending Allotment                | -               | -               | -               | (497.50)        | 247.50            |
| Increase / (Decrease) in Long Term Borrowing                      | (298.43)        | 44.32           | (289.80)        | (123.30)        | 863.76            |
| Increase / (Decrease) in Short Term Borrowing                     | 502.50          | 645.43          | 21.59           | 307.85          | 7.20              |
| Increase / (Decrease) in Long Term Loans and Advances             | 1.10            | (3.02)          | 0.80            | 17.09           | (29.16)           |
| Capital Subsidy Received  | -               | -               | -               | 96.38           | -                 |
| Interest & Financial Charges paid                                 | (578.84)        | (551.33)        | (507.58)        | (560.52)        | (472.09)          |
| <b>Net Cash Flow from/(used in) Financing Activities (C)</b>      | <b>(373.67)</b> | <b>135.41</b>   | <b>(774.99)</b> | <b>(249.21)</b> | <b>617.21</b>     |

|   |                |               |                |               |              |
|---|----------------|---------------|----------------|---------------|--------------|
|   |                |               |                |               |              |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b> | <b>(69.06)</b> | <b>125.62</b> | <b>(16.20)</b> | <b>48.88</b>  | <b>22.33</b> |
| <b>Cash &amp; Cash Equivalents As At Beginning of the Year</b>        | <b>246.70</b>  | <b>121.09</b> | <b>137.28</b>  | <b>88.41</b>  | <b>66.04</b> |
| <b>Cash &amp; Cash Equivalents As At End of the Year</b>              | <b>177.64</b>  | <b>246.70</b> | <b>121.09</b>  | <b>137.29</b> | <b>88.38</b> |

Note: The cash flow statement has been prepared on the basis of restated statement of profit & loss and balance sheet.

## THE OFFER

### PRESENT OFFER IN TERMS OF THIS DRAFT PROSPECTUS

|  |  |
|--|--|
| <b>Equity Shares Offered<sup>(1)</sup>:</b><br>Present Offer of Equity Shares by our Company and the Selling Shareholders <sup>(2)</sup> : | 8,88,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 150 per share aggregating ₹ 1,332.00 lakhs. |
|--|--|

**Consisting of:**

|                                     |  |
|-------------------------------------|--|
| <b>Fresh Issue</b>                  | 4,38,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 150 per share aggregating ₹ 657.00 lakhs. |
| <b>Offer for Sale<sup>(2)</sup></b> | 4,50,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 150 per share aggregating ₹ 675.00 lakhs. |

**Which Comprises:**

|  |  |
|--|--|
| <b>Offer Reserved for the Market Maker</b> | 48,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 150 per share aggregating ₹ 72.00 lakhs.  |
| <b>Net Offer to the Public</b>             | 8,40,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 150 per share aggregating ₹ 1,260.00 lakhs.                                       |
|  | <b>Of which<sup>(3)</sup>:</b>   |
|  | 4,20,000 Equity Shares of ₹ 10/- each at a price of ₹ 150 per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lakhs. |
|  | 4,20,000 Equity Shares of ₹ 10/- each at a price of ₹ 150 per Equity Share will be available for allocation for Investors of above ₹ 2.00 lakhs. |

|   |   |
|---|---|
| <b>Equity Shares outstanding prior to the Offer</b> | 28,21,437 Equity Shares   |
| <b>Equity Shares outstanding after the Offer</b>    | 32,59,437 Equity Shares   |
| <b>Objects of the Offer</b>                         | Please see the chapter titled “Objects of the Offer” beginning on page no. 65 of this Draft Prospectus. |

<sup>(1)</sup> This offer is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please see the section titled “Offer Related Information” beginning on page no. 193 of this Draft Prospectus.

<sup>(2)</sup> The present offer has been authorized pursuant to a resolution of our Board dated September 11, 2017 and by Special Resolution passed under Section 62(1)(C) of the Companies Act, 2013 at an Extra-Ordinary General Meeting of our shareholders held with a shorter notice on September 12, 2017.

The Offer for Sale has been authorised by the Selling Shareholder by their consent letter dated September 09, 2017 is as follows:

| Sr. No. | Name of the Selling Shareholder   | No. of Equity Shares Offered |
|---------|-----------------------------------|------------------------------|
| 1       | Mr. Sukanraj Shah                 | 54,000                       |
| 2       | Mr. Vicky Shah                    | 78,000                       |
| 3       | M/s. Sukanraj Bhabhutmal Shah HUF | 1,14,000                     |
| 4       | Mr. Sahil Shah                    | 18,000                       |
| 5       | Mrs. Lalita Kumari Shah           | 1,08,000                     |
| 6       | Mrs. Sapna Shah                   | 78,000                       |
|         | <b>Total</b>                      | <b>4,50,000</b>              |

The Selling Shareholders have severally confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible in term of SEBI (ICDR) Regulations and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling

*Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.*

*<sup>(3)</sup> Allocation to all categories shall be made on a proportionate basis subject to valid Applications received at or above the Offer Price. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Lead Manager and Designated Stock Exchange. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.*



## GENERAL INFORMATION

Our Company was incorporated as S K S Textiles Private Limited on 20<sup>th</sup> October 1997, under the Companies Act, 1956 with the Registrar of Companies, Mumbai bearing Registration No. 111406. The status of our Company was changed to a public limited company and the name of our Company was changed to S K S Textiles Limited by a special resolution passed on August 21, 2017. A fresh certificate of incorporation consequent to the change of name was granted to our Company on September 08, 2017 by the Registrar of Companies, Mumbai. The Corporate Identity Number of our Company is U17000MH1997PLC111406.

For further details, please refer to the chapter titled “History and Certain Corporate Affairs” beginning on page no. 106 of this Draft Prospectus.

### Brief Company and Offer Information

|   |   |
|---|---|
| <b>Registered Office</b>                          | <b>Address:</b> Gala No. 431, Keval Industrial Estate, 4 <sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013<br><b>Tel No:</b> +91 – 22 – 6120 6222<br><b>Fax No:</b> +91 – 22 – 6120 6200<br><b>Email:</b> info@groupsks.com<br><b>Website:</b> <a href="http://www.groupsks.com">www.groupsks.com</a>                                    |
| <b>Manufacturing Unit</b>                         | <b>Address:</b> H. No. 1247, Raj Rajeshwari Compund, Sonale, Bhiwandi, Thane – 421 302<br><b>Tel. No.:</b> +91 – 2522 – 282 166   |
| <b>Date of Incorporation</b>                      | October 20, 1997  |
| <b>Company Registration No.</b>                   | 111406  |
| <b>Company Identification No.</b>                 | U17000MH1997PLC111406   |
| <b>Address of Registrar of Companies</b>          | Everest, 100, Marine Drive, Mumbai – 400 002.<br><b>Tel No.:</b> +91 – 22 – 2281 7259 / 2281 1493<br><b>Fax No.:</b> +91 – 22 – 2281 2389   |
| <b>Designated Stock Exchange</b>                  | EMERGE Platform of National Stock Exchange of India Limited   |
| <b>Company Secretary &amp; Compliance Officer</b> | <b>Mrs. Naveena Singh</b><br>Address: Shop no. Gala No. 431, Keval Industrial Estate, 4 <sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013.<br><b>Tel No:</b> +91 – 22 – 6120 6222<br><b>Fax No:</b> +91 – 22 – 6120 6200<br><b>Email:</b> naveena@groupsks.com<br><b>Website:</b> <a href="http://www.groupsks.com">www.groupsks.com</a> |

### Board of Directors of our Company

The following table sets forth the Board of Directors of our Company:

| Name              | Designation                                     | Address   | Director's Identification No. |
|-------------------|---|---|-------------------------------|
| Mr. Sukanraj Shah | Chairman, Whole Time Director                   | B – 1103, Deepak Jyoti Tower, 11 <sup>th</sup> Floor, Parel Tank Road, Ambewadi, Kalachowki, Mumbai – 400 033 | 00034157                      |
| Mr. Vicky Shah    | Managing Director                               | B – 1104, Deepak Jyoti Tower, 11 <sup>th</sup> Floor, Parel Tank Road, Ambewadi, Kalachowki, Mumbai – 400 033 | 00033963                      |
| Mr. Sahil Shah    | Whole Time Director and Chief Financial Officer | B – 1103, Deepak Jyoti Tower, 11 <sup>th</sup> Floor, Parel Tank Road, Ambewadi, Kalachowki, Mumbai – 400 033 | 05144943                      |
| Mrs. Sapna Shah   | Non-Executive Director                          | B – 1104, Deepak Jyoti Tower, 11 <sup>th</sup> Floor, Parel Tank Road, Ambewadi, Kalachowki, Mumbai – 400 033 | 07799058                      |

|                         |                                      |   |   |          |
|-------------------------|--------------------------------------|---|---|----------|
| Mr. Mihir Manek         | Independent & Non Executive Director | - | Flat No 15, Plot No. 81, Badri Vishal, Rafi Ahmed Kidwai Road, Wadala West, Mumbai, Maharashtra – 400 031 | 07254045 |
| Mr. Satish Anand Sharma | Independent & Non Executive Director | - | B – 406 Arihant Anaya, Plot No. 4, Sector 35-G, Khargar, Navi Mumbai, Maharashtra – 410 210               | 00897584 |

For further details pertaining to the educational qualification and experience of our Directors, for details please refer to the chapter titled “Our Management” beginning on page no. 124 of this Draft Prospectus.

### Investor Grievances

Investors can contact the Company Secretary and Compliance Officer and / or the Registrar to the Offer in case of any pre or post-offer related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and unblocking of funds.

All grievances relating to the Application process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the application was submitted. The applicant should give full details such as name of the sole or first applicant, application number, applicant DP ID, Client ID, PAN, date of the application, address of the applicant, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the application was submitted by the applicant.

Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents / information mentioned hereinabove.

### Selling Shareholders

The details of our Selling Shareholders are set forth below:

| Sr. No. | Name of the Selling Shareholder   | No. of Equity Shares Offered |
|---------|-----------------------------------|------------------------------|
| 1       | Mr. Sukanraj Shah                 | 54,000                       |
| 2       | Mr. Vicky Shah                    | 78,000                       |
| 3       | M/s. Sukanraj Bhabhutmal Shah HUF | 1,14,000                     |
| 4       | Mr. Sahil Shah                    | 18,000                       |
| 5       | Mrs. Lalita Kumari Shah           | 1,08,000                     |
| 6       | Mrs. Sapna Shah                   | 78,000                       |
|         | <b>Total</b>                      | <b>4,50,000</b>              |

### Details of Key Intermediaries pertaining to this Offer and Our Company

#### LEAD MANAGER TO THE OFFER



#### ARYAMAN FINANCIAL SERVICES LIMITED

60, Khatau Building, Ground Floor,  
Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.),  
Fort, Mumbai – 400 001

Tel. No.: +91 – 22 – 6216 6999

Fax No.: +91 – 22 – 2263 0434

Website: [www.afsl.co.in](http://www.afsl.co.in)

Email: [ipo@afsl.co.in](mailto:ipo@afsl.co.in)

Investor Grievance Email: [feedback@afsl.co.in](mailto:feedback@afsl.co.in)

Contact Person: Mr. Pranav Nagar / Mr. Chaitanya Hiregange

SEBI Registration No.: INM000011344

#### REGISTRAR TO THE OFFER



#### SHAREX DYNAMIC (I) PRIVATE LIMITED

Unit No 1, Luthra Ind. Premises, 1<sup>st</sup> Floor, 44 – E,  
M.Vasanji Marg, Andheri Kurla Road, Safed Pool,  
Andheri (E), Mumbai – 400 072  
Tel No.: +91 – 22 – 2851 5606  
Fax No.: +91 – 22 – 2851 2885  
Email: [shareindia@vsnl.com](mailto:shareindia@vsnl.com)  
Website: [www.shareindia.com](http://www.shareindia.com)  
Contact Person: Mr. K. C. Ajitkumar  
SEBI Registration No.: INR000002102

#### LEGAL COUNSEL TO THE OFFER



#### M/s. KANGA & COMPANY (ADVOCATES & SOLICITORS)

Readymoney Mansion,  
43, Veer Nariman Road,  
Mumbai – 400 001  
Tel No.: +91 – 22 – 6623 0000, +91 – 22 – 6633 2288  
Fax No.: +91 – 22 – 6633 9656 / 57  
Contact Person: Mr. Chetan Thakkar  
Email: [chetan.thakkar@kangacompany.com](mailto:chetan.thakkar@kangacompany.com)  
Website: [www.kangacompany.com](http://www.kangacompany.com)

#### STATUTORY AUDITOR OF THE COMPANY

#### M/s. BHATTER & CO, Chartered Accountants

307, Tulsiani Chambers, Nariman Point,  
Mumbai – 400021  
Tel No.: +91 – 22 – 2285 3039 / 3020 8868  
Fax No.: +91 – 22 – 2230 1318  
Email: [dhbhatte@gmail.com](mailto:dhbhatte@gmail.com)  
Contact Person: Mr. Daulal H. Bhatte

#### MARKET MAKER TO THE OFFER



#### ARYAMAN CAPITAL MARKETS LIMITED

60, Khatau Building, Gr. Floor,  
Alkesh Dinesh Modi Marg, Opp. P. J. Tower (BSE Bldg.),  
Fort, Mumbai – 400 001  
Tel. No.: +91 – 22 – 6216 6999  
Fax No.: +91 – 22 – 2263 0434  
Email: [aryacapm@gmail.com](mailto:aryacapm@gmail.com)  
Contact Person: Mr. Harshad Dhanawade  
SEBI Registration No.: INB011465938  
Market Maker Reg. No.: SMEMM0651421122012

#### BANKER(S) TO OUR COMPANY

[•]

#### BANKER(S) TO THE OFFER

[•]

## **SELF CERTIFIED SYNDICATE BANKS**

The lists of Banks that have been notified by SEBI to act as SCSBs for the ASBA process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Application Forms, please see the above mentioned SEBI link.

## **BROKERS TO THIS OFFER**

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the website of the Stock Exchange, at [www.nseindia.com](http://www.nseindia.com), as updated from time to time.

## **REGISTRAR TO OFFER AND SHARE TRANSFER AGENTS**

The list of the RTAs eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of Stock Exchange at [www.nseindia.com](http://www.nseindia.com), as updated from time to time.

## **COLLECTING DEPOSITORY PARTICIPANTS**

The list of the CDPs eligible to accept Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange at [www.nseindia.com](http://www.nseindia.com), as updated from time to time.

The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Application Forms from the Designated Intermediaries will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

## **INTER-SE ALLOCATION OF RESPONSIBILITIES**

Aryaman Financial Services Limited is the Sole Lead Manager to this Offer, and hence is responsible for all the Offer management related activities.

## **MONITORING AGENCY**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Offer size is below ₹ 50,000 lakhs and hence our Company has not appointed a monitoring agency for this offer.

Pursuant to Regulation 32(3) of the SEBI (LODR) Regulations, 2015, our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Net Proceeds. Until such time as any part of the Net Proceeds remains unutilized, our Company will disclose the utilization of the Net Proceeds under separate heads in our Company's balance sheet(s) clearly specifying the amount of and purpose for which Net Proceeds have been utilized so far, and details of amounts out of the Net Proceeds that have not been utilized so far, also indicating interim investments, if any, of such unutilized Net Proceeds. In the event that our Company is unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a fiscal, we will utilize such unutilized amount in the next fiscal.

Further, in accordance with Regulation 32(1)(a) of the SEBI (LODR) Regulations, 2015, our Company shall furnish to the Stock Exchanges on a half yearly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in this Draft Prospectus.

## **IPO GRADING**

No credit rating agency registered with SEBI has been appointed for grading the Offer.

## TRUSTEES

This being an Offer of Equity Shares, the appointment of trustees is not required.

## DETAILS OF THE APPRAISING AUTHORITY

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

## CREDIT RATING

This being an Offer of Equity Shares, no credit rating is required.

## EXPERT OPINION

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditor namely, M/s. Bhattar & Co., Chartered Accountants to include their name as required under section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as “Expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the reports on the Restated Financial Statements dated September 11, 2017 and the Statement of Tax Benefits dated September 11, 2017, issued by them, included in this Draft Prospectus and such consent has not been withdrawn as on the date of this Draft Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

## OFFER PROGRAMME

An indicative timetable in respect of the Offer is set out below:

| Event   | Indicative Date |
|---|-----------------|
| Offer Opening Date  | [●]             |
| Offer Closing Date  | [●]             |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | [●]             |
| Initiation of Allotment / Refunds / Unblocking of Funds               | [●]             |
| Credit of Equity Shares to demat accounts of Allottees                | [●]             |
| Commencement of trading of the Equity Shares on the Stock Exchange    | [●]             |

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the Lead Manager. 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 Exchange are taken within 6 Working Days of the Offer Closing Date, the timetable may change due to various factors, such as extension of the Offer Period by our Company, or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Applications and any revision to the same shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Offer Period (except for the Offer Closing Date). On the Offer Closing Date, the Applications and any revision to the same shall be accepted between **10.00 a.m. and 3.00 p.m. (IST)** or such extended time as permitted by the Stock Exchanges, in case of Applications by Retail Individual Applicants after taking into account the total number of applications received up to the closure of timings and reported by the Lead Manager to the Stock Exchanges. It is clarified that Applications not uploaded on the electronic system would be rejected. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

Due to limitation of time available for uploading the Applications on the Offer Closing Date, the Applicants are advised to submit their Applications one day prior to the Offer Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Offer Closing Date. All times mentioned in this Draft Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Offer Closing Date, as is typically



experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Offer. Applications will be accepted only on Business Days. Neither our Company nor the Lead Manager nor the Selling Shareholders is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

In accordance with the SEBI Regulations, QIBs and Non-Institutional Applicants are not allowed to withdraw or lower the size of their Applications (in terms of the quantity of the Equity Shares or the Applications Amount) at any stage. Retail Individual Applicants can revise or withdraw their Applications prior to the Offer Closing Date. Except Allocation to Retail Individual Investors, Allocation in the Offer will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or the electronic Application Form, for a particular Applicant, the details as per the file received from the Stock Exchange 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 Application Form, for a particular ASBA Applicant, the Registrar to the Offer shall ask the relevant SCSB or the member of the Syndicate for rectified data.

## UNDERWRITING

This Offer is 100% Underwritten. Our Company and the Selling Shareholders have entered into an Underwriting Agreement dated September 12, 2017 with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have given their consent for inclusion of their name in the Draft Prospectus as Underwriters and have indicated their intention to underwrite the following number of specified securities being offered through this Offer:

| Details of the Underwriter  | No. of Shares Underwritten | Amt Underwritten (₹ in lakhs) | % of the Total Offer Size Underwritten |
|---|----------------------------|-------------------------------|--|
| <b>Aryaman Financial Services Ltd.</b><br>60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001.<br><b>Tel. No.:</b> +91 – 22 – 6216 6999<br><b>Fax No.:</b> +91 – 22 – 2263 0434<br><b>Email:</b> <a href="mailto:ipo@afsl.co.in">ipo@afsl.co.in</a>      | 8,40,000                   | 1,260.00                      | 94.59%                                 |
| <b>Aryaman Capital Markets Ltd.</b><br>60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001.<br><b>Tel. No.:</b> +91 – 22 – 6216 6999<br><b>Fax No.:</b> +91 – 22 – 2263 0434<br><b>Email:</b> <a href="mailto:aryacapm@gmail.com">aryacapm@gmail.com</a> | 48,000                     | 72.00                         | 5.41%                                  |
| <b>Total</b>  | <b>8,88,000</b>            | <b>1,332.00</b>               | <b>100.00%</b>                         |

As per Regulation 106 P (2) of SEBI (ICDR) Regulations, 2009, the Lead Manager has agreed to underwrite to a minimum extent of 15% of the Offer out of its own account.

In the opinion of the Board of Directors (based on certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above – mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange.

## WITHDRAWAL OF THE OFFER

Our Company and the Selling Shareholders, in consultation with the Lead Manager, reserves the right not to proceed with the Offer at any time after the Offer Opening Date but before the Board meeting for Allotment. In such an event our Company would issue a public notice in the newspapers, in which the pre-offer advertisements were published, within two days of the Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not

proceeding with the Offer. The Lead Manager, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Applicants within one day of receipt of such notification. Our Company and the Selling Shareholders shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed. Notwithstanding the foregoing, the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment. If our Company and the Selling Shareholders withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an IPO, our Company shall be required to file a fresh Draft Prospectus.

#### **DETAILS OF THE MARKET MAKING ARRANGEMENT FOR THIS OFFER**

Our Company and the Lead Manager, Aryaman Financial Services Limited have entered into an agreement dated September 12, 2017 with Aryaman Capital Markets Ltd., a Market Maker registered with the EMERGE Platform of National Stock Exchange of India Limited in order to fulfil the obligations of Market Making.

The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the NSE and SEBI regarding this matter from time to time.

Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
2. The minimum depth of the quote shall be ₹ 1,00,000. However, the investors with holdings of value less than ₹ 1,00,000 shall be allowed to issue their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. The Inventory Management and Buying / Selling Quotations and its mechanism shall be as per the relevant circulars issued by SEBI and NSE EMERGE Platform from time to time.
4. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
5. There would not be more than five Market Makers for a scrip at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
6. The shares of the company will be traded in continuous trading session from the time and day the company gets listed on EMERGE Platform of NSE and Market Maker will remain present as per the guidelines mentioned under NSE and SEBI circulars.
7. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems or any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
8. The Market Maker shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker.

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

9. **Risk containment measures and monitoring for Market Maker:** NSE EMERGE will have all margins which are applicable on the NSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.
10. **Punitive Action in case of default by Market Maker:** NSE EMERGE will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

11. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for Markets Makers during market making process has been made applicable, based on the issue size and as follows:

| Issue Size               | Buy quote exemption threshold<br>(including mandatory initial<br>inventory of 5% of the Issue Size) | Re-Entry threshold for buy quote<br>(including mandatory initial<br>inventory of 5% of the Issue Size) |
|--------------------------|---|--|
| Up to ₹ 20 Crore         | 25%   | 24%  |
| ₹ 20 Crore to ₹ 50 Crore | 20%   | 19%  |
| ₹ 50 Crore to ₹ 80 Crore | 15%   | 14%  |
| Above ₹ 80 Crore         | 12%   | 11%  |

All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.

## CAPITAL STRUCTURE

The share capital of the Company as on the date of this Draft Prospectus is set forth below:

(₹ in lakhs, except share data)

| Sr. No.  | Particulars   | Aggregate Value at Nominal Value | Aggregate Value at Offer Price |
|----------|---|----------------------------------|--------------------------------|
| <b>A</b> | <b>Authorised Share Capital</b>   |                                  |                                |
|          | 33,00,000 Equity Shares of face value of ₹10 each   | 330.00                           | -                              |
| <b>B</b> | <b>Issued, Subscribed and Paid-up Share Capital before the Issue</b>  |                                  |                                |
|          | 28,21,437 Equity Shares of face value of ₹ 10 each  | 282.14                           | -                              |
| <b>C</b> | <b>Present Offer in terms of this Draft Prospectus<sup>(1)</sup></b>  |                                  |                                |
|          | Offer of 8,88,000 Equity Shares of ₹ 10 each at a price of ₹ 150 per equity Share   | 88.80                            | 1,332.00                       |
|          | <i>Consisting of:</i>   |                                  |                                |
|          | Fresh Issue of 4,38,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 150 per share   | 43.80                            | 657.00                         |
|          | Offer for Sale of 4,50,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 150 per share  | 45.00                            | 675.00                         |
|          | <i>Which comprises:</i>   |                                  |                                |
|          | 48,000 Equity Shares of ₹ 10 each at a price of ₹ 150 per Equity Share reserved as Market Maker Portion                                       | 4.80                             | 72.00                          |
|          | Net Issue to Public of 8,40,000 Equity Shares of ₹ 10 each at a price of ₹ 150 per Equity Share to the Public                                 | 84.00                            | 1,260.00                       |
|          | <i>Of which<sup>(2)</sup>:</i>  |                                  |                                |
|          | 4,20,000 Equity Shares of ₹ 10 each at a price of ₹ 150 per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lakhs | 42.00                            | 630.00                         |
|          | 4,20,000 Equity Shares of ₹ 10 each at a price of ₹ 150 per Equity Share will be available for allocation for Investors of above ₹ 2.00 lakhs | 42.00                            | 630.00                         |
| <b>D</b> | <b>Equity Share Capital after the Issue</b>   |                                  |                                |
|          | 32,59,437 Equity Shares of ₹ 10 each  | 325.94                           |                                |
| <b>E</b> | <b>Securities Premium Account</b>   |                                  |                                |
|          | Before the Offer (as on date of this Draft Prospectus)  | 1,442.57                         |                                |
|          | After the Offer   | 2,055.77                         |                                |

<sup>(1)</sup> The present Issue has been authorized pursuant to a resolution of our Board dated September 11, 2017 and by Special Resolution passed under Section 62(1)(C) of the Companies Act, 2013 at an Extra-Ordinary General Meeting of our shareholders held with a shorter notice on September 12, 2017.

The Offer for Sale has been authorised by the Selling Shareholders by their consent letter dated September 09, 2017, as follows:

| Sr. No. | Name of the Selling Shareholders  | No. of Equity Shares Offered |
|---------|-----------------------------------|------------------------------|
| 1       | Mr. Sukanraj Shah                 | 54,000                       |
| 2       | Mr. Vicky Shah                    | 78,000                       |
| 3       | M/s. Sukanraj Bhabhutmal Shah HUF | 1,14,000                     |
| 4       | Mr. Sahil Shah                    | 18,000                       |
| 5       | Mrs. Lalita Kumari Shah           | 1,08,000                     |
| 6       | Mrs. Sapna Shah                   | 78,000                       |
|         | <b>Total</b>                      | <b>4,50,000</b>              |

The Selling Shareholders have severally confirmed that they have held the Equity Shares proposed to be offered and sold in the Offer for more than one year prior to the date of filing of this Draft Prospectus and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.

<sup>(2)</sup> Allocation to all categories shall be made on a proportionate basis subject to valid Applications received at or above the Offer Price. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Lead Manager and Designated Stock Exchange. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.

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

## CHANGES IN AUTHORIZED SHARE CAPITAL

Since incorporation, the capital structure of our Company has been altered in the following manner:

1. The initial authorised share capital of ₹ 10,00,000 divided into 1,00,000 Equity Shares of ₹ 10 each was increased to ₹ 75,00,000 divided into 7,50,000 Equity Shares of ₹ 10 each, pursuant to resolution of shareholders passed at the EGM held on December 22, 2003.
2. The authorized share capital of ₹ 75,00,000 divided into 7,50,000 equity shares of ₹ 10/- each was increased to ₹ 1,00,00,000 divided into 10,00,000 equity shares of ₹ 10/- each, pursuant to resolution of shareholders passed at the EGM held on August 26, 2009.
3. The authorized share capital of ₹ 1,00,00,000 divided into 10,00,000 equity shares of ₹ 10/- each was increased to ₹ 1,20,00,000 divided into 12,00,000 equity shares of ₹ 10/- each, pursuant to resolution of shareholders passed at the EGM held on March 24, 2014.
4. The authorized share capital of ₹ 1,20,00,000 divided into 12,00,000 equity shares of ₹ 10/- each was increased to ₹ 3,30,00,000 divided into 33,00,000 equity shares of ₹ 10/- each, pursuant to resolution of shareholders passed at the EGM held on July 26, 2017.

## NOTES TO THE CAPITAL STRUCTURE

### 1) Share Capital History of our Company:

#### a) Equity Share Capital

Our Company has made allotments of Equity Shares from time to time. The following is the Equity Share Capital Build-up of our Company:

| Date of Allotment of Equity Shares | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Nature / Reason of Allotment | Nature of Consideration | Cumulative No. of Equity Shares | Cumulative Paid Up Share Capital (₹) | Cumulative Share Premium (₹) |
|------------------------------------|----------------------|----------------|-----------------|------------------------------|-------------------------|---------------------------------|--------------------------------------|------------------------------|
| On Incorporation                   | 4,000                | 10             | 10              | Subscription to MoA          | Cash                    | 4,000                           | 40,000                               | Nil                          |
| December 06, 2002                  | 6,000                | 10             | 10              | Further Allotment            | Cash                    | 10,000                          | 1,00,000                             | Nil                          |
| March 31, 2004                     | 88,000               | 10             | 125             | Further Allotment            | Cash                    | 98,000                          | 9,80,000                             | 1,01,20,000                  |
| November 02, 2004                  | 40,200               | 10             | 125             | Further Allotment            | Cash                    | 1,38,200                        | 13,82,000                            | 1,47,43,000                  |
| January 10, 2005                   | 57,500               | 10             | 175             | Further Allotment            | Cash                    | 1,95,700                        | 19,57,000                            | 2,42,30,500                  |
| November 07,                       | 93,100               | 10             | 175             | Further                      | Cash                    | 2,88,800                        | 28,88,000                            | 3,95,92,000                  |

|                   |                           |    |     |                                |                 |           |                          |              |
|-------------------|---------------------------|----|-----|--------------------------------|-----------------|-----------|--------------------------|--------------|
| 2005              |                           |    |     | Allotment                      |                 |           |                          |              |
| June 06, 2006     | 57,250                    | 10 | 175 | Further Allotment              | Cash            | 3,46,050  | 34,60,500                | 4,90,38,250  |
| June 27, 2006     | 49,500                    | 10 | 175 | Further Allotment              | Cash            | 3,95,550  | 39,55,500                | 5,72,05,750  |
| August 04, 2006   | 750                       | 10 | 175 | Further Allotment              | Cash            | 3,96,300  | 39,63,000                | 5,73,29,500  |
| August 01, 2008   | 57,300                    | 10 | 175 | Further Allotment              | Cash            | 4,53,600  | 45,36,000                | 6,67,84,000  |
| October 21, 2009  | 1,00,000                  | 10 | 175 | Further Allotment              | Cash            | 5,53,600  | 55,36,000                | 8,32,84,000  |
| March 31, 2010    | 1,05,625 <sup>(1)</sup>   | 10 | 165 | Further Allotment              | Cash            | 6,59,225  | 60,64,125 <sup>(1)</sup> | 9,96,55,875  |
| February 02, 2012 | 2                         | 10 | 175 | Further Allotment              | Cash            | 6,59,227  | 60,64,145                | 9,96,56,205  |
| March 05, 2012    | (1,05,625) <sup>(1)</sup> | 10 | -   | Share Forfeiture               | -               | 5,53,602  | 55,36,020                | 9,96,56,205  |
| March 07, 2012    | 75,000 <sup>(1)</sup>     | 10 | 10  | Re-Issue                       | Cash            | 6,28,602  | 62,86,020                | 9,96,56,205  |
| March 07, 2012    | 30,625 <sup>(1)</sup>     | 10 | 30  | Re-Issue                       | Cash            | 6,59,227  | 65,92,270                | 10,02,68,705 |
| March 29, 2012    | 93,750 <sup>(2)</sup>     | 10 | 175 | Further Allotment              | Cash            | 7,52,977  | 70,61,020 <sup>(2)</sup> | 11,47,99,955 |
| June 25, 2013     | 3750                      | 10 | 175 | Further Allotment              | Cash            | 7,56,727  | 70,98,520                | 11,54,18,705 |
| June 25, 2013     | 1,45,500                  | 10 | 170 | Further Allotment              | Cash            | 9,02,227  | 85,53,520                | 13,86,98,705 |
| December 20, 2013 | (93,750) <sup>(2)</sup>   | 10 | -   | Share Forfeiture               | -               | 8,08,477  | 80,84,770                | 13,86,98,705 |
| March 05, 2014    | 93,750 <sup>(2)</sup>     | 10 | 10  | Re-Issue                       | Cash            | 9,02,227  | 90,22,270                | 13,86,98,705 |
| March 31, 2014    | 1,23,750                  | 10 | 200 | Further Allotment              | Cash            | 10,25,977 | 1,02,59,770              | 16,22,11,205 |
| July 26, 2017     | 17,95,460                 | 10 | NIL | Bonus Allotment <sup>(3)</sup> | Other than Cash | 28,21,437 | 2,82,14,370              | 14,42,56,605 |

<sup>(1)</sup> These 1,05,625 shares were originally allotted as partly paid up shares wherein ₹ 5 per Face Value was paid along with Premium of ₹ 155 on allotment. Subsequently due to non-payment of the first and final call, these shares were forfeited vide resolution dated March 05, 2012. Out of these 1,05,625 forfeited shares 75,000 fully paid-up shares were re-issued at par i.e. ₹ 10 per share and balance of 30,625 fully paid-up shares was re-issued at ₹ 30 per share on March 07, 2012.

<sup>(2)</sup> These 93,750 shares were originally allotted as partly paid up shares wherein ₹ 5 per Face value was paid along with premium of ₹ 155 on allotment. Subsequently due to non-payment of the first and final call, these shares were forfeited vide resolution dated December 20, 2013. These shares were re-issued at par i.e. ₹ 10 per share on March 05, 2014.

<sup>(3)</sup> Pursuant to EGM held on July 26, 2017, our Company has issued 17,95,460 Bonus Shares in the ratio of 7:4 i.e. 7 equity shares for every 4 equity share held to the shareholders, by way of capitalization of free reserve of the Company.



b) Our Company has not issued any Equity Shares for consideration other than cash except for Equity Shares as mentioned below:

| Date of Allotment | No. of Equity Shares | FV (₹) | Issue Price (₹) | Nature of Allotment | Allotted Person   | Benefits Accrued to the Company |
|-------------------|----------------------|--------|-----------------|---------------------|---|---------------------------------|
| July 26, 2017     | 17,95,460            | 10     | Nil             | Bonus Issue         | Allotted to all the Shareholders of the company as on the date of allotment | Expansion of Capital            |

c) No shares have been allotted in terms of any scheme approved under sections 391-394 of the Companies Act, 1956.

d) No bonus shares have been issued out of Revaluation Reserves.

e) No shares have been issued at a price lower than the Offer Price within the last one year from the date of this Draft Prospectus except as mentioned as under:

| Date of Allotment | No. of Equity Shares | FV (₹) | Issue Price (₹) | Nature of Allotment | Allotted Person   | Benefits Accrued to the Company |
|-------------------|----------------------|--------|-----------------|---------------------|---|---------------------------------|
| July 26, 2017     | 17,95,460            | 10     | Nil             | Bonus Issue         | Allotted to all the Shareholders of the company as on the date of allotment | Expansion of Capital            |

f) Shareholding of our Promoters

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

| Date of Allotment / Transfer | Nature of Transaction | Consideration   | No. of Shares | Face Value (₹) | Issue Price / Transfer Price (₹) | Cumulative no. of Shares | % of Pre- Offer Paid Up Capital | % of Post- Issue Paid Up Capital | Lock – in Period     |
|------------------------------|-----------------------|-----------------|---------------|----------------|----------------------------------|--------------------------|---------------------------------|----------------------------------|----------------------|
| <b>Mr. Sukanraj Shah</b>     |                       |                 |               |                |                                  |                          |                                 |                                  |                      |
| October 24, 1997             | Subscription to MOA   | Cash            | 1,000         | 10             | 10                               | 1,000                    | 0.04%                           | -                                | N. A.                |
| December 06, 2002            | Further Allotment     | Cash            | 1,500         | 10             | 10                               | 2,500                    | 0.09%                           | -                                | N. A.                |
| March 31, 2004               | Further Allotment     | Cash            | 24,500        | 10             | 125                              | 50,500                   | 1.79%                           | -                                | N. A.                |
|                              |                       |                 | 23,500        |                |                                  |                          |                                 |                                  | N. A. <sup>(1)</sup> |
| January 06, 2005             | Transfer              | Cash            | (20,000)      | 10             | 10                               | 30,500                   | 1.08%                           | -                                | N. A.                |
| November 07, 2005            | Further Allotment     | Cash            | 1,300         | 10             | 175                              | 31,800                   | 1.13%                           | -                                | N. A. <sup>(1)</sup> |
| January 10, 2009             | Transfer              | Cash            | (7,000)       | 10             | 10                               | 24,800                   | 0.88%                           | -                                | N. A.                |
| September 21, 2009           | Transfer              | Cash            | 10,000        | 10             | 10                               | 34,800                   | 1.23%                           | -                                | N. A. <sup>(1)</sup> |
| March 07, 2012               | Re-Issue              | Cash            | 19,200        | 10             | 10                               | 69,800                   | 2.47%                           | 0.48%                            | N. A. <sup>(1)</sup> |
|                              |                       |                 | 15,800        |                |                                  |                          |                                 |                                  | 3 Years              |
| July 26, 2017                | Bonus Issue           | Other than cash | 68,200        | 10             | NIL                              | 1,91,950                 | 6.80%                           | 4.23%                            | 3 Years              |
|                              |                       |                 | 53,950        |                |                                  |                          |                                 |                                  | 1 Year               |

<sup>(1)</sup> Out of total holding of Mr. Sukanraj Shah, 54,000 equity shares are offer as a part of Offer of Sale.

| Date of Allotment / Transfer | Nature of Transaction | Consideration   | No. of Shares | Face Value (₹) | Issue Price / Transfer Price (₹) | Cumulative no. of Shares | % of Pre- Offer Paid Up Capital | % of Post- Issue Paid Up Capital | Lock – in Period     |
|------------------------------|-----------------------|-----------------|---------------|----------------|----------------------------------|--------------------------|---------------------------------|----------------------------------|----------------------|
| <b>Mr. Vicky Shah</b>        |                       |                 |               |                |                                  |                          |                                 |                                  |                      |
| October 24, 1997             | Subscription to MOA   | Cash            | 1,000         | 10             | 10                               | 1,000                    | 0.04%                           | -                                | N. A.                |
| December 06, 2002            | Further Allotment     | Cash            | 1,500         | 10             | 10                               | 2,500                    | 0.09%                           | -                                | N. A.                |
| March 25, 2004               | Transfer              | Cash            | (25)          | 10             | 10                               | 2,475                    | 0.09%                           | -                                | N. A.                |
| March 31, 2004               | Allotment             | Cash            | 37,525        | 10             | 10                               | 42,475                   | 1.51%                           | -                                | N. A.                |
|                              |                       |                 | 2,475         |                |                                  |                          |                                 |                                  | N. A. <sup>(1)</sup> |
| January 06, 2005             | Transfer              | Cash            | (16,000)      | 10             | 10                               | 26,475                   | 0.94%                           | -                                | N. A.                |
| September 01, 2005           | Transfer              | Cash            | 1             | 10             | 10                               | 26,476                   | 0.94%                           | -                                | N. A. <sup>(1)</sup> |
| October 07, 2005             | Transfer              | Cash            | 5             | 10             | 10                               | 26,481                   | 0.94%                           | -                                | N. A. <sup>(1)</sup> |
| November 07, 2005            | Allotment             | Cash            | 1,300         | 10             | 175                              | 27,781                   | 0.98%                           | -                                | N. A. <sup>(1)</sup> |
| January 15, 2007             | Transfer              | Cash            | 2             | 10             | 10                               | 27,783                   | 0.98%                           | -                                | N. A. <sup>(1)</sup> |
| July 28, 2007                | Transfer              | Cash            | 24,004        | 10             | 10                               | 51,787                   | 1.84%                           | -                                | N. A. <sup>(1)</sup> |
| September 21, 2009           | Transfer              | Cash            | 20,000        | 10             | 10                               | 71,787                   | 2.54%                           | -                                | N. A. <sup>(1)</sup> |
| April 30, 2010               | Transfer              | Cash            | 2             | 10             | 10                               | 71,789                   | 2.54%                           | -                                | N. A. <sup>(1)</sup> |
| August 26, 2011              | Transfer              | Cash            | (24,000)      | 10             | 10                               | 47,789                   | 1.69%                           | -                                | N. A.                |
| August 26, 2011              | Transfer              | Cash            | 2             | 10             | 10                               | 47,791                   | 1.69%                           | -                                | N. A. <sup>(1)</sup> |
| March 07, 2012               | Re-Issue              | Cash            | 30,209        | 10             | 10                               | 87,791                   | 3.11%                           | 0.30%                            | N. A. <sup>(1)</sup> |
|                              |                       |                 | 9,791         |                |                                  |                          |                                 |                                  | 3 Years              |
| March 29, 2012               | Transfer              | Cash            | 3             | 10             | 10                               | 87,794                   | 3.11%                           | 0.30%                            | 3 Years              |
| March 05, 2014               | Re-Issue              | Cash            | 50,000        | 10             | 10                               | 1,37,794                 | 4.88%                           | 1.83%                            | 3 Years              |
| June 23, 2015                | Transfer              | Cash            | 2             | 10             | 10                               | 1,37,796                 | 4.88%                           | 1.83%                            | 3 Years              |
| February 01, 2017            | Transfer              | Cash            | 6             | 10             | 230                              | 1,37,802                 | 4.88%                           | 1.83%                            | 3 Years              |
| July 26, 2017                | Bonus Issue           | Other than cash | 1,25,198      | 10             | NIL                              | 3,78,956                 | 13.43%                          | 9.23%                            | 3 years              |
|                              |                       |                 | 1,15,956      |                |                                  |                          |                                 |                                  | 1 Year               |

<sup>(1)</sup> Out of total holding of Mr. Vicky Shah, 78,000 equity shares are offer as a part of Offer of Sale.

| Date of Allotment / Transfer | Nature of Transaction | Consideration | No. of Shares | Face Value (₹) | Issue Price / Transfer Price (₹) | Cumulative no. of Shares | % of Pre- Offer Paid Up Capital | % of Post- Issue Paid Up Capital | Lock – in Period     |
|------------------------------|-----------------------|---------------|---------------|----------------|----------------------------------|--------------------------|---------------------------------|----------------------------------|----------------------|
| <b>Mr. Sahil Shah</b>        |                       |               |               |                |                                  |                          |                                 |                                  |                      |
| March 07, 2012               | Re-Issue              | Cash          | 18,000        | 10             | 30                               | 30,625                   | 1.09%                           | 0.39%                            | N. A. <sup>(1)</sup> |
|                              |                       |               | 12,625        |                |                                  |                          |                                 |                                  | 3 Years              |
| March 05,                    | Re-Issue              | Cash          | 43,750        | 10             | 10                               | 74,375                   | 2.64%                           | 1.73%                            | 3 Years              |

|               |             |                 |                  |    |     |          |       |       |                   |
|---------------|-------------|-----------------|------------------|----|-----|----------|-------|-------|-------------------|
| 2014          |             |                 |                  |    |     |          |       |       |                   |
| July 26, 2017 | Bonus Issue | Other than cash | 57,625<br>72,531 | 10 | NIL | 2,04,531 | 7.25% | 5.72% | 3 Years<br>1 Year |

<sup>(1)</sup> Out of total holding of Mr. Sahil Shah, 18,000 equity shares are offer as a part of Offer of Sale.

| Date of Allotment / Transfer             | Nature of Transaction | Consideration   | No. of Shares        | Face Value (₹) | Issue Price / Transfer Price (₹) | Cumulative no. of Shares | % of Pre- Offer Paid Up Capital | % of Post- Issue Paid Up Capital | Lock – in Period               |
|--|-----------------------|-----------------|----------------------|----------------|----------------------------------|--------------------------|---------------------------------|----------------------------------|--------------------------------|
| <b>M/s. Sukanraj Bhabhutmal Shah HUF</b> |                       |                 |                      |                |                                  |                          |                                 |                                  |                                |
| January 06, 2005                         | Transfer              | Cash            | 16,000               | 10             | 10                               | 16,000                   | 0.56%                           | -                                | N. A <sup>(1)</sup>            |
| September 21, 2009                       | Transfer              | Cash            | 98,000<br>2,000      | 10             | 10                               | 1,16,000                 | 4.11%                           | 0.06%                            | N. A <sup>(1)</sup><br>3 years |
| April 04, 2017                           | Transfer              | Cash            | 1,00,000             | 10             | 230                              | 2,16,000                 | 7.66%                           | 3.13%                            | 3 Years                        |
| July 26, 2017                            | Bonus Issue           | Other than cash | 1,90,000<br>1,88,000 | 10             | NIL                              | 5,94,000                 | 21.05%                          | 14.73%                           | 3 Years<br>1 Year              |

<sup>(1)</sup> Out of total holding of Sukanraj Bhabhutmal Shah HUF, 1,14,000 equity shares are offer as a part of Offer of Sale.

Notes:

- None of the shares belonging to our Promoter has been pledged till date.
  - The entire Promoters' shares shall be subject to lock-in from the date of listing of the equity shares (issued through this Draft Prospectus for periods as per applicable Regulations of the SEBI (ICDR) Regulations. For details please see Note no. 2 of "Capital Structure" on page no. 53 of this Draft Prospectus.
  - Our promoters have confirmed to the Company and the BRLM that the Equity Shares held by our Promoters have been financed from their personal funds and no loans or financial assistance from any bank or financial institution has been availed by them for this purpose.
  - All the shares held by our promoters were fully paid up on the respective dates of acquisition of such shares.
- g) There are no transactions in our Equity Shares during the past six months, which have been purchased/(sold) by our Promoter, his relatives and associates, persons in Promoter Group (as defined under sub-clause (zb) sub regulation (1) Regulation 2 of the SEBI (ICDR) Regulations, 2009) or the Directors of the Company except as mentioned below:

| Date of Transaction | Name of Transferor                   | Name of Transferee                | No. of Shares (F.V. ₹ 10) | Price (₹) | Nature of Transaction | Nature of Consideration |
|---------------------|--------------------------------------|-----------------------------------|---------------------------|-----------|-----------------------|-------------------------|
| April 10, 2017      | Parklight Securities Private Limited | M/s. Sukanraj Bhabhutmal Shah HUF | 1,00,000                  | 230       | Transfer              | Cash                    |
|                     |                                      | M/s. V S Shah HUF                 | 91,250                    | 230       | Transfer              | Cash                    |
|                     |                                      | M/s. Sahil Shah HUF               | 84,000                    | 230       | Transfer              | Cash                    |
|                     |                                      | Mr. Hitesh Kothari                | 2,000                     | 230       | Transfer              | Cash                    |

- h) None of the members of the Promoter Group, Directors and their immediate relatives have financed the purchase by any other person of Equity shares of our Company other than in the normal course of business of the financing entity within the period of six months immediately preceding the date of this Draft Prospectus.

## 2) Promoters' Contribution and other Lock-In details:

### i. Details of Promoters' Contribution locked-in for 3 years

Pursuant to the Regulation 32(1) and 36(a) of the SEBI (ICDR) Regulations, an aggregate of 20% of the Post-Issue Equity Share Capital held by our Promoter shall be considered as promoters' contribution ("**Promoters' Contribution**") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

The details of the Promoter's Equity Shares proposed to be locked-in for a period of three years are as follows:

| Name of Promoter                  | No. of Shares locked in <sup>(1)</sup> | As a % of Post Offer Share Capital |
|-----------------------------------|--|------------------------------------|
| Mr. Sukanraj Shah                 | 84,000                                 | 2.58%                              |
| Mr. Vicky Shah                    | 1,85,000                               | 5.68%                              |
| Mr. Sahil Shah                    | 1,14,000                               | 3.50%                              |
| M/s. Sukanraj Bhabhutmal Shah HUF | 2,92,000                               | 8.96%                              |
| <b>Total</b>                      | <b>6,75,000</b>                        | <b>20.72%</b>                      |

<sup>(1)</sup>For details on the date of Allotment of the above Equity Shares, the nature of Allotment, face value and the price at which they were acquired, please refer Note no. 1(f) under "Notes to Capital Structure" on page no. 54 of this Draft Prospectus.

We confirm that in compliance with regulation 33 of SEBI ICDR Regulations, the minimum Promoter contribution of 20% as shown above which is subject to lock-in for three years does not consist of:

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

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

**We further confirm that our Promoters' Contribution of 20% of the Post Issue Equity does not include any contribution from Alternative Investment Funds.**

### ii. Details of Shares locked-in for one year

- Pursuant to Regulation 37 of the SEBI (ICDR) Regulations, in addition to the Promoters' Contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Offer issue Equity Share capital will be locked in for a period of one (1) year from the date of Allotment in this Offer, other than the Equity Shares allotted / transferred pursuant to the Offer for Sale.

- b) Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this Draft Prospectus, none of the Equity Shares held by our Promoters have been pledged to any person, including banks and financial institutions.
- c) Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoters, which are locked in as per Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst our Promoters/ Promoter Group or to a new promoter 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 Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.
- d) Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than our Promoters, which are locked-in as per Regulation 37 of the SEBI (ICDR) Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

### 3) Pre-Issue and Post Issue Shareholding of our Promoters and Promoters' Group

Set forth is the shareholding of our Promoters and Promoter Group before and after the proposed issue:

| Sr. No.  | Name of Shareholder   | Pre-Issue            |                             | Post-Issue           |                         |
|----------|---|----------------------|-----------------------------|----------------------|-------------------------|
|          |   | No. of Equity Shares | As a % of Pre-Issued Equity | No. of Equity Shares | As a % of Issued Equity |
| <b>A</b> | <b>Promoter</b>   |                      |                             |                      |                         |
| 1        | Mr. Sukanraj Shah   | 1,91,950             | 6.80%                       | 1,37,950             | 4.23%                   |
| 2        | Mr. Vicky Shah  | 3,78,956             | 13.43%                      | 3,00,956             | 9.23%                   |
| 3        | Mr. Sahil Shah  | 2,04,531             | 7.24%                       | 1,86,531             | 5.72%                   |
| 4        | M/s. Sukanraj Bhabhutmal Shah HUF                             | 5,94,000             | 21.05%                      | 4,80,000             | 14.73%                  |
|          | <b>Total (A)</b>  | <b>13,69,437</b>     | <b>48.54%</b>               | <b>11,05,437</b>     | <b>33.91%</b>           |
| <b>B</b> | <b>Promoter Group (As defined by SEBI (ICDR) Regulations)</b> |                      |                             |                      |                         |
| 1        | Mrs. Lalita Kumari Shah                                       | 3,09,375             | 10.97%                      | 2,01,375             | 6.18%                   |
| 2        | Mrs. Sheetal Khabia   | 6,875                | 0.24%                       | 6,875                | 0.21%                   |
| 3        | Mrs. Hetal Shahil Shah  | 10,313               | 0.37%                       | 10,313               | 0.32%                   |
| 4        | Mrs. Sapna Shah   | 2,28,250             | 8.09%                       | 1,50,250             | 4.61%                   |
| 5        | Parag Housing Development Pvt. Ltd.                           | 2,75,000             | 9.75%                       | 2,75,000             | 8.44%                   |
| 6        | M/s. Sahil Shah (HUF)   | 2,75,000             | 9.75%                       | 2,75,000             | 8.44%                   |
| 7        | M/s. V. S. Shah (HUF)   | 3,19,687             | 11.33%                      | 3,19,687             | 9.81%                   |
| 8        | Mr. Lakhani Jain  | 22,000               | 0.78%                       | 22,000               | 0.67%                   |
| 9        | Mr. Hitesh Kothari  | 5,500                | 0.19%                       | 5,500                | 0.17%                   |
|          | <b>Total (B)</b>  | <b>14,52,000</b>     | <b>51.46%</b>               | <b>12,66,000</b>     | <b>38.84%</b>           |
|          | <b>Grand Total (A+B)</b>                                      | <b>28,21,437</b>     | <b>100.00%</b>              | <b>23,71,437</b>     | <b>72.76%</b>           |

### 4) Details of Offer for Sale

The following are the details of the Equity Shares being offered as part of the Offer for Sale:

| Sr. No. | Name of Selling Shareholders | Total Number of Equity Shares currently held | Number of Equity Shares offered for the Offer for Sale |
|---------|------------------------------|--|--|
| 1       | Mr. Sukanraj Shah            | 1,91,950                                     | 54,000   |

|   |                                   |          |          |
|---|-----------------------------------|----------|----------|
| 2 | Mr. Vicky Shah                    | 3,78,956 | 78,000   |
| 3 | Mr. Sahil Shah                    | 2,04,531 | 1,14,000 |
| 4 | M/s. Sukanraj Bhabhutmal Shah HUF | 5,94,000 | 18,000   |
| 5 | Mrs. Lalita Kumari Shah           | 3,09,375 | 1,08,000 |
| 6 | Mrs. Sapna Shah                   | 2,28,250 | 78,000   |

Set forth below are the details of the build-up of Equity Shares offered for the Offer for Sale by the respective Selling Shareholders:

**(a) Details of the share capital held by Mrs. Lalita Kumari Shah**

| Date of Allotment / Transfer | Nature of Transaction | Consideration   | No. of Shares | Face Value (₹) | Issue Price / Transfer Price (₹) | Cumulative no. of Shares |
|------------------------------|-----------------------|-----------------|---------------|----------------|----------------------------------|--------------------------|
| October 24, 1997             | Subscription to MOA   | Cash            | 1,000         | 10             | 10                               | 1,000                    |
| December 06, 2002            | Further Allotment     | Cash            | 1,500         | 10             | 10                               | 2,500                    |
| January 06, 2005             | Transfer              | Cash            | 20,000        | 10             | 10                               | 22,500                   |
| September 21, 2009           | Transfer              | Cash            | 90,000        | 10             | 10                               | 1,12,500                 |
| July 26, 2017                | Bonus Issue           | Other than Cash | 1,96,875      | 10             | NIL                              | 3,09,375 <sup>(1)</sup>  |

<sup>(1)</sup> Out of total holding of Mrs. Lalita Kumari Shah, 1,08,000 equity shares are offer as a part of Offer of Sale.

**(b) Details of the share capital held by Mrs. Sapna Shah**

| Date of Allotment / Transfer | Nature of Transaction | Consideration   | No. of Shares | Face Value (₹) | Issue Price / Transfer Price (₹) | Cumulative no. of Shares |
|------------------------------|-----------------------|-----------------|---------------|----------------|----------------------------------|--------------------------|
| November 02, 2004            | Further Allotment     | Cash            | 200           | 10             | 125                              | 200                      |
| June 06, 2006                | Further Allotment     | Cash            | 1,000         | 10             | 175                              | 1,200                    |
| September 21, 2009           | Transfer              | Cash            | 81,800        | 10             | 10                               | 83,000                   |
| July 26, 2017                | Bonus Issue           | Other than Cash | 1,45,250      | 10             | NIL                              | 2,28,250 <sup>(1)</sup>  |

<sup>(1)</sup> Out of total holding of Mrs. Sapna Shah, 78,000 equity shares are offer as a part of Offer of Sale.

For details regarding the build-up of the shares being offered in Offer for sale by Our Promoters, please refer Note no. 1(f) under "Notes to Capital Structure" on page no. 54 of this Draft Prospectus.

**The Equity Shares constituting the Offer for Sale have been held by the respective Selling Shareholders for such period as required under Regulation 26(6) of the ICDR Regulations.**

**5) The top ten shareholders of our Company and their Shareholding is as set forth below**

a. The top ten Shareholders of our Company as on the date of this Draft Prospectus are:

| Sr. No. | Particulars                    | No. of Shares | % of Shares to Pre – Issue Share Capital |
|---------|--------------------------------|---------------|--|
| 1       | Sukanraj Bhabhutmal Shah (HUF) | 5,94,000      | 21.05%                                   |
| 2       | Vicky Shah                     | 3,78,956      | 13.43%                                   |
| 3       | V S Shah (HUF)                 | 3,19,688      | 11.33%                                   |
| 4       | Lalita Kumari Shah             | 3,09,375      | 10.97%                                   |



| Sr. No.      | Particulars                          | No. of Shares    | % of Shares to Pre – Issue Share Capital |
|--------------|--------------------------------------|------------------|--|
| 5            | Sahil S. Shah (HUF)                  | 2,75,000         | 9.75%                                    |
| 6            | Parag Housing Developments Pvt. Ltd. | 2,75,000         | 9.75%                                    |
| 7            | Sapna Shah                           | 2,28,250         | 8.09%                                    |
| 8            | Sahil Shah                           | 2,04,531         | 7.25%                                    |
| 9            | Sukanraj Shah                        | 1,91,950         | 6.80%                                    |
| 10           | Lakhan Jain                          | 22,000           | 0.78%                                    |
| <b>Total</b> |                                      | <b>27,98,750</b> | <b>99.20%</b>                            |

b. The top ten Shareholders of our Company ten days prior to date of this Draft Prospectus are:

| Sr. No.      | Particulars                          | No. of Shares    | % of Shares to Pre – Issue Share Capital |
|--------------|--------------------------------------|------------------|--|
| 1            | Sukanraj Bhabhutmal Shah (HUF)       | 5,94,000         | 21.05%                                   |
| 2            | Vicky Shah                           | 3,78,956         | 13.43%                                   |
| 3            | V S Shah (HUF)                       | 3,19,688         | 11.33%                                   |
| 4            | Lalita Kumari Shah                   | 3,09,375         | 10.97%                                   |
| 5            | Sahil Shah (HUF)                     | 2,75,000         | 9.75%                                    |
| 6            | Parag Housing Developments Pvt. Ltd. | 2,75,000         | 9.75%                                    |
| 7            | Sapna Shah                           | 2,28,250         | 8.09%                                    |
| 8            | Sahil Shah                           | 2,04,531         | 7.25%                                    |
| 9            | Sukanraj Shah                        | 1,91,950         | 6.80%                                    |
| 10           | Lakhan Jain                          | 22,000           | 0.78%                                    |
| <b>Total</b> |                                      | <b>27,98,750</b> | <b>99.20%</b>                            |

c. The top ten Shareholders of our Company two years prior to date of this Draft Prospectus are:

| Sr. No.      | Particulars                                     | No. of Shares   | % of Shares then Share Capital |
|--------------|---|-----------------|--------------------------------|
| 1            | Vicky Shah                                      | 1,37,794        | 13.43                          |
| 2            | Sukanraj Bhabhutmal Shah (HUF)                  | 1,16,000        | 11.31                          |
| 3            | Lalita Kumari Shah                              | 1,12,500        | 10.96                          |
| 4            | Parag Housing Developments Pvt. Ltd.            | 1,00,000        | 9.75                           |
| 5            | Sapna Shah                                      | 83,000          | 8.09                           |
| 6            | Sahil Shah                                      | 74,375          | 7.25                           |
| 7            | Sukanraj Shah                                   | 69,800          | 6.80                           |
| 8            | Red Lagoon Advertising and Mass Media Pvt. Ltd. | 47,750          | 4.65                           |
| 9            | Frank Mercantile Pvt. Ltd.                      | 40,000          | 3.90                           |
| 10           | Lona Mercantile Pvt. Ltd.                       | 31,700          | 3.09                           |
| <b>Total</b> |   | <b>8,12,919</b> | <b>79.23%</b>                  |

- 6) Neither the Company, nor its Promoters, Directors or the Lead Manager have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.
- 7) None of our Directors or Key Managerial Personnel holds Equity Shares in the Company, except as stated in the chapter titled “Our Management” beginning on page no. 109 of this Draft Prospectus.
- 8) Investors may note that in case of over-subscription, in all the categories, the allocation in the Offer shall be as per the requirement of Regulation 43(4) of SEBI (ICDR) Regulations, as amended from time to time. The allotment will be on proportionate basis as detailed under “Basis of Allotment” in the chapter titled “Offer Procedure” beginning on page no. 236 of this Draft Prospectus.
- 9) An investor cannot make an application for more than the number of Equity Shares offered in this Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

- 10) An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Offer. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
- 11) Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the Lead Manager and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines
- 12) No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Offer.
- 13) As on date of this Draft Prospectus, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
- 14) There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
- 15) Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of this Draft Prospectus the entire pre-issue share capital of the Company has been made fully paid up.
- 16) Except as disclosed in the Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Offer, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or issue of bonuses or rights or further public issue of specified securities or Qualified Institutional Placement.
- 17) We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this Draft Prospectus.
- 18) As on date of this Draft Prospectus, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares, nor has the company ever allotted any equity shares pursuant to conversion of ESOP's till date.
- 19) Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of this Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within 24hours of such transaction.
- 20) The Lead Manager and its associates do not directly or indirectly hold any shares of the Company.
- 21) Our Company has Thirteen (13) shareholders, as on the date of this Draft Prospectus.
- 22) Our Company has not re-valued its assets since incorporation.
- 23) Our Company has not made any public issue or rights issue since its incorporation.

## 24) Shareholding Pattern of the Company

The following is the shareholding pattern of the Company as on the date of this Draft Prospectus

| Category (I) | Category of Share-holder (II)  | No. of Share-holder (III) | No. of fully paid-up equity shares held (IV) | No. of Partly paid-up equity shares held (V) | No. of shares Underlying Depository Receipts (VI) | Total Nos. Shares held (VII) = (IV) + (V) + (VI) | Share holding 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) |          |                  |                         | No of Underlying Outstanding Convertible securities (incl. Warrants) (X) | Share Holding as a % assuming Full convertible securities (as a % of Diluted Share Capital)(XI)=(VII)+(X) As a % of (A+B+C2) | Number of Locked In shares (XII) |                                 | No. of shares Pledged Or Otherwise encumbered (XIII) |                                 | No. of Equity shares held in De-mat form (XIV) |
|--------------|--------------------------------|---------------------------|--|--|---|--|--|---|----------|------------------|-------------------------|--|--|----------------------------------|---------------------------------|--|---------------------------------|--|
|              |                                |                           |  |  |   |  |  | No of voting Right  |          |                  | Total As a % of (A+B+C) |  |  | No (a)                           | As a % of total shares held (b) | No (a)   | As a % of total shares held (b) |  |
|              |                                |                           |  |  |   |  |  | Class-Equity  | Class    | Total            |                         |  |  |                                  |                                 |  |                                 |  |
| (A)          | Promoter & Promoter Group      | 13                        | 28,21,437                                    | -  | -   | 28,21,437  | 100.00%  | 28,21,437   | -        | 28,21,437        | 100.00%                 | -  | 100.00%  | -                                | -                               | -  | -                               | -  |
| (B)          | Public                         | -                         | -  | -  | -   | -  | -  | -   | -        | -                | -                       | -  | -  | -                                | -                               | -  | -                               | -  |
| (C)          | Non Promoter Non Public        | -                         | -  | -  | -   | -  | -  | -   | -        | -                | -                       | -  | -  | -                                | -                               | -  | -                               | -  |
| (C1)         | Shares Underlying DRs          | -                         | -  | -  | -   | -  | -  | -   | -        | -                | -                       | -  | -  | -                                | -                               | -  | -                               | -  |
| (C2)         | Shares held by Employee Trusts | -                         | -  | -  | -   | -  | -  | -   | -        | -                | -                       | -  | -  | -                                | -                               | -  | -                               | -  |
|              | <b>Total</b>                   | <b>13</b>                 | <b>28,21,437</b>                             | <b>-</b>                                     | <b>-</b>  | <b>28,21,437</b>                                 | <b>100.00%</b>   | <b>28,21,437</b>  | <b>-</b> | <b>28,21,437</b> | <b>100.00%</b>          | <b>-</b>   | <b>100.00%</b>   | <b>-</b>                         | <b>-</b>                        | <b>-</b>   | <b>-</b>                        | <b>-</b>                                       |

Public Shareholders holding more than 1% of the pre-issue paid-up capital of our Company

| Sr. No. | Particulars | No. of Shares | % of Shares Pre-Issue Share Capital |
|---------|-------------|---------------|-------------------------------------|
| -       | -           | -             | -                                   |

## SECTION IV – PARTICULARS OF THE OFFER

### OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

#### *The Offer for Sale*

Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders.

#### *The Fresh Issue*

The Objects of the Fresh Issue is to raise funds for:

- (a) Funding Long Term Working Capital Requirement; and
- (b) Funding expenditure for General Corporate Purposes.

Further, our Company expects that the listing of the Equity Shares will enhance our visibility and our brand image among our existing and potential customers.

The Main Objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by the Company through the Present Offer. Further, we confirm that the activities that we have been conducting until now are in accordance with the objects clause of our Memorandum of Association.

#### **Fresh Issue Proceeds & Net Fresh Issue Proceeds**

The details of the proceeds of the Fresh Issue are set forth in the table below:

(₹ in lakhs)

| Sr. No. | Particulars   | Amount  |
|---------|---|---------|
| 1       | Gross Proceeds from the Fresh Issue                               | 657.00  |
| 2       | Less: Company's share of Offer related Expenses <sup>(1)(2)</sup> | (35.00) |
|         | Net Proceeds from the Fresh Issue                                 | 622.00  |

<sup>(1)</sup> Except for the Listing fees and Market making fees, which will be borne by our Company, all other expenses relating to the Offer as mentioned above will be borne by our Company and the Selling Shareholder in proportion to the Equity Shares contributed / issued in the Offer.

<sup>(2)</sup> The Offer expenses are estimated expenses and subject to change.

#### **Requirement of Funds and Means of Finance**

The fund requirements described below are based on internal management estimates and our Company's current business plan and have not been appraised by any bank, financial institution.

We intend to utilise the Net Proceeds of the Fresh Issue ("Net Proceeds") of ₹ 622.00 lakhs for financing the objects as set forth below:

(₹ in lakhs)

| Sr. No. | Particulars                                   | Amount        |
|---------|---|---------------|
| 1       | Funding Long Term Working Capital Requirement | 528.50        |
| 2       | Expenditure for General Corporate Purposes    | 93.50         |
|         | <b>Total</b>                                  | <b>622.00</b> |

The entire fund requirements are to be financed from the Net Fresh Issue Proceeds, and there is no requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the Offer.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other

purposes for which funds are being raised in this Offer. If surplus funds are unavailable or in case of cost overruns, we expect that the shortfall will be met from internal accruals and/or entering into funding arrangements as required. Any variation in the objects of the Offer shall be undertaken in accordance with the terms of the Companies Act and the rules framed there under.

In case of delays in raising funds from the Fresh Issue, our Company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Unsecured / Bridge Loans and in such case the Funds raised shall be utilized towards repayment of Unsecured Loans or recouping of Internal Accruals. However, we confirm that except as mentioned below no unsecured / bridge financing has been availed as on date for the above mentioned objects, which is subject to being repaid from the Fresh Issue Proceeds.

For further details on the risks involved in our proposed fund utilization as well as executing our business strategies, please see the section titled “Risk Factors” beginning on page no. 10 of this Draft Prospectus.

## DETAILS OF THE FUND REQUIREMENTS

### 1. Funding Long Term Working Capital Requirements:

Working Capital Cycle:

We operate as a manufacturer and trader of grey fabrics and various other finished fabrics including 100% Cotton – Lycra and Non-Lycra, Blended Cotton Suiting – Chief Value Cotton, Polyester Cotton, 100% Cotton Yarn Dyed, Polyester Viscose, Terry Rayon Suiting, Mock Linen etc. Our manufactured and traded goods are sold under our own brands, namely, Cotbbelly's, Pierricarlo and Earthen Belly.

Our operational infrastructure for the textile manufacturing business is working capital intensive and involves maintaining inventory and debtors at levels that may not be in terms with the industry standards. Further, we are also engaged in trading of textiles which involves credit risk due to differential payment terms with different customers.

Due to intense competition in this industry, from the organised as well from the unorganised sector, we cannot always dictate payment terms with our customers and suppliers. Also, many of our customers are big corporate houses, because of which our current credit period is considerably high and not uniform for different customers. Further, recent volatility in the global economy and the subsequent volatility of economic activity in India, especially in the Textile industry, we are required to maintain higher stocks of raw materials, semi-finished goods and finished goods to cater to last minute demands, to shield ourselves from the volatile pricing and to stay ahead of competition. Also, ready stock enables us to adapt to changing fashion trends much faster. This is one of the major reasons for increase in our working capital requirements.

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

(₹ in lakhs)

| Sr. No.     | Particulars                              | Holding Levels (days) | Period ended March 31, 2016 | Holding Levels (days) | For Fiscal 2017-18 |
|-------------|--|-----------------------|-----------------------------|-----------------------|--------------------|
| <b>I.</b>   | <b>Current Assets:</b>                   |                       |                             |                       |                    |
| 1.          | Inventories                              | 101                   | 4,217.45                    | 103                   | 5,353.00           |
| 2.          | Trade Receivables                        | 82                    | 3,380.90                    | 72                    | 3,950.00           |
| 3.          | Loans & Advances                         |                       | 558.51                      |                       | 680.00             |
| 4.          | Other Current Assets                     |                       | 11.32                       |                       | 40.00              |
|             | <b>Total Current Assets (A)</b>          |                       | <b>8,168.18</b>             |                       | <b>10,023.00</b>   |
| <b>II.</b>  | <b>Current Liabilities</b>               |                       |                             |                       |                    |
| 1.          | Trade Payables                           | 57                    | 1,976.13                    | 60                    | 3,370.00           |
| 2.          | Other Current Liabilities                |                       | 335.67                      |                       | 215.00             |
|             | <b>Total Current Liabilities (B)</b>     |                       | <b>2,311.80</b>             |                       | <b>3,585.00</b>    |
| <b>III.</b> | <b>Total Working Capital Gap (A – B)</b> |                       | <b>5,856.38</b>             |                       | <b>6,438.00</b>    |
| <b>IV.</b>  | <b>Funding Pattern:</b>                  |                       |                             |                       |                    |

|    |  |  |             |  |               |
|----|--|--|-------------|--|---------------|
| 1. | Working Capital Facilities from Banks <sup>(1)</sup> |  | 3,509.50    |  | 3,509.50      |
| 2. | Internal Accruals / Owned Funds <sup>(2)</sup>       |  | 2,346.88    |  | 2,400.00      |
| 3. | Part of the Net proceeds to be utilised              |  | <b>0.00</b> |  | <b>528.50</b> |

<sup>(1)</sup> For details of the sanctioned limits, please refer the chapter "Financial Indebtedness" on page no. 167 of this Draft Prospectus.

<sup>(2)</sup> M/s. Bhatner & Co., Chartered Accountants vide letter dated September 11, 2017 have confirmed that the Company's "Internal Accruals" as on March 31, 2017 is ₹ 4,426.65 lakhs and the Company's "Own Funds" as on March 31, 2017 is ₹ 4,523.68 lakhs.

Hence, our Company proposes to utilise ₹ 528.50 lakhs of the Net Fresh Issue Proceeds towards working capital requirements for meeting our future business requirements.

#### Justification for "Holding Period" levels

|                          |   |
|--------------------------|---|
| <b>Inventories</b>       | The Company expects its inventory portfolio to be greater with inclusion of broader range of designs, fabrics and types of fabrics required for processing. The Company expects that it will have to keep the stock of various yarns and grey fabrics in line with the requirement of its clients. The Company plans to hold optimum inventory for regular products and keep inventory for products with specific demand. Hence the inventory holding period has been estimated in line with fiscal 2016-17 i.e. to be in the range of 90-95 days for the fiscal 2017-18. |
| <b>Trade Receivables</b> | Our Company operates in a regulated and organised market, selling our own brand fabrics to various garment manufacturers across India and also manufacturing fabrics for many well established national and multi-national textile brands. Due to this, we have a regular credit period which is also a result of our years of associations with our customers. Hence we believe that going ahead we will witness an average of 70-75 days credit period in the fiscal 2017-18.   |
| <b>Creditors</b>         | Trade Payables are mainly for raw materials and purchase of traded goods. To avail the raw material in the quantity, quality and variety as required based on orders on regular basis or even shorter notice basis, we need to maintain good relations with our suppliers. Hence, we believe that these payables will be in proportion to our business operations and hence we estimate the level of creditor's period to be same as previous fiscal i.e. 55-60 days for the fiscal 2017-18.  |

#### 2) General Corporate Purposes

We propose to deploy ₹ 93.50 lakhs, aggregating to 14.23% of the Proceeds of the Fresh Issue towards general corporate purposes, including but not restricted to strategic initiatives, partnerships, joint ventures and acquisitions, meeting exigencies which our Company may face in the ordinary course of business, to renovate and refurbish certain of our existing Company owned/leased and operated facilities or premises, towards brand promotion activities or any other purposes as may be approved by our Board.

We confirm that any offer related expenses shall not be considered as a part of General Corporate Purpose. Further, we confirm that the amount for general corporate purposes, as mentioned in this Draft Prospectus, shall not exceed 25% of the amount raised by our Company through this Offer.

#### ISSUE RELATED EXPENSES

The total estimated Offer Expenses are ₹ 62.00 lakhs, which is 4.65% of the total Issue Size. The details of the Issue Expenses are tabulated below:

| Sr. No. | Particulars  | Amount (₹ in lakhs) | % of Total Expenses | % of Total Issue size |
|---------|--|---------------------|---------------------|-----------------------|
| 1       | Issue Management fees including fees and reimbursements of Market Making fees (1 <sup>st</sup> year), and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses. | 42.00               | 67.74%              | 3.15%                 |
| 2       | Brokerage and Selling Commission, Underwriting Commission, RTAs and CDPs <sup>(1)(2)(3)(4)</sup>   | 4.50                | 7.26%               | 0.34%                 |
| 3       | Advertisement, Printing & Stationery, Marketing Expenses, etc.   | 6.00                | 9.68%               | 0.45%                 |



| Sr. No. | Particulars                                      | Amount (₹ in lakhs) | % of Total Expenses | % of Total Issue size |
|---------|--|---------------------|---------------------|-----------------------|
| 4       | Listing Fees, Market Regulatory & Other Expenses | 9.50                | 15.32%              | 0.71%                 |
|         | <b>Total</b>                                     | <b>62.00</b>        | <b>100.00%</b>      | <b>4.65</b>           |

<sup>(1)</sup> The SCSBs and other intermediaries will be entitled to a commission of ₹ 50/- per every valid Application Form submitted to them and uploaded on the electronic system of the Stock Exchange by them.

<sup>(2)</sup> The SCSBs would be entitled to processing fees of ₹ 25/- per Application Form, for processing the Application Forms procured by other intermediaries and submitted to the SCSBs.

<sup>(3)</sup> Further the SCSBs and other intermediaries will be entitled to selling commission of 0.05% of the Amount Allotted (product of the number of Equity Shares Allotted and the Offer Price) for the forms directly procured by them and uploaded on the electronic system of the Stock Exchange by them.

<sup>(4)</sup> The payment towards commission and processing fees will be completed within 30 days from the date of receipt of final invoice from the respective entities.

### Appraisal and Bridge Loans

The Objects of the Offer and deployment of Fresh Issue funds have not been appraised by any banks, financial institutions or agency. Further, our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Prospectus, which are proposed to be repaid from the Net Fresh Issue Proceeds.

### Year wise Deployment of Funds / Schedule of Implementation

As on the date of this Draft Prospectus, no funds have been deployed on these objects. The entire Fresh Issue size is proposed to be deployed in the Financial Year 2017 – 18.

### Monitoring of Utilization of Funds

There is no requirement for a monitoring agency as the Issue size is less than ₹ 50,000 lakhs. Pursuant to Regulation 32(3) of the SEBI (LODR) Regulations, 2015, our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Net Fresh Issue Proceeds. Until such time as any part of the Net Proceeds remains unutilized, our Company will disclose the utilization of the Net Proceeds under separate heads in our Company's balance sheet(s) clearly specifying the amount of and purpose for which Net Proceeds have been utilized so far, and details of amounts out of the Net Proceeds that have not been utilized so far, also indicating interim investments, if any, of such unutilized Net Proceeds. In the event that our Company is unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a fiscal, we will utilize such unutilized amount in the next fiscal.

Further, in accordance with Regulation 32(1)(a) of the SEBI (LODR) Regulations, 2015, our Company shall furnish to the Stock Exchanges on a half yearly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in this Draft Prospectus.

### Interim Use of Funds

Pending utilization of the Net Fresh Issue Proceeds for the purposes described above, our Company will deposit the Net Fresh Issue Proceeds with scheduled commercial banks included in schedule II of the RBI Act. Our Company confirms that it shall not use the Net Fresh Issue Proceeds for buying, trading or otherwise dealing in shares of any listed company or for any investment in the equity markets.

### Variation in Objects

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Offer without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act. The notice in respect of such resolution to Shareholders shall simultaneously be published in the newspapers, one in English and one in Regional language of the jurisdiction where our Registered Office is situated. The Shareholders who do not agree to the above stated proposal, our Promoter or controlling

Shareholders will be required to provide an exit opportunity to such dissenting Shareholders, at a price as may be prescribed by SEBI, in this regard.

**Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, our board of Directors, our Key Management Personnel or Group Companies except in the normal course of business and in compliance with applicable law.

## BASIC TERMS OF THE OFFER

### Terms of the Offer

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Draft Prospectus / Prospectus, Application Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the offer of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable.

### Authority for the Offer

The present Offer has been authorized pursuant to a resolution of our Board dated September 11, 2017 and by Special Resolution passed under Section 62(1)(C) of the Companies Act, 2013 at an Extra-Ordinary General Meeting of our shareholders held with a shorter notice on September 12, 2017.

The Offer for Sale has been authorised by the Selling Shareholders by their consent letter dated September 09, 2017. The No. of Equity Shares offered by each Selling Shareholders is as follows:

| Sr. No. | Name of the Selling Shareholders  | No. of Equity Shares Offered |
|---------|-----------------------------------|------------------------------|
| 1       | Mr. Sukanraj Shah                 | 54,000                       |
| 2       | Mr. Vicky Shah                    | 78,000                       |
| 3       | M/s. Sukanraj Bhabhutmal Shah HUF | 1,14,000                     |
| 4       | Mr. Sahil Shah                    | 18,000                       |
| 5       | Mrs. Lalita Kumari Shah           | 1,08,000                     |
| 6       | Mrs. Sapna Shah                   | 78,000                       |
|         | <b>Total</b>                      | <b>4,50,000</b>              |

The Selling Shareholders have severally confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible in term of SEBI (ICDR) Regulations and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.

### Other Details

|                                     |  |
|-------------------------------------|--|
| <b>Face Value</b>                   | The Equity Shares to be offered pursuant to this Offer, having a face value of ₹ 10 each are being offered in terms of this Draft Prospectus. Subject to applicable laws, there shall be, at any given point of time, only one denomination of the Equity Shares of our Company.   |
| <b>Offer Price per Share</b>        | The Equity Shares pursuant to this Draft Prospectus are being offered at a price of ₹ 150 each.  |
| <b>Terms of Payment</b>             | Applications should be for a minimum of 1,000 (One Thousand) equity shares and 1,000 equity shares thereafter. The entire Offer Price of the equity shares of ₹ 150 per share is payable on application.<br><br>In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded / unblocked to the applicants.               |
| <b>Ranking of the Equity Shares</b> | The Equity Shares offered pursuant to this Offer shall be subject to the Memorandum and Articles of Association of the Company and shall rank <i>pari - passu</i> in all respects including dividends with the existing Equity Shares of the Company. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. |
| <b>Market Lot and Trading Lot</b>   | The Market lot and Trading lot for the Equity Share is 1,000 and in multiples of 1,000 thereafter; subject to a minimum allotment of 1,000 Equity Shares to the successful applicants.   |

### **Minimum Subscription**

The requirement for 90% minimum subscription in terms of Regulation 14 of the ICDR Regulations is not applicable to the Offer. In terms of Regulation 106P(1) of the ICDR Regulations, the Offer is not restricted to any minimum subscription level and is 100% underwritten. Further, pursuant to Regulation 106R of the ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted shall not be less than 50.

If we do not receive the subscription of 100% of the Offer through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Offer, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest prescribed under the applicable provisions of the Companies Act, 2013.

## BASIS FOR OFFER PRICE

The Offer Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is ₹ 10 and Offer Price is ₹ 150 per Equity Shares and is 15 times of the face value. Investors should read the following basis with the sections titled “Risk Factors” and “Financial Information” and the chapter titled “Our Business” beginning on page nos. 10, 133 and 86 respectively, of this Draft Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of Our Company could decline due to these risk factors and you may lose all or part of your investments.

### Qualitative Factors

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

- ✓ Management expertise
- ✓ Established Marketing Setup and Diversified Customer Base
- ✓ Strategic Location of Manufacturing and Utility Units
- ✓ Cordial Relationship between management and labour
- ✓ Strong Technological Capabilities
- ✓ Consistency in Quality and Service Standards
- ✓ Scalable Business Model
- ✓ Product mix and Market mix
- ✓ Cost effective production and timely fulfilment of orders

For further details regarding some of the qualitative factors, which form the basis for computing the Offer Price, please see “Business Overview – Our Strengths” on page no. 87 of this Draft Prospectus.

### Quantitative Factors

Information presented in this chapter is derived from restated financial statements prepared in accordance with Indian GAAP.

#### 1) Earnings per Share (EPS)

| Year ended March 31,    | Basic & Diluted           |        |
|-------------------------|---------------------------|--------|
|                         | EPS (in ₹) <sup>(1)</sup> | Weight |
| 2017                    | 5.71                      | 3      |
| 2016                    | 5.13                      | 2      |
| 2015                    | 3.85                      | 1      |
| <b>Weighted Average</b> | <b>5.21</b>               |        |

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

#### Notes:

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

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

Diluted EPS has been calculated as per the following formula:

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

- b. 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 Offer price of ₹ 150 per share of ₹ 10 each

| Particulars   | Standalone |
|---|------------|
| P/E ratio based on Basic and Diluted EPS as at March 31, 2017 | 26.27      |
| P/E ratio based weighted average EPS                          | 28.79      |

| Industry P/E                  |       |
|-------------------------------|-------|
| Highest – Vishal Fabrics Ltd. | 94.20 |
| Lowest – Faze Three Ltd.      | 6.70  |
| Industry Average              | 19.60 |

(Source: Capital Market, Vol. XXXII/13, Aug 14 – 27, 2017; Segment: Textiles - Processing)

3) Return on Net Worth (RoNW)

| Year ended March 31     | RoNW (%)    | Weight |
|-------------------------|-------------|--------|
| 2017                    | 5.47        | 3      |
| 2016                    | 5.17        | 2      |
| 2015                    | 4.08        | 1      |
| <b>Weighted Average</b> | <b>5.14</b> |        |

**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 (RoNW) after the Offer needed to maintain the Pre – Offer Basic & Diluted EPS of ₹ 5.71 for the FY 2016-17 (based on Restated Financials) at the Offer Price of ₹ 150 is 5.16%.

5) Net Asset Value (NAV)

| Financial Year                          | Standalone |
|---|------------|
| NAV as at March 31, 2017 <sup>(1)</sup> | ₹ 286.78   |
| NAV after Offer                         | ₹ 110.60   |
| Offer Price                             | ₹ 150.00   |

<sup>(1)</sup>As on March 31, 2017 the Company's paid-up equity capital consists of 10,25,977 number of fully paid up equity shares of face value ₹ 10/- each. Our Company had allotted 17,95,460 bonus shares on July 26, 2017 in the ratio of 7:4. Hence the pre-offer NAV as on March 31, 2017 should be read as ₹ 104.30 per share after adjusting for this event.

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

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

6) Comparison with Industry peers

| Particulars                       | Face Value (₹) | EPS (₹) | P/E Ratio <sup>(2)</sup> | RONW (%) | NAV (₹) |
|-----------------------------------|----------------|---------|--------------------------|----------|---------|
| Donear Industries Limited         | 2.00           | 2.09    | 37.73                    | 12.47%   | 16.78   |
| Titaanium Ten Enterprises Limited | 10.00          | 0.63    | 26.44                    | 4.14%    | 15.13   |
| Dhanlaxmi Fabrics Limited         | 10.00          | 2.94    | 12.59                    | 6.00%    | 48.85   |
| VTM Limited                       | 1.00           | 2.49    | 12.45                    | 7.46%    | 33.40   |

Source: Company Financial Results for the F. Y. 2016-17 on BSE Ltd. ([www.bseindia.com](http://www.bseindia.com))

|                               |    |      |                      |       |        |
|-------------------------------|----|------|----------------------|-------|--------|
| <b>S K S TEXTILES LIMITED</b> | 10 | 5.71 | 26.27 <sup>(3)</sup> | 5.47% | 286.78 |
|-------------------------------|----|------|----------------------|-------|--------|

Source: Restated Financials as on March 31, 2017



- <sup>(1)</sup> All Peer Comparisons are for Financials on Standalone basis  
<sup>(2)</sup> Based on closing price of the stock as on March 31, 2017  
<sup>(3)</sup> Calculated as Offer Price divided by the EPS as on March 31, 2017

- 7) The Company and the Selling Shareholder in consultation with the Lead Manager believes that the Offer price of ₹ 150 per share for the Public Offer is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the Financial Statements included in this Draft Prospectus to have more informed view about the investment proposition. The Face Value of the Equity Shares is ₹ 10 per share and the Offer Price is 15 times of the face value i.e. ₹ 150 per share.

## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors,  
**S K S Textiles Limited**  
Gala No. 431, Keval Industrial Estate, 4<sup>th</sup> Floor,  
Senapati Bapat Marg, Lower Parel (West),  
Mumbai – 400 013

Dear Sirs,

**Subject: Statement of Possible Special Tax Benefits available to S K S Textiles Limited and its shareholders prepared in accordance with the requirements under Schedule VIII – Clause (VII) (L) of the Securities and Exchange Board of India (Offer of Capital and Disclosure Requirements) Regulations, 2009 as amended (the ‘Regulations’)**

We hereby report that the enclosed annexure prepared by S K S Textiles Limited, states the possible special tax benefits available to S K S Textiles Limited (‘the Company’) and the shareholders of the Company under the Income Tax Act, 1961 (‘Act’), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and do not cover any general tax benefits available to the Company. Further, the preparation of enclosed statement and the contents stated therein is the responsibility of the Company’s management. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (‘the Offer’) by the Company.

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

- a) The Company or its Equity Shareholders will continue to obtain these benefits in future; or
- b) The conditions prescribed for availing the benefits have been / would be met with.

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

Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its Offer, which may have a material effect on the discussions herein.

This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Prospectus/ Prospectus or any other Offer related material in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Bhatter & Co.,**  
**Chartered Accountants**  
(Firm Registration No. 131092W)

**Daulal Bhatter**  
**Proprietor**  
Membership No: 016937  
Place: Mumbai  
Date: September 11, 2017

## ANNEXURE TO THE STATEMENT OF TAX BENEFITS

*The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act 1961 presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.*

**YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.**

### A. SPECIAL TAX BENEFITS TO THE COMPANY

NIL

### B. SPECIAL TAX BENEFITS TO THE SHAREHOLDER

NIL

#### Note:

1. All the above statements are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.
4. 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 ISSUER COMPANY

### INDUSTRY OVERVIEW

The information in this chapter has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with this Offer has independently verified the information provided in this chapter. Industry sources and publications, referred to in this chapter, 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.

### OVERVIEW OF THE GLOBAL AND INDIAN ECONOMY

#### Global Scenario

The US economy bounced back strongly in Q3:2016, underpinned by robust consumer spending and continuing improvement in the labour market. GDP growth decelerated sharply in Q4:2016 due to a large slippage in net exports, even though retail sales, consumer confidence and the purchasing manufacturers' index (PMI) suggested sustained momentum. Domestic demand grew (q-o-q) at the fastest pace in almost two years. Consumer confidence reached a 16-year high in March, though retail sales had slowed down in February. The Institute for Supply Management's (ISM) index suggested manufacturing expanded at its fastest pace in three years in February.

In the Euro area, GDP growth accelerated in H2:2016. Relatively low oil prices and sustained employment gains have provided support to household incomes. Improving consumer confidence and the PMI, which rose to a six-year high in March, indicate that activity continued to expand in Q1:2017. Nonetheless, the region remains vulnerable to a number of headwinds such as the formal beginning of the Brexit process, upcoming elections in several constituent countries and tightening of financial conditions.

The Japanese economy continued to recover at a modest pace even as the momentum weakened in H2:2016. Increases in private consumption and fixed investment were moderate, although there was some uptick in exports and industrial production towards end-2016. The manufacturing PMI improved during January and February but moderated again in March 2017. In the UK, economic growth gained momentum in H2:2016, notwithstanding the uncertainties surrounding the negotiations relating to Brexit, as exports rose substantially following the weakening of the pound. However, manufacturing growth weakened for two consecutive months in February, indicating the possibility of a slowdown in 2017.

(Source: Monetary Policy Report, issued by RBI in April, 2017)

The table below shows the real GDP growth (Q-o-Q, annualised %) :

| Country                                 | Q4-2015 | Q1-2016 | Q2-2016 | Q3-2016 | Q4-2016 | (Per cent)      |                 |                 |
|---|---------|---------|---------|---------|---------|-----------------|-----------------|-----------------|
|   |         |         |         |         |         | 2017 (P)        | 2018 (P)        |                 |
| <b>Advanced Economies (AEs)</b>         |         |         |         |         |         |                 |                 |                 |
| US                                      | 0.9     | 0.8     | 1.4     | 3.5     | 2.1     | 2.3             | 2.5             |                 |
| Euro area                               | 2.0     | 2.0     | 1.2     | 1.6     | 1.6     | 1.6             | 1.6             |                 |
| Japan                                   | -1.0    | 1.9     | 2.2     | 1.2     | 1.2     | 0.8             | 0.5             |                 |
| UK                                      | 2.8     | 0.8     | 2.4     | 2.0     | 2.8     | 1.5             | 1.4             |                 |
| Canada                                  | 0.5     | 2.7     | -1.2    | 3.8     | 2.6     | 1.9             | 2.0             |                 |
| Korea                                   | 2.8     | 2.0     | 3.6     | 2.0     | 2.0     | 3.0             | 3.1             |                 |
| <b>Emerging Market Economies (EMEs)</b> |         |         |         |         |         |                 |                 |                 |
| China                                   | 6.0     | 5.2     | 7.6     | 7.2     | 6.8     | 6.5             | 6.0             |                 |
| Brazil                                  | -4.8    | -2.4    | -1.3    | -2.9    | -3.6    | 0.2             | 1.5             |                 |
| Russia*                                 | -3.2    | -0.4    | -0.5    | -0.4    | 0.3     | 1.1             | 1.2             |                 |
| South Africa                            | 0.5     | -1.5    | 3.1     | 0.4     | -0.3    | 0.8             | 1.6             |                 |
| Thailand                                | 2.5     | 4.3     | 4.2     | 1.7     | 1.7     | 3.3             | 3.1             |                 |
| Malaysia                                | 4.8     | 4.0     | 2.8     | 5.6     | 5.6     | 4.6             | 4.7             |                 |
| Mexico                                  | 1.6     | 1.9     | 0.4     | 4.2     | 2.8     | 1.7             | 2.0             |                 |
| Saudi Arabia*                           | 4.3     | 2.0     | 1.5     | 0.9     | 1.2     | 0.4             | 2.3             |                 |
| <b>Memo:</b>                            |         |         |         |         |         | <b>2016 (E)</b> | <b>2017 (P)</b> | <b>2018 (P)</b> |
| World Output                            |         |         |         |         |         | 3.1             | 3.4             | 3.6             |
| World Trade Volume                      |         |         |         |         |         | 1.9             | 3.8             | 4.1             |

E : Estimate, P : Projection, \*: y-o-y growth.

Sources: Bloomberg and IMF.

(Source: Monetary Policy Report, issued by RBI in April, 2017)

### Indian Scenario

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

India's consumer confidence index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, Nielsen. Moody's has affirmed the Government of India's BAA3 rating with a positive outlook stating that the reforms by the government will enable the country perform better compared to its peers over the medium term.

The tax collection figures between April 2016 and January 2017 show an increase in Net Indirect taxes by 16.9 per cent and an increase in Net Direct Taxes by 10.79 per cent year-on-year, indicating a steady trend of healthy growth. The total number of e-filed Income Tax Returns rose 21 per cent year-on-year to 42.1 million in 2016-17 (till 28.02.17), whereas the number of e-returns processed during the same period stood at 43 million. Corporate earnings in India are expected to grow by over 20 per cent in FY 2017-18 supported by normalisation of profits, especially in sectors like automobiles and banks, while GDP is expected to grow by 7.5 per cent during the same period, according to Bloomberg consensus.

India has retained its position as the third largest start-up base in the world with over 4,750 technology start-ups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute (TARI). India's foreign exchange reserves stood at US\$ 366.781 billion as on March 17, 2017 as compared to US\$ 360 billion by end of March 2016, according to data from the RBI.

With the improvement in the economic scenario, there have been various investments leading to increased M&A activity. M&A activity in India more than doubled year-on-year to reach US\$ 61.26 billion in 2016-17. Early-stage start-ups in India are expected to raise US\$ 800 million in 2017, due to greater focus on profitability and sustainable growth, as per a report by InnoVen Capital.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers. Also, the Prime Minister, Mr Narendra Modi has stated that India has become the world's fastest growing large economy, and is expected to grow five-fold by 2040, owing to a series of policy measures.

(Source: About Indian Economy growth rate & statistics, <https://www.ibef.org/economy/indian-economy-overview>)

### INDIAN TEXTILE INDUSTRY

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 15 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

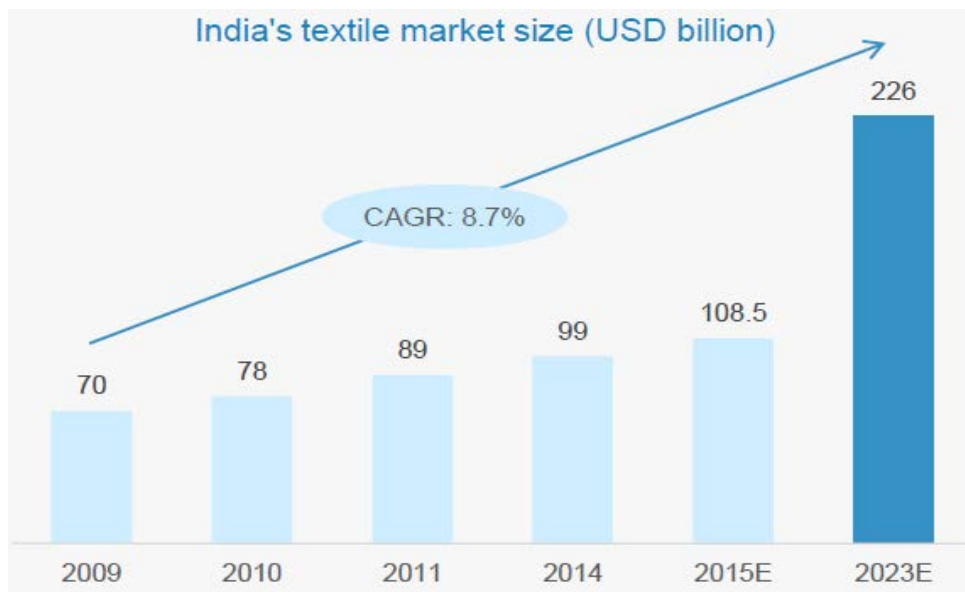
The textile industry employs about 51 million people directly and 68 million people indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in

terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

### Market Size

The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 226 billion by 2023. The Indian Textile Industry contributes approximately 4 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP). Indian khadi products sales increased by 33 per cent year-on-year to Rs 2,005 crore (US\$ 311.31 million) in 2016-17 and is expected to exceed Rs 5,000 crore (US\$ 776.33 million) sales target for 2018-19, as per the Khadi and Village Industries Commission (KVIC).



(Source: Textile & Apparel Industry, IBEF)

The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17. Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles#. The Government of India targets textile and garment sector exports at US\$ 45 billion for 2017-18.

### Investments

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 2.47 billion during April 2000 to March 2017.

Some of the major investments in the Indian textiles industry are as follows:

- Future Group is planning to open 80 new stores under its affordable fashion format, Fashion at Big Bazaar (FBB), and is targeting sales of 230 million units of garments by March 2018, which is expected to grow to 800 million units by 2021.
- Raymond has partnered with Khadi and Village Industries Commission (KVIC) to sell Khadi-marked readymade garments and fabric in KVIC and Raymond outlets across India.
- Max Fashion, a part of Dubai based Landmark Group, plans to expand its sales network to 400 stores in 120 cities by investing Rs 400 crore (US\$ 60 million) in the next 4 years.

(Source: Textile Industry & Market growth in India, <https://www.ibef.org/industry/textiles.aspx>)

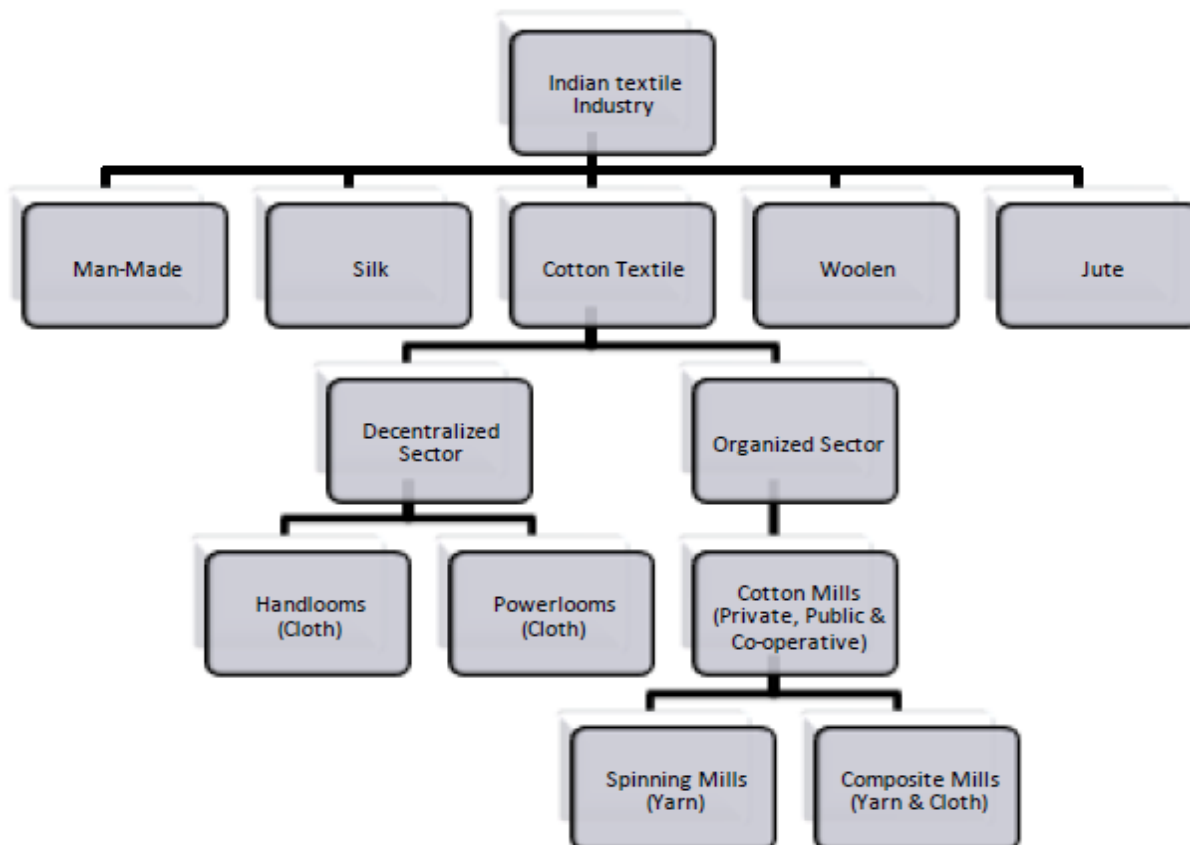
### Industry Structure

The major sub section of the Indian textile Industry are- Silk, Cotton, Woollen, Jute and Man made. The following diagram shows the structure of textile industry in India. The textile industry in India is highly fragmented. It is



vertically integrated across the whole value chain and interconnected with various operations. The organised sector consists of spinning mills and composite mills. The unorganised sector consists of handlooms, power looms and handicrafts. The major products in which Indian textile industry deals is readymade garments, suiting and shirting, shirts and trousers, fabrics, bed linen and embroidery work.

(Source: Technopak's Textile & Apparel Compendium)



(Source: Organisation Study - Textile Industry, [http://www.academia.edu/6145099/Organisation\\_Study\\_-\\_Textile\\_Industry](http://www.academia.edu/6145099/Organisation_Study_-_Textile_Industry))

### IMPORT EXPORT IN INDIAN TEXTILES INDUSTRY

The Indian textile Industry is the second largest manufacturer and exporter in the world, second only to China. The industry is of vital importance to the Indian economy. The share of textile and apparel in India's total exports stands at significant 15%. India has a share of 5% of the global trade in textiles and apparels. The industry holds importance from employment point of view as well. It employs 4.5 crore people directly and around 6 crore in allied sectors, including large number of women and rural population. The sector has perfectly aligned with government's key initiatives of Make in India, Skill India, Women empowerment and Rural Youth employment. The Export scenario under textile and apparels is as under:

- Export of textile and apparel products including Handicrafts from India decreased to US\$40 billion during 2015-16 as compared to US\$40.7 during 2014-2015. However, its share in overall export basket of India increased from 13.6% in 2014-2015 to 15% in 2015-2016.
- During 2014-2015, Readymade garments accounted for almost 40% of total textile exports, while in 2015-2016 they accounted for almost 42% of the total textile exports.
- Total textile and apparel exports during 2016(April- Sept) is valued at US\$18.7 billion with a share of 14% in India's total export of US\$ 132 billion during the same period.

### India's Current Export of Textiles (including Jute, Coir & Handicrafts)

| Export                               | 2015 - 16 |          | 2016 - 17 (April - Sept) |          |
|--------------------------------------|-----------|----------|--------------------------|----------|
|                                      | ₹ Crore   | US \$ Mn | ₹ Crore                  | US \$ Mn |
| India Textile & Apparel              | 2,37,392  | 36,254   | 1,41,326                 | 16,819   |
| Handicrafts                          | 22,320    | 3,410    | 16,342                   | 1,943    |
| Total T & C including Handicrafts    | 2,59,712  | 39,664   | 1,54,332                 | 18,762   |
| India's overall exports              | 17,14,424 | 262,004  | 8,83,706                 | 132,033  |
| % Textile Exports of overall exports | 15%       | 15%      | 17%                      | 14%      |

(Source: Ministry of Textile Annual Report 2016-17, Government of India)

### India's Historical Export of Textiles (including Jute, Coir & Handicrafts)

| Items                                     | 2012-13         |               | 2013-14         |               | 2014-15         |               |
|---|-----------------|---------------|-----------------|---------------|-----------------|---------------|
|   | ₹ Crore         | Mn US \$      | ₹ Crore         | Mn US \$      | ₹ Crore         | Mn US \$      |
| Readymade Garments                        | 70,341          | 12,916        | 90,718          | 14,995        | 1,02,943        | 16,835        |
| Cotton Textiles                           | 61,215          | 11,240        | 81,001          | 13,389        | 69,475          | 11,361        |
| Man-made textiles                         | 27,434          | 5,037         | 35,018          | 5,788         | 35,629          | 5,826         |
| Wollen Yarn, Fabrics, Made-ups Etc.       | 664             | 122           | 770             | 127           | 1,234           | 202           |
| Silk Textiles                             | 930             | 171           | 981             | 162           | 889             | 145           |
| Other textile yarn, fabrics, made-ups etc | N.A.            | N.A.          | 2,563           | 424           | 2,444           | 400           |
| <b>TOTAL</b>                              | <b>1,60,584</b> | <b>29,486</b> | <b>2,11,051</b> | <b>34,884</b> | <b>2,12,614</b> | <b>34,769</b> |
| Handicrafts                               | 6,463           | 1,187         | 7,112           | 1,176         | 8,302           | 1,358         |
| Coir & Coir Manufacturers                 | 1,069           | 196           | 1,397           | 231           | 1,743           | 285           |
| Jute                                      | 2,124           | 390           | 2,428           | 401           | 2,242           | 367           |
| Handloom products                         | N.A.            | N.A.          | 2,250           | 372           | 2,260           | 370           |
| <b>TOTAL</b>                              | <b>9,656</b>    | <b>1,773</b>  | <b>13,187</b>   | <b>2,180</b>  | <b>14,547</b>   | <b>2,379</b>  |
| <b>GRAND TOTAL</b>                        | <b>1,70,240</b> | <b>31,259</b> | <b>2,24,238</b> | <b>37,064</b> | <b>2,27,161</b> | <b>37,148</b> |

(Source: Foreign Trade Statistics of India (Principal Commodities & Countries))

The import scenario of the textile industry is as follows:

- India is a major textile exporting country and exports are way more than the imports, Majority of the imports take place for re-export or for special requirements.
- The import of textile and apparels in India marginally increased from US\$3.1 billion during April-Sept 2015 to US\$3.4 billion during same period of the current fiscal year
- Import of textile and apparel product in India marginally reduced from US\$6.1 billion during 2014-2015 to US\$ 6 billion during 2015-2016

(Source: Annual report 2016-2017, Ministry of Textiles)

### Import of Major Textile Items

| Items                       | 2012-2013 |          | 2013-2014 |          | 2014-2015 |          | 2015-2016 |          |
|-----------------------------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|
|                             | Qty       | Value    | Qty       | Value    | Qty       | Value    | Qty       | Value    |
| <b>FIBRE (Mn. Kg.)</b>      |           |          |           |          |           |          |           |          |
| Wool / Fine / coarse animal | 77.32     | 1,854.49 | 89.73     | 2,012.88 | 96.65     | 2,180.57 | 97.99     | 2,069.57 |

|  |                 |                 |                 |                 |               |                 |                |                 |  |
|--|-----------------|-----------------|-----------------|-----------------|---------------|-----------------|----------------|-----------------|--|
| hair   |                 |                 |                 |                 |               |                 |                |                 |  |
| Wool Tops                                      | 0.23            | 19.78           | 0.15            | 15.56           | 0.51          | 35.39           | 0.58           | 43.80           |  |
| Raw Cotton                                     | 220.19          | 2,449.25        | 166.80          | 2,354.05        | 239.05        | 3,068.09        | 212.95         | 2,530.18        |  |
| MMF  | 95.80           | 1,461.17        | 119.32          | 1,889.23        | 168.86        | 2,353.27        | 203.27         | 2,487.68        |  |
| Flax & Jute                                    | 158.02          | 487.82          | 64.78           | 331.23          | 57.11         | 358.68          | 99.77          | 564.21          |  |
| Raw silk                                       | 4.96            | 1,238.56        | 3.26            | 896.44          | 3.49          | 970.82          | 3.53           | 1,006.16        |  |
| <b>Sub Total</b>                               | <b>556.52</b>   | <b>7,511.08</b> | <b>444.04</b>   | <b>7,499.39</b> | <b>565.67</b> | <b>8,966.82</b> | <b>618.09</b>  | <b>8,701.60</b> |  |
| <b>FIBRE WASTE (Mn. Kg.)</b>                   |                 |                 |                 |                 |               |                 |                |                 |  |
| Wool waste                                     | 1.34            | 5.66            | 1.29            | 6.94            | 1.26          | 6.96            | 1.01           | 5.65            |  |
| Cotton waste                                   | 10.86           | 15.38           | 11.02           | 17.25           | 19.93         | 33.14           | 18.67          | 33.03           |  |
| Waste of man-made fibre                        | 17.41           | 74.14           | 19.41           | 95.56           | 23.17         | 130.74          | 22.02          | 142.59          |  |
| Silk waste                                     | 0.11            | 17.25           | 0.15            | 28.96           | 0.11          | 25.91           | 0.17           | 36.77           |  |
| <b>Sub Total</b>                               | <b>29.73</b>    | <b>112.42</b>   | <b>31.87</b>    | <b>148.71</b>   | <b>44.47</b>  | <b>196.75</b>   | <b>41.87</b>   | <b>218.04</b>   |  |
| <b>YARN (Mn. Kg.)</b>                          |                 |                 |                 |                 |               |                 |                |                 |  |
| Silk yarn                                      | 0.54            | 80.26           | 0.55            | 100.07          | 0.51          | 103.78          | 0.39           | 81.66           |  |
| Woollen yarn including yarn of animal hair.    | 0.40            | 26.34           | 0.24            | 24.29           | 0.19          | 25.57           | 0.22           | 27.84           |  |
| Cotton Yarn (including sewing thread)          | 8.49            | 288.27          | 8.04            | 334.75          | 6.23          | 255.84          | 5.66           | 275.24          |  |
| Flax & Jute                                    | 70.23           | 698.96          | 78.78           | 968.61          | 82.68         | 1,102.94        | 97.98          | 1,406.40        |  |
| Man-made filament yarn                         | 136.33          | 3,352.42        | 131.76          | 3,587.03        | 158.07        | 3,826.72        | 157.57         | 3,606.29        |  |
| 100% non-cotton yarn (including sewing thread) | 88.11           | 1,166.18        | 88.15           | 1,290.46        | 105.80        | 1,487.59        | 85.04          | 1,101.78        |  |
| <b>Sub Total</b>                               | <b>304.11</b>   | <b>5,612.43</b> | <b>307.52</b>   | <b>6,305.21</b> | <b>353.48</b> | <b>6,802.44</b> | <b>346.86</b>  | <b>6,499.21</b> |  |
| <b>FABRICS (Mn. Sqm)</b>                       |                 |                 |                 |                 |               |                 |                |                 |  |
| Silk fabrics                                   | 18.28           | 363.28          | 13.13           | 297.65          | 9.24          | 213.20          | 7.92           | 223.07          |  |
| Woollen fabrics                                | 5.57            | 211.72          | 5.36            | 218.34          | 4.54          | 197.09          | 4.96           | 221.93          |  |
| Woven fabrics of cotton                        | 156.83          | 1,525.32        | 159.25          | 1,604.02        | 108.06        | 1,153.67        | 90.88          | 1,062.95        |  |
| Man-made woven fabrics.                        | 252.59          | 1,163.28        | 333.22          | 1,458.69        | 537.31        | 1,782.27        | 666.97         | 1,940.55        |  |
| Flax & Jute                                    | 39.81           | 332.28          | 39.67           | 335.75          | 130.96        | 402.24          | 107.77         | 430.99          |  |
| Piles & Knitted                                | 834.67          | 2,117.44        | 760.92          | 2,261.19        | 131.22        | 2,870.90        | 1108.96        | 3,201.01        |  |
| Special woven fabrics                          | 140.98          | 807.42          | 142.92          | 935.93          | 21.63         | 1,148.15        | 173.96         | 1,306.54        |  |
| <b>Sub Total</b>                               | <b>1,448.72</b> | <b>6,520.74</b> | <b>1,454.47</b> | <b>7,111.57</b> | <b>942.96</b> | <b>7,767.52</b> | <b>2161.42</b> | <b>8,387.04</b> |  |
| <b>RMG (Qty in MN No)</b>                      |                 |                 |                 |                 |               |                 |                |                 |  |
| Cotton   | 0.04            | 846.31          | 0.04            | 1,196.39        | 0.07          | 1,313.44        | 0.09           | 1,583.36        |  |
| Man-Made                                       | 0.02            | 365.88          | 0.02            | 635.16          | 0.03          | 875.80          | 0.03           | 1,107.18        |  |
| Silk   | 0.00            | 18.45           | 0.00            | 27.10           | 0.00          | 29.81           | 0.00           | 24.98           |  |
| Wool   | 0.00            | 81.42           | 0.00            | 102.02          | 0.00          | 100.18          | 0.00           | 98.68           |  |
| Others   | 0.12            | 471.23          | 0.10            | 646.90          | 0.11          | 887.28          | 0.16           | 995.08          |  |
| <b>Sub Total</b>                               | <b>0.18</b>     | <b>1,783.28</b> | <b>0.16</b>     | <b>2,607.57</b> | <b>0.21</b>   | <b>3,206.51</b> | <b>0.28</b>    | <b>3,809.28</b> |  |
| <b>MADE-UPS (Mn. Kg.)</b>                      |                 |                 |                 |                 |               |                 |                |                 |  |
| Cotton   | 44.40           | 176.09          | 60.15           | 268.96          | 78.40         | 213.97          | 79.72          | 409.17          |  |
| Man-Made                                       | 4.03            | 236.01          | 4.78            | 268.31          | 9.00          | 418.19          | 10.83          | 451.61          |  |
| Silk   | 0.01            | 0.34            | 0.02            | 0.56            | 0.19          | 3.97            | 0.24           | 7.22            |  |
| Wool   | 31.45           | 61.82           | 32.14           | 69.72           | 32.69         | 70.00           | 11.24          | 26.40           |  |
| Others   | 488.87          | 1,780.17        | 466.33          | 1,666.38        | 520.44        | 2,329.10        | 624.16         | 2,699.45        |  |
| <b>Sub Total</b>                               | <b>568.76</b>   | <b>2,254.44</b> | <b>563.42</b>   | <b>2,273.93</b> | <b>640.72</b> | <b>3,035.23</b> | <b>726.19</b>  | <b>3,593.85</b> |  |

| <b>OTHER TEXTILE</b>                                 |       |                  |       |                  |       |                  |       |                  |
|--|-------|------------------|-------|------------------|-------|------------------|-------|------------------|
| Carpets and other textile floor coverings. (Mn. Sqm) | 13.34 | 385.33           | 11.50 | 460.53           | 11.35 | 530.69           | 22.31 | 608.55           |
| Wadding, felt and nonwovens & Other textile items    |       | 4,990.57         | 0.00  | 5,644.95         |       | 6,274.56         |       | 6,490.51         |
| <b>Sub Total</b>                                     |       | <b>5,375.90</b>  |       | <b>6,105.48</b>  |       | <b>6,805.25</b>  |       | <b>7,099.06</b>  |
| <b>Grand Total</b>                                   |       | <b>29,170.30</b> |       | <b>32,051.86</b> |       | <b>36,780.52</b> |       | <b>38,308.08</b> |

(Source: Monthly Statistics of the Foreign Trade of India, DGCIS, Kolkata)

## COTTON SECTOR

Cotton is one of the most important cash crops and accounts for around 25% of the total global fibre production. Cotton is also one of the most important commercial crops cultivated in India. In the raw material consumption basket of the Indian textile industry, the proportion of cotton is around 59%. It plays a major role in sustaining the livelihood of an estimated 5.8 million cotton farmers and 40- 50 million people engaged in related activities such as cotton processing and trade. India also has the distinction of having the largest area under cotton cultivation in the world i.e. about 11 million hectares. India is the country to grow all four species of cultivated cotton *Gossypium Arboretum* and *Herbaceum* (Asian cotton), *G. Barbadense* (Egyptian cotton) and *G. Hirsutum* (American Upland cotton). *Gossypium Hirsutum* represents 88% of the hybrid cotton production in India and all the current BT cotton hybrids are *G. Hirsutum*. India is the largest producer and 2<sup>nd</sup> largest exporter of cotton in the World. India is also leading consumer of cotton. The details of production and consumption of cotton during the last 5 years is given below:-

(₹ in lakh bales of 170 Kg each)

| Year          | Production | Consumption |
|---------------|------------|-------------|
| 2011-2012     | 367.00     | 375.28      |
| 2012-2013     | 370.00     | 283.16      |
| 2013-2014     | 398.00     | 299.55      |
| 2014-2015     | 386.00     | 309.44      |
| 2015-2016     | 338.00     | 312.00      |
| 2016-2017 (P) | 351.00     | 313.00      |

(Source: Ministry of Textile Annual Report 2016-17 - Cotton Advisory Board)

## Import/Export

Cotton is a freely exportable commodity from India. India exports Cotton mainly to Bangladesh, China, Vietnam, Pakistan, Indonesia, Taiwan, Thailand etc. Even though China was the largest importer of Indian cotton fibre till 2013-14, it became the second largest importer of Indian Cotton fibre in 2014-15, with Bangladesh becoming the largest importer of Indian cotton. Although India is a major producer and exporter of cotton fibre, a small quantity of long fibre variety of cotton which is not available in the country, is imported. The following tables give the import and export figures for the last 5 years:-

(₹ in lakh bales of 170 Kg each)

| Year       | Import | Export |
|------------|--------|--------|
| 2011-12    | 7.51   | 129.57 |
| 2012-13    | 14.59  | 101.43 |
| 2013-14    | 11.51  | 116.96 |
| 2014-15    | 14.39  | 57.72  |
| 2015-16    | 20.00  | 69.00  |
| 2016-17(P) | 17.00  | 50.00  |

(Source: Ministry of Textile Annual Report 2016-17 - Cotton Advisory Board)

Balance Sheet of cotton: transaction for the cotton season 2013-14, 2014-15 and 2015-16 (Anticipated) is given below:

(₹ in lakh bales of 170 Kg each)

| Item                     | 2013-14       | 2014-15       | 2015-16       | 2016-17 (P)   |
|--------------------------|---------------|---------------|---------------|---------------|
| <b>SUPPLY</b>            |               |               |               |               |
| Opening stock            | 40.00         | 33.00         | 66.00         | 43.00         |
| Crop size                | 398.00        | 386.00        | 338.00        | 351.00        |
| Imports                  | 11.51         | 14.39         | 20.00         | 17.00         |
| <b>Total Supply</b>      | <b>449.51</b> | <b>433.39</b> | <b>424.00</b> | <b>411.00</b> |
| <b>DEMAND</b>            |               |               |               |               |
| Mill consumption         | 268.03        | 278.06        | 272.00        | 275.00        |
| SSI consumption          | 25.20         | 26.28         | 27.00         | 28.00         |
| Non-textile consumption  | 6.32          | 5.00          | 11.00         | 10.00         |
| <b>Total consumption</b> | <b>299.55</b> | <b>309.44</b> | <b>312.00</b> | <b>313.00</b> |
| Exports                  | 116.96        | 57.72         | 69.00         | 50.00         |
| <b>Total Demand</b>      | <b>416.51</b> | <b>367.16</b> | <b>381.00</b> | <b>363.00</b> |
| <b>Closing Stock</b>     | <b>33.00</b>  | <b>66.23</b>  | <b>43.00</b>  | <b>48.00</b>  |

(Source: Ministry of Textile Annual Report 2016-17 - Cotton Advisory Board)

## GOVERNMENT INITIATIVES

### Technology Up-gradation Fund Scheme (TUFS)

The Technology Up-gradation Fund Scheme (TUFS) was introduced in 1999 to catalyse capital investments for technology upgradation and modernisation of the textile industry by providing specified interest re-imbursement and capital subsidy for investment in upgradation of machinery. After being restructured in the year 2011, it was continued for the 12<sup>th</sup> Plan, i.e. 2012 – 2017 with a budgetary allocation of ₹ 11,952.80 crores. However, in financial year 2015-16 the scheme was amended and implemented for a period of 7 years from 2015-16 to 2021-22.

#### Year-wise progress of TUFS:

| Year                      | No. of Cases  | Project Cost    | Term Loan Sanctioned Amount | Subsidy Released (by MoT) |
|---------------------------|---------------|-----------------|-----------------------------|---------------------------|
| 1999-2000                 | 309           | 5,074           | 2,421                       | 1.00                      |
| 2000-2001                 | 616           | 4,380           | 2,090                       | 70.00                     |
| 2001-2002                 | 444           | 1,320           | 630                         | 200.00                    |
| 2002-2003                 | 456           | 1,438           | 839                         | 202.59                    |
| 2003-2004                 | 884           | 3,289           | 1,341                       | 249.06                    |
| 2004-2005                 | 986           | 7,349           | 2,990                       | 283.61                    |
| 2005-2006                 | 1,078         | 15,032          | 6,776                       | 485.00                    |
| 2006-2007                 | 12,589        | 66,233          | 29,073                      | 823.92                    |
| 2007-2008                 | 2,260         | 19,917          | 8,058                       | 1,143.37                  |
| 2008-2009                 | 6,072         | 55,707          | 24,007                      | 2,632.00                  |
| 2009-2010                 | 2,352         | 27,611          | 6,612                       | 2,885.98                  |
| 2010-2011 <sup>(1)</sup>  | 256           | 397             | 254                         | 2,784.18                  |
| 2011-2012                 | 1,794         | 24,364          | 13,619                      | 2,937.82                  |
| 2012-2013                 | 2,163         | 13,154          | 8,276                       | 2,151.58                  |
| 2013-2014                 | 585           | 6,387           | 4,328                       | 1,730.00                  |
| 2014-2015                 | 4,005         | 17,021          | 10,769                      | 1,884.31                  |
| 2015-2016                 | -             | -               | -                           | 1,393.19                  |
| 2016-2017 (till Nov 2016) | 7,461         | 30,098          | 18,916                      | 1,746.62                  |
| <b>Total</b>              | <b>44,310</b> | <b>2,98,771</b> | <b>1,40,999</b>             | <b>23,604.23</b>          |

<sup>(1)</sup> The scheme was under suspension from June 29, 2010 to April 28, 2011

(Source: Ministry of Textile Annual Report 2016-17, Government of India)

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

The key initiatives announced in the Union Budget 2017-18 to boost the textiles sector are listed below:

- Encourage new entrepreneurs to invest in sectors such as knitwear by increasing allocation of funds to Mudra Bank from ₹ 1,36,000 crore (US\$ 20.4 billion) to ₹ 2,44,000 crore (US\$ 36.6 billion).
- Upgrade labour skills by allocating ₹ 2,200 crore (US\$ 330 million)

Some of initiatives taken by the government to further promote the industry are as under:

- The Government of India plans to introduce a mega package for the powerloom sector, which will include social welfare schemes, insurance cover, cluster development, and upgradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country.
- The Ministry of Textiles has signed memorandum of understanding (MoU) with 20 e-commerce companies, aimed at providing a platform to artisans and weavers in different handloom and handicraft clusters across the country for selling their products directly to the consumer.
- Memorandum of Understanding (MoU) worth Rs 8,835 crore (US\$ 1.3 billion) in areas such as textile parks, textile processing, machinery, carpet development and others, were signed during the Vibrant Gujarat 2017 Summit.
- The Union Minister for Textiles inaugurated Meghalaya's first-ever apparel and garment making centre to create employment opportunities in the region. The Union Minister for Textiles also mentioned Meghalaya has been sanctioned ₹ 32 crore (US\$ 4.8 million) for promotion of handlooms.
- The Government of India has announced a slew of labour-friendly reforms aimed at generating around 11.1 million jobs in apparel and made-ups sectors, and increasing textile exports to US\$ 32.8 billion and investment of ₹ 80,630 crore (US\$ 12.09 billion) in the next three years.

#### **Recent Packages provided to the sector:**

The Outlay for Ministry of Textile is of USD 515.39 million (including USD 51.5 million for North Eastern Region, USD 25.77 million for Scheduled Caste Sub-Plan and USD 6.18 million for Tribal Sub-Plan) which is mainly for:

- Amended Technology Upgradation Fund Scheme (USD 227.7 million)
- National Handloom Development Programme (USD 84.15 million)
- National Handicraft Development Programme (USD 33.69 million)
- Development of Woollen Textiles (USD 4.46 million)
- Development of Silk Industry (USD 26.54 million)
- Power Loom Promotion Scheme (USD 17.7 million)
- Textile Infrastructure (USD 24.25 million)
- Research & Capacity Building including National Institute of Fashion Technology (USD 47.51 million)
- NER Textiles Promotion Scheme including Scheme for usage of Geo Textile in North Eastern Region & Scheme for Promoting Agro Textiles in North East (USD 39.88 million), etc.

#### **ROAD AHEAD**

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The apparel market in India is estimated to grow at a Compound Annual Growth Rate (CAGR) of 11.8 per cent to reach US\$ 180 billion by 2025.

The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand.



## OUR BUSINESS

*This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled 'Risk Factors' and 'Financial Information' and the chapter titled 'Management Discussion and Analysis of Financial Condition and Results of Operations' beginning on page nos. 10, 133 and 159 respectively of this Draft Prospectus.*

*Unless the context otherwise requires, in relation to business operations, in this chapter of this Draft Prospectus, all references to "we", "us", "our" and "our Company" are to S K S Textiles Limited and Group Entities as the case may be.*

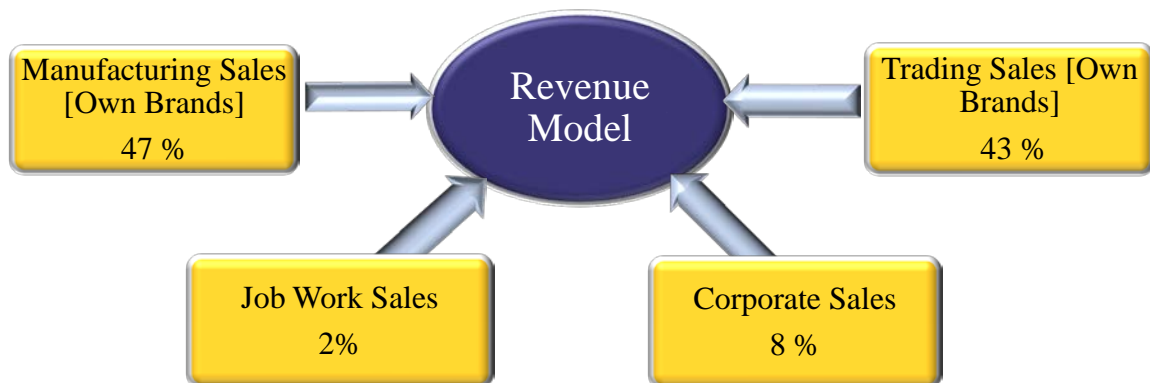
### Overview

S K S Textiles Limited is an ISO 9000:2015 certified Company engaged in the business of Textile Manufacturing and Trading. Our Company is engaged in the manufacture of grey fabrics and finished fabrics for shirting, suiting, and other accessories for its own brand and also on outsourcing basis for other fabric / garment companies. We have an installed capacity of 3,25,000 mtrs / month for manufacture of various fabrics from natural and man-made fibres specializing in 100% cotton, Giza, Supima, cotton blended fabrics, polyester viscose and polyester cotton. Our Company procures Yarn and process it into Grey Fabric and further processes it into finished fabric as per the client's requirement.

In the year 2012, our Company procured machines with latest technology for manufacturing fabrics and also consequently increased our installed capacity from 2,00,000 mtrs / month to 3,25,000 mtrs / month.

We manufacture various fabrics like 100% Cotton – Lycra and Non-Lycra, Blended Cotton Suiting – Chief Value Cotton, Polyester Cotton, 100% Cotton Yarn Dyed , Polyester Viscose, Terry Rayon Suiting and Mock Linen under our brand names – Pierricarlo, Cotbbelly's and Earthen Belly. Our Company also undertakes corporate orders for Finished Fabrics and Grey Fabrics for corporate brands such as Raymond, Arvind, Siyaram's, Digjam Limited, Ashima, etc. Some of our manufactured products require certain processing like dyeing, value additions etc. which are outsourced to third parties and the finished goods from such third parties are directly sent to our Packing and Storage unit.

The following diagram depicts the breakup of revenue, percentage-wise for the year ending March 31, 2017 on the basis of own brands, job work and corporate sales revenue.



Our manufacturing unit is located at Sonale, Bhiwandi in Maharashtra and majority of the manufactured goods are dispatched from this unit itself. We also have a Packing and Storage unit at Kalher, Bhiwandi in Maharashtra and we dispatch the traded goods and certain outsourced processed goods from this unit.

We have a dedicated in-house Testing and Quality Control Team which undertakes rigorous testing and quality management. We have dedicated semi-automatic and manual testing machines. Our Testing and QC team coupled with our testing equipments ensure the quality of raw material dispensed in the production process and also the finished goods delivered to our customers. This helps in improving our procurement process thus reducing wastages, returns and other related costs. For details, please refer to "Our Business - Testing and Quality Control" on page no. 94 of this Draft Prospectus.

In the past three (3) years our revenues have increased from ₹ 13,175.69 lakhs in F. Y. 2014-2015 to ₹ 14,781.70 lakhs in F. Y. 2015-16 and further to ₹ 15,875.28 lakhs in F. Y. 2016-17, showing an increase of 12.19% and 7.40%. Our Net Profit after tax for the above mentioned periods are ₹ 108.66 lakhs, ₹ 144.63 lakhs and ₹ 160.96 lakhs, respectively, showing an increase of 33.10% and 11.29%. The revenue of our Company in these 3 years has grown at a CAGR of 6.41% and the profit after tax for the same period has grown at a CAGR of 13.99%

## **OUR STRENGTHS**

### ***Management Expertise***

One of our Founding Promoter, Mr. Sukanraj Shah is engaged in the textiles business for the more than 48 years, and has a proven background and rich experience in the textile industry. Mr. Vicky Shah, along with Mr. Sukanraj Shah, started the company in 1997 and in the year 2009, Mr. Sahil Shah joined the Company; for further details of our Promoters' experience and background, please refer the chapter titled "Our Promoter and Promoter Group" on page no. 124 of this Draft Prospectus. With the combined business acumen and innovative approach, our Promoters have over the years, expanded our scale of operations. Our Company is managed by a team of experienced and professional personnel. The team comprises of personnel having technical, operational and business development experience. We believe that our management team's experience and their understanding of the textiles business will enable us to continue to take advantage of both current and future market opportunities. It is also expected to help us in addressing and mitigating various risks inherent to our business, including significant competition, reliance on independent agents, and fluctuations in textiles prices.

### ***Established Marketing Setup and Diversified Customer Base***

Our Company was incorporated in the year 1997 and we are engaged in the manufacturing fabrics and trading of finished fabric.

We have an efficient sales & marketing team operating out of at our registered office. With more than 45 years of experience, our founding promoter, Mr. Sukanraj Shah has been instrumental in acquiring and maintaining a substantial customer base. Also, over the years our Promoters have built strong ties with various national and multi-national textile companies like Raymond, Arvind, Digjam, Siyaram's, etc. which is then serviced by our marketing team. The marketing team consists of well experienced and qualified people to develop maintain and increase relations with our customers. Our marketing team also plays an important role in the development of new products based on their study and feedback on latest industrial needs. We maintain our customer relations by meeting them personally and suggesting them value added propositions.

### ***Strategic Location of Manufacturing and Utility Units***

Our Company has 1 (one) manufacturing unit for manufacturing and 1 (one) packing and storage unit in the State of Maharashtra.

Both our Units are strategically located with the following benefits:

- The manufacturing unit located in, Sonale, Bhiwandi is in proximity to the city of Mumbai and is approximately 50 km from the Mumbai International Airport. It is within a radius of 30 km from the National Highway 42.
- The Packing Unit is located in proximity to the manufacturing unit and is within a radius of 10 km. This gives a strategic advantage for packing and storing the products.
- Raw materials are sourced locally and are easily available and / or deliverable from the manufacturers located in Maharashtra to our Unit as majority of our suppliers has nationwide reach. Thus, procurement of raw materials is less time consuming and comparatively cheaper due to savings on time and freight.
- Skilled and semi-skilled workers are easily available in Bhiwandi, Thane district, Maharashtra in view of the large number of existing and upcoming Textile industries / sectors in these areas.
- Government has created various infrastructural facilities conducive for growth of all manufacturing companies.

### ***Cordial Relationship between management and labour***

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since inception.

### ***Strong Technological Capabilities***

We use latest technology and machinery procured from major suppliers/distributors in India. We have installed latest machineries like Air-jet Weaving machines, name writing jacquards, etc. which are capable of weaving fabrics in different patterns, designs and also print the customised name tags for our customers in a single cycle. Even the folding and packing processes are carried on latest machines which guarantee quality check and precision. These modern machineries also help us in maintaining high quality standards and thus retain various national and multi-national customers. The latest technology enables radical design and innovation in creating new looks and new trends. Technology has helped us in rolling out new combination of designs and prints.

### ***Consistency in Quality and Service Standards***

We follow stringent quality standards in our manufacturing unit to ensure that our products meet required customer standards. These standards ensure the quality consistency of the manufactured product by ensuring that we employ well trained staff, have sufficient premises and equipment for manufacturing.

We have an in-house testing and quality control mechanism having automatic / semi-automatic and mechanical checking machines, operated by skilled operators, under proper quality control and strict supervision. We have Rolling cum checking machines at both our manufacturing and packing & storing units.

### ***Scalable Business Model***

Our business model is order driven, and comprises of optimum utilization of our Narrow Width and Wider Width processing facilities, maximum capacity utilization, developing linkages with quality raw material suppliers and achieving consequent economies of scale. We believe that this business model has proved successful and scalable for us in the last few financial years. We can scale upward as per the requirement generated by our Company. The business scale generation is basically due to the development of new markets both international and domestic, by adopting aggressive marketing of the product, innovation in the product range and by maintaining the consistent quality of the product.

### ***Product mix and Market mix***

Our Company deals in a range of products like Suiting Fabrics, Trouser fabrics, jacketing fabrics and Other Accessories etc. Our extensive product portfolio of 100% Cotton – Lycra and Non-Lycra, Giza, Supima, Blended Cotton Suiting – Chief Value Cotton, Polyester Cotton, 100% Cotton Yarn Dyed, Polyester Viscose, Terry Rayon Suiting and Mock Linen has given us immense opportunity to expand and explore new markets. These products have wide scale applications not only in the ready-made garment industry but also in various fashion accessories and footwear.

### ***Cost effective production and timely fulfilment of orders***

Timely fulfilment of the orders is a prerequisite in our industry. Our Company has taken various steps in order to ensure adherence to timely fulfilment and also to achieve greater cost efficiency at our existing Bhiwandi unit. These steps include identifying quality yarn and grey cloth suppliers (which forms a bulk of our raw material cost), smooth labour relations, use of an efficient production system and ability to meet large and varied orders due to our capacity and linkages with raw material suppliers.

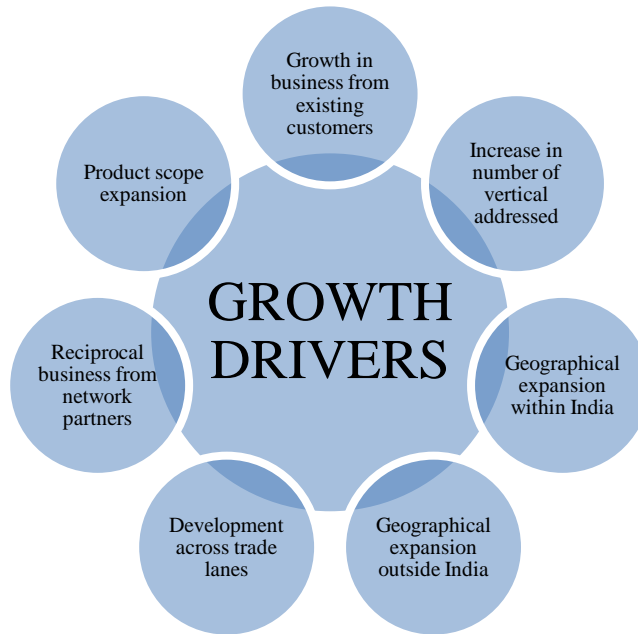
Our Company also has enjoyed good relations with our suppliers of yarn and grey cloth which is the primary raw material for our products and as a consequence has had the benefit of timely supplies of the raw materials which has been one of the major reasons why we have been able to achieve timely fulfilment of orders of our customers. Our Company constantly endeavours to implement an efficient procurement policy for inputs required for production so as to ensure cost efficiency in procurement which in turn results in cost effective production.

**For risks related to our business, our Company and our industry, see “Risk Factors” on page no. 10 of this Daft Prospectus.**

## OUR STRATEGIES

Our strategic objective is to improve and consolidate our position as a Textile manufacturing Unit with a continuous growth philosophy. The diagram below represents our continuous growth philosophy being implemented on a day-to-day basis.

Our continuous growth philosophy is being driven with the strategic levers of operational excellence, strengthening existing services, customer satisfaction, ecosystem development, innovation and marketing.



### *Increasing Operational efficiency*

We continue to invest in increasing our operational efficiency throughout the organization. We are addressing the increase in operational output through continuous process improvement, QC / QA activities, customer service, consistent quality and technology development. Alignment of our people to 'process improvement' through change management and upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is wide spread among all the employees.

### *Expand Our Geographical network*

Our historically developed distribution in domestic market has been critical to our growth. We intend to continue developing and nurturing existing market, and create new distribution channels in under and non-penetrated geographies. We aim to further develop our domestic sales networks in those territories where there are lower transportation costs and those which have a significant demand of our products, where we can sell at price-points that can effectively offset higher transportation costs. Such expansion plans are intended to be effected by in-house examination of the market potential of various territories and our available distribution network in such geographies.

### *Creativity*

Our Company has always been driven by the quest to develop a new trend and constantly strives to develop better products which appeal to our constantly growing customer base. Also our company provides mix and match fabric to attract our customers and dealers. Our Company's forte lies in its ability to translate its vision into realities using, technology and personnel who successfully supervise each new venture undertaken.

### *Optimal Utilization of Resources*

Our Company constantly endeavours to improve our service process, and will increase manufacturing process to optimize the utilization of resources. We have invested significant resources, and intend to further invest in our

activities to develop customized systems and processes to ensure effective management control. We regularly analyze our existing policies to be carried out for operations of our Company which enable us to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

### ***To build-up a professional organization***

As an organization, we believe in transparency and commitment in our work and with our customers. We have an experienced team for taking care of our day to day operations. We also consult with external agencies on a case to case basis on technical and financial aspects of our business. We will consistently put efforts among its group of experienced employees to transform them into an outstanding team of empowered professionals which helps in further accelerating the wheels of development of the Organization.

## **DETAILS OF OUR BUSINESS**

### **LOCATION**

We currently operate from the following office, manufacturing unit and packing & storage unit in Maharashtra:

#### **Registered Office**

Our Registered Office is located at Gala No. 431B, Kewal Industrial Estate, 4<sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013.

#### **Manufacturing Factory Unit**

Our Manufacturing Unit is located at H. No. – 1247, Raj Rajeshwari Compound, Mouje Sonale, Bhiwandi, Thane – 421 302.

#### **Packing and Storage Units**

In addition to its manufacturing unit, Our Company has a Packing & Storage unit at Building No. B/4, 2<sup>nd</sup> Floor, Prithvi Complex, Mouje Kalher, Taluka Bhiwandi, Thane – 421 301, in Maharashtra.

For further details of ownership / lease of the above locations, please refer to “*Our Business – Properties*” on page no. 97 of this Draft Prospectus.

## **EXISTING MANUFACTURING FACILITY**

Our manufacturing facility includes machinery for weaving for production of Grey fabrics, warping, winding, sizing, drawing, weaving and Quality Control / Inspection. We have invested in the latest technology and upgraded our machinery in the year 2012 which has aided us in manufacturing better quality textiles and also adapt to latest trends more swiftly.

### **Plant and Machinery**

The existing Plant and Machinery at our Manufacturing Unit are:

| <b>Name of Machine</b>         | <b>Quantity</b> | <b>Machine Make/ Country Imported</b> |
|--------------------------------|-----------------|---------------------------------------|
| Humidification System          | 3               | Batliboi                              |
| Water Softening Plant          | 1               | Zen                                   |
| Screw Air Compressor           | 4               | Atlas Copco                           |
| Weaving Machine                | 45              | Picanol                               |
| Warping Machine                | 2               | Prashant Gamatex                      |
| Cone Winding Machine           | 1               | RJK                                   |
| Knotting Machine               | 1               | KNOTEX                                |
| Name Writer Selvedge Jacquards | 18              | SHREE TEX                             |
| Goods Lift                     | 1               | Indigenous                            |



|                              |    |                   |
|------------------------------|----|-------------------|
| Power Stabilizers            | 2  | JRC               |
| Transformer                  | 1  | KB                |
| Power Control Plants Panel   | 10 | Electrotechnics   |
| Handloom Sampling Machine    | 3  | Indigenous        |
| Rolling Cum Checking Machine | 1  | Gayatri Engineers |

The existing Plant and Machinery at our Packing & Storage Unit are:

| Name of Machine              | Quantity | Machine Make/ Country Imported |
|------------------------------|----------|--------------------------------|
| Rolling Cum Checking Machine | 1        | Gayatri Engineers              |
| Sample Cutting Machine       | 1        | Indigenous                     |
| Transformer                  | 1        | Argo                           |

## PRODUCTS

We are engaged in the business of manufacture and trading of Finished Cotton / Cotton Blended Fabrics and Grey Fabrics. Our Company is equipped with state of the art machinery to produce fabrics with the core capability to convert a wide range of Yarn into Grey Fabrics and various other Cotton and Cotton Blended Fabrics consisting of 100% Cotton fabric, Chief Value Cotton, Polyester Cotton, 100% Cotton Yarn Dyed, Polyester Viscose and Terry Rayon Suiting.

### Our Finished Fabrics products are:

Mock Linen



Terry Rayon Fabric



Polyester Viscos Fabric



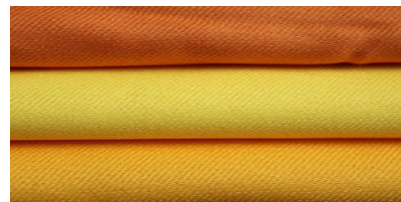
Cotton Yarn Dyed



Chief Value Cotton Fabric



Polyester Cotton Fabric





### 100% Cotton Lycra



### Grey Fabric



Our products have wide scale applications not limited to manufacture of ready-made garments. Besides being used for making trousers and suiting garments, our manufactured fabrics are used for making various clothing and non-clothing items like Jackets, Waist-Coats, Shoes, Caps and Bags to name a few.

The Grey Fabric manufactured by us is sold to processing units for dyeing, bleaching, etc. thus converting into finished fabrics.

The finished products manufactured and sold by us involve certain processes involving sizing and dyeing of the yarn and / or grey fabric. These activities are outsourced to various third parties and the same is done on invoice basis thus reducing our dependence on such third parties. The dyeing, sizing and other related processing is also outsourced for our corporate sale products which we manufacture for companies like Raymond, Arvind, Siyaram's, Digjam to name a few. Our manufacturing and outsourced processes are customised according to the specifications mandated by these customers.

We manufacture various finished fabrics of 100% Cotton, Polyester Viscose, Polyester Cotton, etc. under our own brands, namely, Pierricarro, Cotbbelly's and Earthen Belly. Fabrics under our own brand are sold mainly in Tier – II cities across the country and also in some of the Tier – I cities in India as an economical brand. We first introduced our brand Pierricarro in the year 2004 and with its success, we launched the other brands. The revenue generated by these brands in the last three years is shown below:

(₹ in lakhs)

| Fabric Brand  | For Financial Year |          |          |
|---------------|--------------------|----------|----------|
|               | 2017               | 2016     | 2015     |
| Pierricarro   | 1,400.84           | 5,240.13 | 6,890.33 |
| Cotbbelly's   | 11,907.12          | 7,205.18 | 4,019.36 |
| Earthen Belly | 700.42             | 655.02   | 574.19   |

## RAW MATERIALS

The main raw materials used in the manufacture of finished fabrics are –

### Yarn

All our yarn is sourced from various yarn manufacturers and traders locally as well as in other parts of Maharashtra and Gujarat. Our factory being located in an area which is a textile hub and an industrial area we have an established infrastructure and thus the supply of raw material is done with sufficient ease.

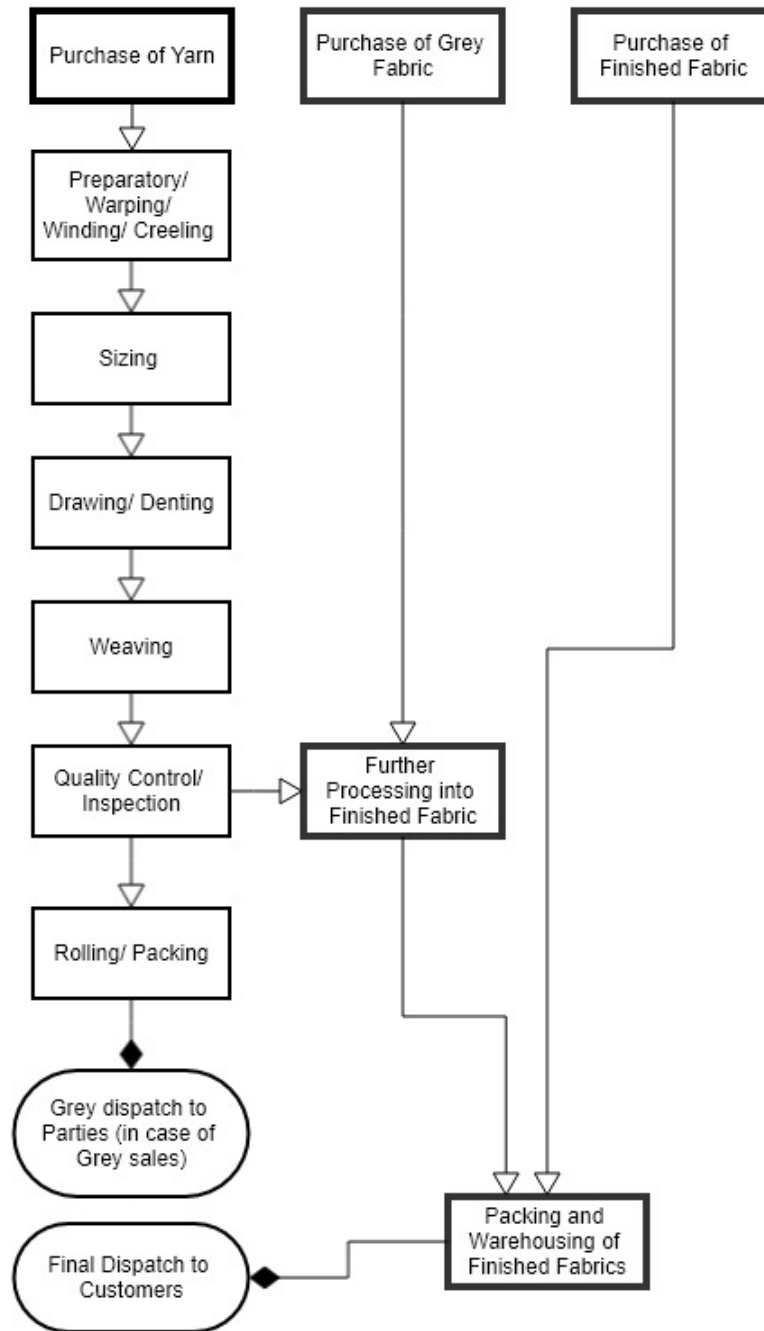
### Grey Fabric

Though we process the yarn to manufacture grey fabrics, there are times when we run at near full capacities or a sudden inflow of orders are witnessed. In such scenarios we directly procure Grey Fabric which is further sent for processing and converted into finished fabric.

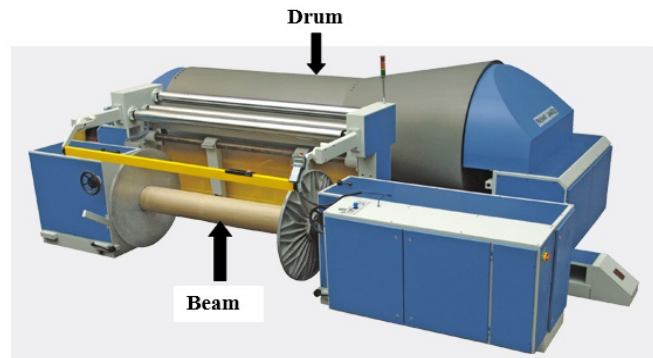
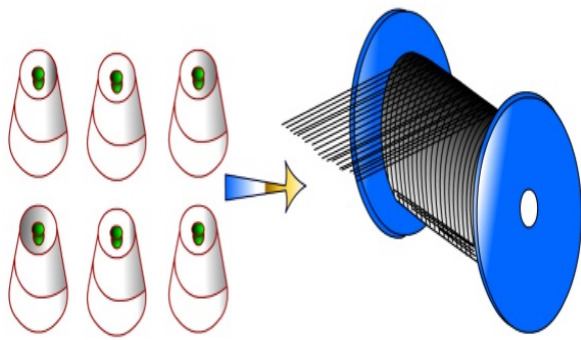
## MANUFACTURING PROCESS

### Steps Involved in Our Manufacturing Process

Our Company purchases Yarn from various Mills or Traders. We use both natural and man-made yarns such as cotton, polyester, nylon, viscose etc. These raw materials are received in paper rolls, packed in cartons.



The objective of warping process is to convert the yarn packages into a warper's beam having desired width and containing requisite number of ends. Uniform tension is maintained on individual yarns during warping. Using the warping machine, through hundreds of yarn cones are set regularly as design. The yarn are wound on the warper's beam in the form of a sheet composed of parallel bands of yarn each coming out from a package placed on the creel. Warp ends are wound onto the warping beam in accordance with the required weave, total number of ends, length and the required warp density (Ends per Inch - EPI) of the fabric. A simplified view of the warping process is shown below:



The objective of warp sizing is to improve the weave ability of yarns by applying a uniform coating on the yarn surface so that protruding hairs are laid on the yarn surface. During the weaving process, the warp yarns are subjected to abrasion with various loom components. Size coating protects the yarn structure from abrasion. Therefore, the warp breakage rate in the loom reduces. Our company outsources the process of sizing to various third parties on invoice basis.

After we receive the yarn from sizing, it is then given for Drawing / Denting. The Drawing diagram indicates which warp end is attached to which harness. Denting means drawing the warp thread through the dent as required by drawing plan and this determines more accurately the width of the fabric and the ends per centimetre.

Fabric weave design implies the pattern of interlacement between the warp and weft yarns. The design influences the aesthetics as well as the properties of the woven fabrics. The design of woven fabrics is manipulated by changing the Drafting and Lifting Plan.

Once the design is finalized, we begin the weaving process. After setting up the weaving machine on the beam the yarn has to be drawn through the steel reeds one by one by the man-made way and then start to weave into different kinds of fabrics based on the customers' demands.

The fabrics so produced are subjected to rigorous testing and quality inspection after which they are bundled up as rolls of cloth in various sizes as per the customer's requirements.

The above manufacturing process includes certain procedures involving sizing and dyeing which we do not undertake in our manufacturing unit. Hence these processes are outsourced to various third parties which carry out these processes as per our specifications.

### Development of Design

There is a continuous process of conceptualization and development of design in the Fabrics as per the liking and changing trends of the end user's habits. Our design team continuously works to make innovative designs. This process is undertaken considering the tastes, trends, regions and habits of the target customers.

Our Company is well equipped with an in-house design studio to prepare innovative designs for our customers. Normally, different designs are made by our designing team and samples of such designs are sent to our customers like Raymond, Siyaram's, Arvind, etc. Once the design is approved or the necessary modifications are made as per the customer's suggestion, the manufacturing of the product commences.

In addition, our designing team also design and create samples for our own branded products which are approved by our management. Products under our brands like Pierricarlo, Cotbbelly's and Earthen Belly are made with these designs keeping in mind the latest trends, fashions and regional tastes and preferences.

### TESTING AND QUALITY CONTROL

We maintain high standards for quality control and have semi – automatic / mechanical machines and manual checking being operated by skilled operators under proper quality control and strict supervision. We have Rolling cum checking machines at both our manufacturing and packing & storing units.

## INSTALLED CAPACITY

Capacity and capacity utilization for the last three years

| Product  | Particulars                        | for the Financial Year |          |          |
|----------|------------------------------------|------------------------|----------|----------|
|          |                                    | 2014-15                | 2015-16  | 2016-17  |
| Textiles | Installed Capacity (Mtrs. / month) | 3,25,000               | 3,25,000 | 3,25,000 |
|          | Utilised Capacity (Mtrs. / month)  | 2,92,500               | 2,92,500 | 2,92,500 |
|          | Utilised Capacity (%)              | 90%                    | 90%      | 90%      |

Proposed Capacity Utilisation

| Product  | Particulars                                | for the Financial Year |          |          |
|----------|--|------------------------|----------|----------|
|          |  | 2017-18                | 2018-19  | 2019-20  |
| Textiles | Installed Capacity (Mtrs. / month)         | 3,25,000               | 3,25,000 | 3,25,000 |
|          | Proposed Utilised Capacity (Mtrs. / month) | 2,92,500               | 2,92,500 | 2,92,500 |
|          | Proposed Utilization Capacity (%)          | 90%                    | 90%      | 90%      |

## OUR MAJOR CUSTOMERS

Our quality standards, unflinching efforts for punctual order completions and our unmatched overall service has enabled us to garner clients who are some of the leading garment manufacturers having nationwide recognition.

The percentage of income derived from our top customers in the last financial year is given below:

| Sr. No. | Particular                       | Revenue (₹ in lakhs) | Percentage (%) |
|---------|----------------------------------|----------------------|----------------|
| 1       | Income from Top 5 Customers (%)  | 12,001.76            | 76.22%         |
| 2       | Income from Top 10 Customers (%) | 13,843.63            | 87.92%         |

## UTILITIES

### Power

Our registered office and all Units in Maharashtra, have adequate power supply position from the public / state supply utilities. The following is the sanctioned power for each location:

| Details of Location          | Sanctioned Load                      |
|------------------------------|--------------------------------------|
| Registered Office            | 3.10 KW                              |
| Manufacturing Unit, Bhiwandi | 630 HP                               |
| Packing Unit, Bhiwandi       | 105.00 HP (Line 1) & 11.KWS (Line 2) |

### Water

The Registered Office has adequate water supply position from local municipality connection. Our Manufacturing Unit sources its water supply from the local bore wells.

### Telecommunication System

There is a fast emerging tier-II city with excellent communication system and is well connected by telephone, fax and wireless system throughout the country and also the world over. All telecommunication systems are available without any disturbances.

## MARKETING SETUP

Over the years we have established a strong customer base and an unyielding marketing setup. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our Sales & Marketing team is headed by our promoter Mr. Sukanraj Shah, who through his vast experience and excellent rapport with clients plays an instrumental role in creating, maintaining and expanding the customer base for our

Company. Our reputation of timely delivery and quality of products has helped us retain our clients and is instrumental in expanding our base towards new clients. We have developed and are continuously developing a marketing network across various states in India.

1. For our Indigenous fabrics – Cotbbelly's, Pierricarrlo and Earthen Belly we have a wide distribution and marketing network where the agents bring in customers and on the successful completion of transaction we pay them a certain percentage of the amount received to us as commission.
2. For our customers – Our Promoters Mr. Sukanraj Shah and Mr. Vicky Shah are actively involved in maintaining our existing customers which include nationwide garment manufacturers / OTC Customers such as Raymond, Arvind, Siyaram's, Digjam, VHM, etc. Also, we continuously strive for acquiring more such customers.

## COMPETITION

Textiles being a global industry, we face competition from various domestic and international manufacturers and traders and the industry is highly competitive and fragmented. Competition emerges from small as well as big players in the textile industry. The organized players in the industry compete with each other by providing high quality-time bound products and value added services. We have a number of competitors offering products similar to us. We believe the principal elements of competition in textile industry are price, fabric quality, adaptability to trends, timely delivery and reliability. We compete against our competitors by establishing ourselves as a knowledge-based processing unit with industry expertise in various fabrics which enables us to provide our clients with innovative designs suitable to current fashion and market requirements.

## COLLABORATIONS

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

## MANPOWER

The manufacturing process requires an appropriate mix of skilled, semi-skilled and un-skilled labour, which is readily available in Maharashtra. As on July, 2017, our Company has 120 employees on payroll and 4 on contract basis.

The detailed break-up of our employees is as under:

| Particulars                                      | Office | Workers | Total |
|--|--------|---------|-------|
| Registered Office, Mumbai                        | 19     | 0       | 19    |
| Manufacturing Unit Sonale, Bhiwandi, Maharashtra | 13     | 78      | 91    |
| Packing Unit Kalher, Bhiwandi, Maharashtra       | 0      | 10      | 10    |

We also hire around 10-15 people on contract basis monthly basis, based on our requirements.

## INTELLECTUAL PROPERTY

We have registered 1 trademark as explained below:

| Sr. No. | Description        | Class | Trade Mark No. | Status     |
|---------|--------------------|-------|----------------|------------|
| 1.      | PerriCarrlo (Word) | 24    | 1334646        | Registered |

The details of trademarks which are pending registration are as below:

| Sr. No. | Description          | Class | Application No. |
|---------|----------------------|-------|-----------------|
| 1.      | PerriCarrlo (Device) | 24    | 3395981         |
| 2.      | Cotbbelly's (Device) | 24    | 3395982         |

|    |                           |   |    |         |
|----|---------------------------|---|----|---------|
| 3. | Earthen Belly<br>(Device) |  | 24 | 3618819 |
| 4. | S K S<br>(Device)         |  | 25 | 3618820 |

## PROPERTY

### Freehold Property,

The details of the Free Hold property on which we have our manufacturing factory is as under:

| Sr. No. | Schedule of property and area   | Purchase Consideration (₹) | Date of Agreement | Seller                    | Purpose   |
|---------|---|----------------------------|-------------------|---------------------------|---|
| 1.      | Land admeasuring about 18,000 square feet in Building No. B/4 along with equal area of land beneath the plinth; lying and being at Prithvi Complex, Mouje Kalher, Taluka Bhiwandi, Dist. Thane <sup>(1)</sup> | 18,90,000 <sup>(1)</sup>   | March 09, 2004    | M/s. Prashant Enterprises | Part Packaging and Storage unit and Part given on rent <sup>(2)</sup> |

<sup>(1)</sup> Our Company has constructed building on this land at a cost of ₹ 145.80 lakhs

<sup>(2)</sup> Ground Floor Gala no. 1 to 5 has been rented to Mr. Sudhir K Sharma; Ground Floor Gala no. 6 to 9 has been rented to Powermax Fitness (India) Pvt. Ltd.; and First Floor Gala No. 101 to 109 has been rented to RR Zip Pvt. Ltd.; and Second Floor Gala No. 201 to 209 used by our Company

### Lease Property

| Sr. No. | Name of the Lessor        | Premises Leased and area   | Term of the Lease                                   | Amount of Rent and Security Deposit                           | Purpose            |
|---------|---------------------------|--|---|---|--------------------|
| 1.      | Gateway Vinimay Pvt. Ltd. | Ground plus First and Second Floor (Including Terrace and Room Structure) totally admeasuring 32,000 Sq. Ft. situate at H. N. 1247, Mahavir Compound, Mouje Sonale, Tauka – Bhiwandi, District – Thane, Maharashtra <sup>(1)</sup> | 99 months from June 16, 2012 to September 15, 2020. | Rent: ₹ 2,61,000 per month.<br>Security deposit: ₹ 15,66,000. | Manufacturing Unit |

<sup>(1)</sup> The address of the said property was subsequently changed to H. No. 1247, Raj Rajeshwari Compound, Sonale, Bhiwandi, Thane due to change of name of compound.

### Leave and License Property

| Sr. No. | Name of the Licensor                                      | Premises Leased and area  | Term of the Licence                            | Amount of Licence Fee and Security Deposit  | Purpose           |
|---------|---|---|--|---|-------------------|
| 1.      | Anand Kumar Jain (H.U.F.) (Karta Miss Anushri Anand Jain) | 431, Floor 4, Keval Industrial Estate, Senapati Bapat Marg, Near Lower Parel Station (West), Delisle Road, Mumbai 400013. | 48 Months from July 09, 2015 to July 08, 2019. | Licence Fee: ₹ 60,000 per month with a 7% increase every 2 years.<br>Security Deposit: ₹ 3,50,000 | Registered Office |



## INSURANCES

The insurance policies covered by the company are:

| Sr. No. | Name of the Insurance Company                   | Type of Policy                          | Validity Period                     | Description of cover under the policy | Policy No.             | Sum Insured (₹ lakhs) | Premium p.a. (₹) |
|---------|---|---|-------------------------------------|---------------------------------------|------------------------|-----------------------|------------------|
| 1.      | ICICI Lombard General Insurance Company Limited | Marine Inland (Open) Insurance Policy   | From May 26, 2017 to May 25, 2018   | As per Note no. 1                     | 2001/11695 6209/01/000 | 1000                  | 46,001           |
| 2.      | The New India Assurance Co. Ltd.                | Standard Fire and Special Perils Policy | From May 06, 2017 to May 05, 2018   | As per Note no. 2                     | 1705011117 0100000081  | 100                   | 2,070            |
| 3.      | ICICI Lombard General Insurance Company Limited | Burglary Insurance Policy               | From June 14, 2017 to June 13, 2018 | As per Note no. 3                     | 4002/13247 1674/00/000 | 140                   | 16,100           |
| 4.      | ICICI Lombard General Insurance Company Limited | Standard Fire and Special Perils Policy | From June 14, 2017 to June 13, 2018 | As per Note no. 4                     | 1001/13223 2336/00/000 | 140                   | 1,18,739         |

### Notes:

1. Transit insurance for fabrics has been taken. The mode of conveyance covered is through Rail, Road and Sea from anywhere India to the clients' factories and/or clients' warehouse anywhere in India.
2. Standard Fire and Special Perils Policy has been taken for flat Situated at 1103/1104, Deepak Jyoti Tower, B' Wing, Parel Trunk Road, Ambewadi, Kalachowki, Mumbai – 400 033. Insurance has been taken in the name of Lalita Kumari Shah and Sahil Shah by the company as these properties are collateral security for various loans taken by the Company.
3. Burglary Insurance Policy has been taken for Stocks at 121 to 126, Padmavati House, Raj Rajeshwari Compound, Sonale Village, Bhiwandi, Thane – 421302.
4. Standard Fire and Special Perils Policy has been taken for Plant, Machinery and Accessories at 121 to 126, Padmavati House, Raj Rajeshwari Compound, Sonale Village, Bhiwandi, Thane – 421302.

## KEY INDUSTRY REGULATIONS & POLICIES

*In carrying on our business as described in the section titled “Our Business” on page no. 86 of this Draft Prospectus, our Company is regulated by the following legislations in India. The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this Chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. For details of Government Approvals obtained by the Company in compliance with these regulations, kindly refer to the Chapter titled “Government and Other Key Approvals” beginning on page no. 179 of this Draft Prospectus.*

Our Company is engaged in the business of textile manufacturing and trading. Our business is governed by various central and state legislations that regulate the substantive and procedural aspects of our business. We are required to obtain and regularly renew certain licenses/registrations and/or permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye laws, acts and policies.

Given below is a brief description of the certain relevant legislations that are currently applicable to the business carried on by us:

### A. Regulations governing the Manufacturing Sector

The primary central legislation governing the manufacturing sector is the Factories Act, 1948. In addition, compliance of various labour related legislations, including the Payment of Wages Act, 1956, The Minimum Wages Act, 1948, Equal Remuneration Act, Employees’ Compensation Act, 1923, Industrial Disputes Act, 1948, Payment of Gratuity Act, 1972, Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Bonus Act, 1965 and the Shops and Establishment Rules framed under the Factories Act, 1948 as may be applicable in the relevant state.

#### **The Factories Act, 1948**

The Factories Act, 1948 (“**Factories Act**”) seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. The term ‘factory’, as defined under the Factories Act, means any premises which employs or has employed on any day in the previous 12 (twelve) months, 10 (ten) or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 (twenty) or more workmen are employed at any day during the preceding 12 (twelve) months and in which any manufacturing process is carried on without the aid of power. An occupier of a factory under the Factories Act, means the person who has ultimate control over the affairs of the factory. The occupier or manager of the factory is required to obtain a registration for the factory. The Factories Act also requires *inter alia* the maintenance of various registers dealing with safety, labour standards, holidays and extent of child labour including their conditions. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory.

The following rules are applicable to the Company:

- *The Maharashtra Factory Rules, 1963.*

#### **The Employees State Insurance Act, 1948**

The Employees State Insurance Act, 1948 (“**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. Employers of factories and establishments covered under the ESI Act are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from this requirement if employees receive benefits similar or superior to the benefits prescribed under the ESI Act. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

## **The Employees' Provident Fund and Miscellaneous Provisions Act, 1952**

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

## **Legal Metrology Act, 2009**

The Legal Metrology Act, 2009 ("**L.M. Act**") governs the standards/units/denominations used for weights and measures as well as for goods which are sold or distributed by weight, measure or number. It also states that any transaction/contract relating to goods/class of goods shall be as per the weight/measurement/numbers prescribed by the L.M. Act. Moreover, the L.M. Act prohibits any person from quoting any price, issuing a price list, cash memo or other document, in relation to goods or things, otherwise than in accordance with the provisions of the L.M. Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in the Rules made by each State.

The following are the rules are applicable to the Company:

- *Legal Metrology (General) Rules, 2011*
- *Maharashtra Legal Metrology (Enforcement) Rules, 2011.*

## **Maharashtra Shops and Establishment Act, 1948**

The Company has its corporate office at 431-b, 4<sup>th</sup> Floor, Kewal Ind. Estate, Senapati BapatMarg, Lower Parel West, Mumbai – 400 013. Accordingly, the provisions of the Maharashtra Shops and Establishment Act 1948 ("**MSE Act**") are applicable to the Company. The MSE Act regulates the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

## **The Micro, Small and Medium Enterprises Development Act, 2006 and Industries (Development and Regulation) Act, 1951**

The Micro, Small and Medium Enterprises Development Act, 2006 and Industries (Development and Regulation) Act, 1951 ("**MSMED Act**") inter-alia seeks to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises. The MSMED Act inter-alia empowers the Central Government to classify by notification, any class of enterprises including inter-alia, a company, a partnership, firm or undertaking by whatever name called, engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 as: (i) a micro enterprise, where the investment in plant and machinery does not exceed ₹ 25,00,000/- (Rupees Twenty Five Lakhs Only); (ii) a small enterprise, where the investment in plant and machinery is more than ₹ 25,00,000/- (Rupees Twenty Five Lakh Only) but does not exceed ₹ 5,00,00,000/- (Rupees Five Crores Only); or (iii) a medium enterprise, where the investment in plant and machinery is more than ₹ 5,00,00,000/- (Rupees Five Crores Only) but does not exceed ₹ 10,00,00,000/- (Rupees Ten Crores Only). In case of enterprises engaged in providing or rendering of services, the enterprise may be classified as: (i) a micro enterprise, where the investment in equipment does not exceed ₹ 10,00,000/- (Rupees Ten Lakhs Only); (ii) a small enterprise, where the investment in equipment is more than ₹ 10,00,000/- (Rupees Ten Lakhs Only) but does not exceed ₹ 2,00,00,000/- (Rupees Two Crores Only); or (iii) a medium enterprise, where the investment in equipment is more than ₹ 2,00,00,000/- (Rupees Two Crores Only) but does not exceed ₹ 5,00,00,000/- (Rupees Five Crores Only). The MSMED Act also inter-alia stipulates that any person who intends to establish, a micro or small enterprise or a medium enterprise engaged in rendering of services, may at his discretion and a medium enterprise engaged in the manufacture or production of goods as specified hereinabove, file a memorandum of micro, small or medium enterprise, as the case may be, with the prescribed authority.

## B. Environmental Regulations

Our Company is also required to obtain clearances under the Environment (Protection) Act, 1986, and other environmental laws such as the Water (Prevention and Control of Pollution) Act, 1974, the Water (Prevention and Control of Pollution) Cess Act, 1977 and the Air (Prevention and Control of Pollution) Act, 1981, before commencing its operations. To obtain an environmental clearance, a no-objection certificate from the concerned state pollution control board must first be obtained, which is granted after a notified public hearing, submission and approval of an Environmental Impact Assessment (“EIA”) report and an Environment Management Plan (“EMP”).

Our Company must also comply at all times with the provisions of The Hazardous Waste (Management and Handling) Rules, 1989, as amended, and as superseded by the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

### Environment Protection Act, 1986 and Environment (Protection) Rules, 1986

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

#### Water

Legislations to control water pollution are listed below:

The *Water (Prevention and Control of Pollution) Act, 1974* prohibits the discharge of pollutants into water bodies beyond a given standard, and lays down penalties for non-compliance. The Water Act also provides that the consent of the State Pollution Control Board must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent.

The *Water (Prevention and Control of Pollution) Cess Act, 1977* provides for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities, with a view to augment the resources of the Central Board and the State Boards for the prevention and control of water pollution constituted under the Water (Prevention and Control of Pollution) Act, 1974.

#### Air

Legislations to control air pollution are listed below:

The *Air (Prevention and Control of Pollution) Act, 1981* requires that any individual or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any activity. National Ambient Air Quality Standards (NAAQS) for major pollutants were notified by the Central Pollution Control Board in April 1994.

#### Hazardous Wastes

There are several legislations that directly or indirectly deal with hazardous wastes. The relevant legislations are:

- The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
- The Public Liability Insurance Act, 1991

### Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

These rules require that the occupier and the operator of the facility, that treats hazardous wastes, must properly collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. Schedule I of the said Rules lists out the primary and secondary production of aluminum as a process that generates hazardous waste and therefore requires compliance under these Rules.

## **Bombay Village Panchayat Act, 1958**

The Bombay Village Gram Panchayat Act, 1958 (“**BVGP Act**”) was enacted with a view to establishing a village panchayat for every village or group of villages and investing them with such powers and authority as may be necessary to enable them to function as units' of local self-government and of development activities in rural areas, and for certain other matters. The BVGP Act requires every individual to acquire previous permission of the panchayat before he shall erect or re-erect or commence to erect or re-erect any building within the limits of the village. It further states that whoever erects or re-erects, or commences to erect or re-erect any building without such permission or in any manner contrary to the provisions of the BVGP Act or any by-law in force, or to any conditions imposed by the panchayat shall be punished with fine, which may extend to fifty rupees and in the case of a continuing contravention, he shall be liable to an additional fine which may extend to five rupees for each day during which such contravention continues after conviction for the first such contravention.

## **C. Tax Related Legislations**

### **The Central Sales Tax Act, 1956**

Central Sales tax (“**CST**”) is levied on the sale of movable goods in the course of inter-state trade or commerce. In India, sales tax is levied both at the union level under the Central Sales Tax Act, 1956 as well as the state level under the respective state legislation. Goods sold within the jurisdiction of the state are charged to Value Added Tax (“**VAT**”) in accordance with the VAT statute of that state.

CST is payable by a dealer (i.e. a person who carries on the business of buying, selling, supplying or distributing goods) on his sales turnover at the rate prescribed in the VAT statute of the State from where the movement of the goods originate. However, a dealer is entitled to a concessional rate of 2% CST on goods which are sold to another registered dealer who intends to further re-sell them or use them in the manufacture or processing for further sale or for certain other specified purposes, subject to the condition that purchasing dealer issues a statutory Form C to the selling dealer.

### **Value Added Tax**

Value Added tax (“**VAT**”) is a system of multi-point levies on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period.

VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each State that has introduced VAT has its own VAT Act under which persons liable to pay VAT must register and obtain a registration number from the Sales Tax Officer of the respective State.

The Maharashtra Value Added Tax Act, 2002 is applicable to our Company.

### **Income-tax Act, 1961**

Income-tax Act, 1961 (“**IT Act**”) is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its ‘Residential Status’ and ‘Type of Income’ involved. Every assessee, under the IT Act, which includes a company, is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternate tax and like.

### **Central Goods and Services Tax Act, 2017**

The Central Goods and Services Tax Act, 2017 (“**CGST Act**”) regulates the levy and collection of tax on the intra-State supply of goods and services by the Central Government or State Governments. The CGST Act amalgamates a large number of Central and State taxes into a single tax. The CGST Act mandates every supplier providing the goods or services to be registered within the State or Union Territory it falls under, within 30 days from the day on which he becomes liable for such registration. Such registrations can be amended, as well as cancelled by the proper office on receipt of application by the registered person or his legal heirs. There would be four tax rates namely 5%, 12%, 18% and 28%. The rates of GST applied are subject to variations based on the goods or services.



## **The Customs Act, 1962**

The provisions of the Customs Act, 1962 and Rules made there under are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. Any company requiring to import or export any goods is required to get itself registered under the Customs Act, 1962 Act and obtain an Importer Exporter Code number.

## **Professional Tax**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority. The Maharashtra State Tax on Profession, Trades, Callings and Employments Act, 1975 is applicable to the Company.

## **D. Other Legislations**

### **The Indian Contract Act, 1872**

The Indian Contract Act, 1872 (“**Contract Act**”) codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. A person is free to contract on any terms he chooses. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and the breach enforced. It provides a framework of rules and regulations that govern formation and performance of contract. The contracting parties themselves decide the rights and duties of parties and terms of agreement.

### **The Specific Relief Act, 1963**

The Specific Relief Act is complimentary to the provisions of the Contract Act and the T.P. Act, as the Act applies both to movable property and immovable property. The Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

### **Competition Act, 2002**

The Competition Act, 2002 (“**Competition Act**”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Commission of India (“**Competition Commission**”) which became operational from May 20, 2009 has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

### **The Companies Act, 1956**

The Companies Act, 1956 deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Act primarily regulates the formation, financing, functioning and winding up of companies. The Companies Act, 1956 prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of companies. It deals with issue, allotment and transfer of securities and various



aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act, 1956 plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

### **The Companies Act, 2013**

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs has vide its notification dated September 12, 2013 has notified 98 Sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. A further 183 Sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The Companies (Amendment) Act, 2015 has *inter-alia* amended various Sections of the Companies Act, 2013 to take effect from May 29, 2015. The Ministry of Corporate Affairs, has also issued rules complementary to the Companies Act, 2013 establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act, 2013

### **The Trademarks Act, 1999**

Under the Trademarks Act, 1999 (“**Trademarks Act**”), a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘mark’ may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The trademark, once applied for and which is accepted by the Registrar of Trademarks (“**the Registrar**”), is to be advertised in the trademarks journal by the Registrar. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued by the Registrar. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 (ten) years, which may be renewed for similar periods on payment of a prescribed renewal fee.

### **The Registration Act, 1908**

The Registration Act, 1908 was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Act is used for proper recording of transactions relating to other immovable property also. The Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

### **The Indian Stamp Act, 1899**

The Indian Stamp Act, 1899 prescribes the rates for the stamping of documents and instruments by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded. Under the Indian Stamp Act, 1899, an instrument not ‘duly stamped’ cannot be accepted as evidence by civil court, an arbitrator or any other authority authorised to receive evidence. However, the document can be accepted as evidence in criminal court.

### **Maharashtra Stamp Act, 1958**

The Maharashtra Stamp Act, 1958 (“**Maharashtra Stamp Act**”) prescribes the different rates of duties on the instrument falling within the various descriptions set-out in Schedule I of the Maharashtra Stamp Act, then the instrument is chargeable with the highest of the duty prescribed. In addition, the Maharashtra Stamp Act also prescribes methodology for adjudication, refund of duties, grievance processes and prosecutions. The Collector is normally vested with the power of adjudication. If a document is not stamped or adequately stamped, it is likely to be impounded.

## E. Regulations Regarding Foreign Investment

### Regulations Regarding Foreign Investment

Foreign investment in companies in the construction development sector is governed by the provisions of the Foreign Exchange Management Act, 1999 (“**FEMA**”) read with the applicable regulations. The Department of Industrial Policy and Promotion (“**DIPP**”), Ministry of Commerce and Industry has issued the Consolidated FDI Policy (the “**Consolidated FDI Policy**”) which consolidates the policy framework on Foreign Direct Investment (“**FDI**”), with effect from August 28, 2017. The FDI Policy consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till August 27, 2017. All the press notes, press releases, clarifications on FDI issued by DIPP till August 27, 2017 stand rescinded as on 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**”).

In terms of the FDI Policy, Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which foreign investment is sought to be made. Subsequent to the abolition of FIPB, the work of granting government approval for foreign investment under the FDI Policy and FEMA Regulations has now been entrusted to the concerned Administrative Ministries/Departments.

FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the Government, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where Government approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The RBI, in exercise of its power under the FEMA, has also notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India.

The FDI Policy issued by the DIPP does not prescribe any cap on the foreign investments in the sector in which the Company operates. Therefore, foreign investment up to 100% is permitted in the Company under the automatic route. No approvals of the FIPB or the RBI are required for such allotment of equity Shares under this Offer. The Company will be required to make certain filings with the RBI after the completion of the Offer.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as S K S Textiles Private Limited on 20<sup>th</sup> October 1997, under the Companies Act, 1956 with the Registrar of Companies, Mumbai bearing Registration No. 111406. The status of our Company was changed to a public limited company and the name of our Company was changed to S K S Textiles Limited by a special resolution passed on August 21, 2017. A fresh certificate of incorporation consequent to the change of name was granted to our Company on September 08, 2017 by the Registrar of Companies, Mumbai.

The Corporate Identity Number of our Company is U17000MH1997PLC111406.

S K S Textiles Limited is an ISO 9000:2015 certified Company engaged in the business of Textile Manufacturing and Trading. Our Company is engaged in the manufacture of grey fabrics and finished fabrics for shirting, suiting, and other accessories for its own brand and also on outsourcing basis for other fabric / garment companies. We have an installed capacity of 3,25,000 mtrs / month for manufacture of various fabrics from natural and man-made fibres specializing in 100% cotton, Giza, Supima, cotton blended fabrics, polyester viscose and polyester cotton. Our Company procures Yarn and process it into Grey Fabric and further processes it into finished fabric as per the client's requirement.

We manufacture various fabrics like 100% Cotton – Lycra and Non-Lycra, Blended Cotton Suiting – Chief Value Cotton, Polyester Cotton, 100% Cotton Yarn Dyed, Polyester Viscose, Terry Rayon Suiting and Mock Linen under our brand names – Pierricarlo, Cotbelly's and Earthen Belly. Our Company also undertakes corporate orders for Finished Fabrics and Grey Fabrics for corporate brands such as Raymond, Arvind, Siyaram's, Digjam Limited, Ashima, etc. Some of our manufactured products require certain processing like dyeing, value additions etc. which are outsourced to third parties and the finished goods from such third parties are directly sent to our Packing and Storage unit.

Our manufacturing unit is located at Sonale, Bhiwandi in Maharashtra and majority of the manufactured goods are dispatched from this unit itself. We also have a Packing and Storage unit at Kalher, Bhiwandi in Maharashtra and we dispatch the traded goods and certain outsourced processed goods from this unit.

For further details regarding our business operations, please see the chapter titled "Our Business" beginning on page no. 86 of this Draft Prospectus.

Our Company has Thirteen (13) shareholders, as on the date of this Draft Prospectus.

## MAJOR EVENTS

| Financial Year | Milestones   |
|----------------|--|
| 1997           | Incorporated under Companies Act, 1956 as S K S Textiles Private Limited   |
| 2004           | First manufacturing Unit started at B/4 Prithvi complex, Mouje Kalher, Taluka Bhiwandi. With installed capacity of 2 lac mtrs per month.   |
| 2004           | Began Production for our 1 <sup>st</sup> owned brand – Pierricarlo   |
| 2005           | Began Production for our 2 <sup>nd</sup> owned brand – Cotbelly's  |
| 2007           | Began Production for our 3 <sup>rd</sup> owned brand – Earthen Belly   |
| 2005           | Began production of 100% Cotton Fabrics  |
| 2010           | Shifted our registered office from 105/107 Tamba Kanta, Ground Floor Mumbai to 116, Kewal Industrial Estate, 1 <sup>st</sup> Floor, Senapati Bapat Marg, Lower Parel (W), Mumbai   |
| 2012           | Purchase of new technology machinery for manufacture of cotton fabric  |
| 2012           | Increase in manufacturing capacity from 2,00,000 metres / month to 3,25,000 metres / month   |
| 2015           | Entered into agreement with Raymond Limited for manufacturing of its fabrics under their name  |
| 2015           | Shifted our registered office from 116, Kewal Industrial Estate, 1 <sup>st</sup> Floor, Senapati Bapat Marg, Lower Parel (W), Mumbai to Gala No. 431, Kewal Industrial Estate, 4 <sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013 |
| 2017           | Changed the name and status of our Company to "S K S Textiles Limited".  |
|                | Received ISO 9001:2015 certificate for Design and Manufacturing of all types of Fabrics  |

## MAIN OBJECTS

The main object of our Company is as follows:

1. To carry on business of weaving, knitting, winding, dyeing, bleaching, finishing, calendering and processing of silk synthetics, rayon, nylon, polyester, cotton and all other yarns and fibrous substances.
2. To carry on the business of spinners, doublers, weavers, knitters, processors, fabricators and manufacturers of an textiles, synthetics, cotton, wool, silk, artsilk, rayon, flax, hemp, linen, jute, and other fibrous materials texturised goods and to be transact all manufacturing curing, preparing, dyeing, colouring and bleaching processes, and to purchase and to tend the raw materials and manufactured articles and to prepare process, spin weave, knit, comb, dye, manufacture, buy, sell, import, export, exchange and deal in cotton, kapas, wool, silk, artsilk, rayon, flax, hemp, jute and other fibrous substances as well as in linen cloth and other goods and fabrics whether textile, felted, netted or looped.

## CHANGES IN REGISTERED OFFICE OF OUR COMPANY

| Date of Change    | Change of Registered Address  |  | Reason for Change         |
|-------------------|---|--|---------------------------|
|                   | From  | To   |                           |
| November 05, 2010 | 105/107 Tamba Kanta, Ground Floor<br>Mumbai – 400 003   | 116, Kewal Industrial Estate, 1 <sup>st</sup> Floor,<br>Senapati Bapat Marg, Lower Parel<br>(W), Mumbai – 400 013          | Administrative<br>Reasons |
| August 07, 2015   | 116, Kewal Industrial Estate, 1 <sup>st</sup><br>Floor, Senapati Bapat Marg, Lower<br>Parel (W), Mumbai – 400 013 | Gala No. 431, Kewal Industrial Estate,<br>4 <sup>th</sup> Floor, Senapati Bapat Marg, Lower<br>Parel (W), Mumbai – 400 013 | Administrative<br>Reasons |

## AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

Dates on which some of the main clauses of the Memorandum of Association of our Company have been changed citing the details of amendment as under:

| Date              | Nature of Amendment   |
|-------------------|---|
| December 22, 2003 | Authorised Share Capital of our Company was increased from ₹ 10,00,000 divided into 1,00,000 Equity Shares of ₹ 10 each was increased to ₹ 75,00,000 divided into 7,50,000 Equity Shares of ₹ 10 each.  |
| August 26, 2009   | Authorised Share Capital of our Company was increased from ₹ 75,00,000 divided into 7,50,000 equity shares of ₹ 10 each was increased to ₹ 1,00,00,000 divided into 10,00,000 equity shares of ₹ 10 each  |
| March 24, 2014    | Authorized Share Capital of our Company was increased from ₹ 1,00,00,000 divided into 10,00,000 equity shares of ₹ 10 each was increased to ₹ 1,20,00,000 divided into 12,00,000 equity shares of ₹ 10 each   |
| July 26, 2017     | Authorized Share Capital of our Company was increased from ₹ 1,20,00,000 divided into 12,00,000 equity shares of ₹ 10 each was increased to ₹ 3,30,00,000 divided into 33,00,000 equity shares of ₹ 10 each   |
| August 21, 2017   | Adoption of new Memorandum of Association to bring in line with the Companies Act, 2013   |
| August 21, 2017   | Our Company was converted into a public limited company under the Companies Act, 2013 and the name of our Company was consequently changed from “S K S Textiles Private Limited” to “S K S Textiles Limited” pursuant to certificate of incorporation dated September 08, 2017 issued by the Registrar of Companies, Maharashtra, Mumbai. |

## SUBSIDIARY COMPANIES

As on the date of the Draft Prospectus we do not have any subsidiary companies.

## HOLDING COMPANY

As on the date of this Draft Prospectus, our Company does not have any holding company within the meaning of Companies Act.

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## **THE AMOUNT OF ACCUMULATED PROFIT/ (LOSSES) NOT ACCOUNTED FOR BY OUR COMPANY**

There is no accumulated profit/ (losses) not accounted for by our Company.

## **JOINT VENTURES**

As on the date of this Draft Prospectus, there are no joint ventures of our Company.

## **SHAREHOLDERS' AGREEMENT**

There are no Shareholders' Agreements existing as on the date of this Draft Prospectus.

## **ACQUISITION OF BUSINESS / UNDERTAKINGS**

Our Company has not acquired any business or undertaken any mergers, amalgamation, revaluation of assets in the last five years.

## **FINANCIAL PARTNERS**

We do not have any financial partners as on the date of this Draft Prospectus.

## **STRATEGIC PARTNERS**

We do not have any strategic partners as on the date of this Draft Prospectus.

## **OTHER AGREEMENTS**

Except the contracts / agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, we have not entered into any other agreement / contract as on the date of this Draft Prospectus.

## **INJUNCTIONS OR RESTRAINING ORDERS**

There are no injunctions / restraining orders that have been passed against the company.

## OUR MANAGEMENT

### Board of Directors

Our Company has six (6) Directors consisting of three (3) Executive Directors and two (2) Non-Executive Independent Directors and one (1) Non-Executive Director. The following table sets forth the details of our Board of Directors as on the date of this Draft Prospectus:

| Name, Current Designation, Address, Occupation, Term and DIN  | Nationality | Age         | Other Directorships  |
|---|-------------|-------------|--|
| <p><b>Mr. Sukanraj S. Shah</b><br/><i>Chairman &amp; Whole Time Director</i></p> <p><b>Address:</b> B – 1103, Deepak Jyoti Tower, 11<sup>th</sup> Floor, Parel Tank Road, Ambewadi, Kalachowki, Mumbai – 400 033</p> <p><b>Date of appointment as Director:</b> October 20, 1997</p> <p><b>Date of re-appointment as Whole Time Director:</b> August 09, 2017</p> <p><b>Term:</b> Appointed as Whole Time Director for a period of 5 years i.e. till August 08, 2022</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 00034157</p> | Indian      | 64<br>Years | <ul style="list-style-type: none"> <li>Parag Housing Developments Private Limited</li> </ul> |
| <p><b>Mr. Vicky Shah</b><br/><i>Managing Director</i></p> <p><b>Address:</b> B – 1104, Deepak Jyoti Tower, 11<sup>th</sup> Floor, Parel Tank Road, Ambewadi, Kalachowki, Mumbai – 400 033</p> <p><b>Date of appointment as Director:</b> October 20, 1997</p> <p><b>Date of appointment as Managing Director:</b> April 01, 2014</p> <p><b>Term:</b> Appointed as Managing Director for a period of 5 years i.e. till March 31, 2019</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 00033963</p>                                 | Indian      | 41<br>Years | <ul style="list-style-type: none"> <li>Parag Housing Developments Private Limited</li> </ul> |
| <p><b>Mr. Sahil Shah</b><br/><i>Whole Time Director</i></p> <p><b>Address:</b> B – 1103, Deepak Jyoti Tower, 11<sup>th</sup> Floor, Parel Tank Road, Ambewadi, Kalachowki, Mumbai – 400 033</p> <p><b>Date of appointment as Director:</b> December 15, 2011</p>  | Indian      | 30<br>Years | NIL  |



| Name, Current Designation, Address, Occupation, Term and DIN   | Nationality | Age         | Other Directorships  |
|--|-------------|-------------|--|
| <p><b>Date of re-appointment as Whole Time Director:</b><br/>August 09, 2017</p> <p><b>Term:</b> Appointed as Whole Time Director for a period of 5 years i.e. till August 08, 2022</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 05144943</p>   |             |             |  |
| <p><b>Mrs. Sapna Shah</b><br/><i>Non-Executive Director</i></p> <p><b>Address:</b>B – 1104, Deepak Jyoti Tower, 11<sup>th</sup> Floor, Parel Tank Road, Ambewadi, Kalachowki, Mumbai – 400 033</p> <p><b>Date of appointment as Non – Executive Non – Independent Director:</b> July 26, 2017</p> <p><b>Term:</b> Appointed as Non – Executive Non – Independent Director and Liable to Retire by Rotation.</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 07799058</p>               | Indian      | 39<br>Years | <ul style="list-style-type: none"> <li>• Sankeshwar Textiles LLP</li> </ul>  |
| <p><b>Mr. Mihir Manek</b><br/><i>Non-Executive Independent Director</i></p> <p><b>Address:</b> Flat No 15, Plot No. 81, Badri Vishal, Rafi Ahmed Kidwai Road, Wadala West, Mumbai, Maharashtra – 400 031.</p> <p><b>Date of Appointment as Non-Executive Independent Director:</b> July 26, 2017</p> <p><b>Term:</b> Appointed as Non-Executive Independent Director for a period of 5 years i.e. till July 25, 2022.</p> <p><b>Occupation:</b> Professional</p> <p><b>DIN:</b> 07254045</p> | Indian      | 52<br>Years | <ul style="list-style-type: none"> <li>• Prime Customer Services Limited</li> </ul>  |
| <p><b>Mr. Satish Anand Sharma</b><br/><i>Non-Executive Independent Director</i></p> <p><b>Address:</b> B – 406 Arihant Anaya, Plot No. 4, Sector 35-G, Khargar, Navi Mumbai, Maharashtra – 410 210</p> <p><b>Date of Appointment as Non-Executive Independent Director:</b> July 26, 2017</p> <p><b>Term:</b> Appointed as Non-Executive Independent Director for a period of 5 years i.e. till July 25, 2022.</p>   | Indian      | 43<br>Years | <ul style="list-style-type: none"> <li>• Business Masters Private Limited</li> <li>• Lavanya Infracon Private Limited</li> </ul> |

| Name, Current Designation, Address, Occupation, Term and DIN       | Nationality | Age | Other Directorships |
|--|-------------|-----|---------------------|
| <p><b>Occupation:</b> Professional</p> <p><b>DIN:</b> 00897584</p> |             |     |                     |

For further details on their qualification, experience etc., please see their respective biographies under the heading “*Brief Biographies*” below.

#### Nature of Family Relationship between Directors

None of the Directors on our Board are related to each other, except as mentioned below:

- Mr. Sukanraj Shah is the Father of Mr. Vicky Shah and Mr. Sahil Shah
- Mr. Vicky Shah and Mr. Sahil Shah are brothers
- Mrs. Sapna Shah is the wife of Mr. Vicky Shah
- Mrs. Sapna Shah is the daughter-in-law of Mr. Sukanraj Shah
- Mrs. Sapna Shah is the sister-in-law of Mr. Sahil Shah

#### Arrangements or Understanding with Major Shareholders

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.

#### Service Contracts

There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.

#### Other Directorships

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

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

#### Wilful Defaulters

None of the Directors are categorized as a wilful defaulter, as defined under SEBI (ICDR) Regulations.

### BRIEF BIOGRAPHIES OF OUR DIRECTORS

#### Mr. Sukanraj Shah

Mr. Sukanraj Shah, aged 64 years, is the Chairman and Whole Time Director of Our Company. He completed his Bachelor of Commerce from Mumbai University in the year 1971. He started his career as a trader in textile products with the proprietorship firm SKS Silk Mills in the year 1982. After having gained the experience of over 15 years, he incorporated the Company S K S Textiles Private Limited in the year 1997. Over the years he has garnered extensive experience in the areas of Administration, Finance, Procurement, Manufacturing and Marketing. He has been utilizing this experience in the overall strategy formulation, growth and planning in managing, acquiring and expanding the business. As the Chairman and Whole Time Director of our Company, he is responsible for overall growth and strategy formulation and implementation of Our Company.

### **Mr. Vicky Shah**

Mr. Vicky Shah, aged 41 years, is the Managing Director and Chief Financial Officer of our Company. He completed his Bachelor of Commerce from the Mumbai University through the HR College of Commerce and Economics, Mumbai and also has Diploma in Business Management from Welinkars Institute of Management Development and Research, Mumbai. He along with his father Mr. Sukanraj Shah is the founder promoter of our Company. Since inception he has been instrumental in the overall marketing, finance and operations of the Company. Over the years, he has gained vast experience in Finance, Marketing, Sales and Day-to-Day Operations of the Company.

### **Mr. Sahil Shah**

Mr. Sahil Shah, aged 30 years, is the Whole Time Director of our Company. He completed his Bachelor of Commerce from the Mumbai University in the year 2006. He joined the Company immediately after his graduation. In the year 2011, he was appointed as the Whole Time Director of Our Company. He is responsible for managing the manufacturing and packing units and its corresponding workforce. He has the requisite aptitude for the innovation and research in new trends of the textile industry.

### **Mrs. Sapna Shah**

Mrs. Sapna Shah, aged 39 years, is the Non-Executive Non-Independent Director of our Company. She is the wife of our Promoter and Managing Director – Mr. Vicky Shah and is also a shareholder of the Company. She is a Commerce Graduate from the University of Mumbai through Mithibai College of Arts, Chahuan Institute of Science and A.J. College of Commerce. She has recently set-up her own LLP for carrying out activities of trading in textiles and garments

### **Mr. Mihir Manek**

Mr. Mihir Manek, aged 51 years, is the Non-Executive Independent Director of our Company. He holds a Diploma of Licentiate Mechanical Engineer from Victoria Jubilee Technical Institute (Mumbai), Diploma in Associate Member from The Institution of Engineers (India) and Masters of Business Administration from Newport University (USA). He has wide experience in Operations, Logistics, Purchasing, Material Coordination and Project Management initiatives for start-up companies and diversified international corporations; is a strong strategic planner, problem solver, and a persuasive leader.

### **Mr. Satish Anand Sharma**

Mr. Satish Anand Sharma, aged 43 years, is a Non-Executive Independent Director of our company. He holds a bachelor's degree in Commerce, from the Delhi University and a law degree (LLB) from the Mumbai University. He is also an Associate Member of the Institute of Company Secretaries of India and holds certification of JAIB from the Indian Institute of Banking & Finance. He has further qualified the limited insolvency examination under the Insolvency and Bankruptcy Code, 2016. He has an experience of over 18 years in various fields such as Capital Markets, Mergers and Acquisitions, Private Equity, Insolvency and Bankruptcy Laws, Intellectual Property Rights, Media and Entertainment Laws, advisory on Corporate and Commercial Laws, Legal Due Diligence, Banking and Finance, etc. He is associated with SNG & Partners since February 2011.

### **Borrowing Powers of our Board of Directors**

Our Company at its Extra-Ordinary General Meeting held on September 12, 2017 passed a resolution authorizing the Board of Directors pursuant to the provisions of section 180 (1) (c) of the Companies Act, 2013 for borrowing from time to time any sum or sums of money from any person(s) or bodies corporate (including holding Company) or any other entity, whether incorporated or not, on such terms and conditions as the Board of Directors may deem fit for the purpose of the Company's business. The monies so borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the banks in the ordinary course of business) may exceed the aggregate of the paid up share 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 such borrowings together with the amount already borrowed and outstanding shall not, at any time, exceed ₹ 100.00 crores.

## Remuneration of Executive Directors

### Mr. Sukanraj Shah, Chairman and Whole Time Director

The compensation package payable to him as resolved in the shareholders meeting held on August 09, 2017, is stated hereunder:

**Salary:** The total remuneration paid to Mr. Sukanraj Shah, Chairman and Whole-time Director, shall not exceed a sum of ₹ 30.00 Lakhs per annum as provided under the provisions of the companies act, 2013 unless otherwise approved by the Central Government.

**Benefits, Perquisites, Allowances:** In addition to the basic salary mention above, Mr. Sukanraj Shah may be entitled to the following benefits, perquisites and allowances which will not be included in the computation of ceiling on the remuneration specified above:

- Contribution to Provident fund, Superannuation fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service or as per the rules of the company and
- Leave in accordance with the rules of the company, privilege leave earned but not availed by Mr. Sukanraj Shah is en-cashable in accordance with the Rules of the Company.

#### Other Benefits:

- Car provided and maintained by the company for official purpose.
- Telecommunication facilities.

**Commission:** Such remuneration by way of commission, in addition to salary and perquisites and allowances payable, calculated with reference to the net profits of the company in particular financial year, as may be determined by the board at the end of each financial year, subject to the overall ceilings stipulated in sections 197 of the Act. The specific amount payable to Mr. Sukanraj Shah will be based on performance as evaluated by the board and will be payable annually after the annual accounts have been adopted by the shareholders at the annual general meeting.

**Incentive Remuneration:** Such incentive remuneration not exceeding 200% of annual basic salary to be paid at the discretion of the board annually, based on certain performance criteria and such other parameters as may be considered appropriate from time to time.

**Commission:** Subject to overall limit laid down in Section 197 of the Companies Act, 2013, such percentage of the net profit of the company as may be decided by the Board of Directors for each financial year.

### Mr. Vicky Shah, Managing Director

The compensation package payable to him as resolved in the shareholders meeting held on August 09, 2017, is stated hereunder:

**Salary:** The total remuneration paid to Mr. Vicky Shah, Chairman and Whole-time Director, shall not exceed a sum of ₹ 30.00 Lakhs per annum as provided under the provisions of the companies act, 2013 unless otherwise approved by the Central Government.

**Benefits, Perquisites, Allowances:** In addition to the basic salary mention above, Mr. Vicky Shah shall be entitled to the following benefits, perquisites and allowances which will not be included in the computation of ceiling on the remuneration specified above:

- Contribution to Provident fund, Superannuation fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service or as per the rules of the company and
- Leave in accordance with the rules of the company, privilege leave earned but not availed by Mr. Vicky Shah is en-cashable in accordance with the Rules of the Company.

### Other Benefits

- Car provided and maintained by the company for official purpose.
- Telecommunication facilities.

**Commission:** Such remuneration by way of commission, in addition to salary and perquisites and allowances payable, calculated with reference to the net profits of the company in particular financial year, as may be determined by the board at the end of each financial year, subject to the overall ceilings stipulated in sections 198 and 309 of the Act. The specific amount payable to Mr. Vicky Shah will be based on performance as evaluated by the board and will be payable annually after the annual accounts have been adopted by the shareholders at the annual general meeting.

**Incentive Remuneration:** Such incentive remuneration not exceeding 200% of annual basic salary to be paid at the discretion of the board annually, based on certain performance criteria and such other parameters as may be considered appropriate from time to time.

**Commission:** Subject to overall limit laid down in Section 197 of the Companies Act, 2013, such percentage of the net profit of the company as may be decided by the Board of Directors for each financial year.

### Mr Sahil Shah, Whole Time Director

The compensation package payable to him as resolved in the shareholders meeting held on August 09, 2017, is stated hereunder:

**Salary:** The total remuneration paid to Mr. Sahil Shah, Whole-time Director, shall not exceed a sum of ₹ 30.00 Lakhs per annum as provided under the provisions of the companies act, 2013 unless otherwise approved by the Central Government.

**Benefits, Perquisites, Allowances:** In addition to the basic salary mention above, Mr. Sahil Shah shall be entitled to the following benefits, perquisites and allowances which will not be included in the computation of ceiling on the remuneration specified above:

- Contribution to Provident fund, Superannuation fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service or as per the rules of the company and
- Leave in accordance with the rules of the company, privilege leave earned but not availed by Mr. Sahil Shah is en-cashable in accordance with the Rules of the Company.

### Other Benefits

- Car provided and maintained by the company for official purpose.
- Telecommunication facilities.

**Commission:** Such remuneration by way of commission, in addition to salary and perquisites and allowances payable, calculated with reference to the net profits of the company in particular financial year, as may be determined by the board at the end of each financial year, subject to the overall ceilings stipulated in sections 198 and 309 of the Act. The specific amount payable to Mr. Sahil Shah will be based on performance as evaluated by the board and will be payable annually after the annual accounts have been adopted by the shareholders at the annual general meeting.

**Incentive Remuneration:** Such incentive remuneration not exceeding 200% of annual basic salary to be paid at the discretion of the board annually, based on certain performance criteria and such other parameters as may be considered appropriate from time to time.

**Commission:** Subject to overall limit laid down in Section 197 of the Companies Act, 2013, such percentage of the net profit of the company as may be decided by the Board of Directors for each financial year.

### Compensation to Executive Director in last Financial Year

The remuneration paid to Mr. Sukanraj Shah, Mr. Vicky Shah, and Mr. Sahil Shah, for financial year ending 2016-17 was ₹ 7.71 lakhs<sup>(1)</sup>, ₹ 7.71 lakhs<sup>(2)</sup> and ₹ 3.97 lakhs<sup>(3)</sup> respectively.

<sup>(1)</sup> Includes a bonus of ₹ 0.54 lakhs and leave salary of ₹ 0.33 lakhs paid to Mr. Sukanraj Shah during F. Y. 2016-17

<sup>(2)</sup> Includes a bonus of ₹ 0.54 lakhs and leave salary of ₹ 0.33 lakhs paid to Mr. Vicky Shah during F. Y. 2016-17

<sup>(3)</sup> Includes a bonus of ₹ 0.23 lakhs and leave salary of ₹ 0.14 lakhs paid to Mr. Sahil Shah during F. Y. 2016-17.

### Compensation of Non-Executive Directors

The Board of Directors have accorded their approval for payment of sitting fee, in their meeting held on September 11, 2017, whereby the Non-Executive Directors of our Company would be entitled to a sitting fee of ₹ 5,000/- for attending every meeting of Board or its committee thereof.

Remuneration paid to our Non-Executive Directors in Fiscal Year 2016: Nil

### SHAREHOLDING OF DIRECTORS

The following table sets forth the shareholding of our Directors as on the date of this Draft Prospectus:

| Name of Directors       | No. of Equity Shares held | % of Pre-Offer Paid Up Capital |
|-------------------------|---------------------------|--------------------------------|
| Mr. Sukanraj Shah       | 1,91,950                  | 6.80%                          |
| Mr. Vicky Shah          | 3,78,956                  | 13.43%                         |
| Mr. Sahil Shah          | 2,04,531                  | 7.25%                          |
| Mrs. Sapna Shah         | 2,28,250                  | 8.09%                          |
| Mr. Mihir Manek         | 0                         | 0%                             |
| Mr. Satish Anand Sharma | 0                         | 0%                             |
| <b>Total</b>            | <b>10,03,687</b>          | <b>35.57%</b>                  |

### INTEREST OF THE DIRECTORS

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

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or allotted to the companies in which they are interested as Directors, Members, and Promoter, pursuant to this Offer. 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 said Equity Shares.

Except as stated in this chapter titled "Our Management", the section titled "Related Party Transactions" and section titled "Insurances" in the chapter "Our Business" on page nos. 109, 154 and 86 of this Draft Prospectus respectively, our Directors do not have any other interest in our business.

Except as disclosed in "Properties" within the section titled "Our Business" on page no. 97 of this Draft Prospectus, our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Prospectus. Further, except as disclosed in "Properties" within the section titled "Our Business" on page no. 97 of this Draft Prospectus, our Company has not taken any property on lease from our Promoter within two years of the date of this Draft Prospectus.

### CHANGES IN THE BOARD OF DIRECTORS IN THE LAST THREE YEARS

Following are the changes in our Board of Directors in the last three years:

| Sr. No. | Name of Director | Date of Change | Reason for change |
|---------|------------------|----------------|-------------------|
| 1       | Mrs. Sapna Shah  | 26.07.2017     | Appointment       |



| Sr. No. | Name of Director        | Date of Change | Reason for change |
|---------|-------------------------|----------------|-------------------|
| 2       | Mr. Mihir Manek         | 26.07.2017     | Appointment       |
| 3       | Mr. Satish Anand Sharma | 26.07.2017     | Appointment       |

## CORPORATE GOVERNANCE

In addition to the applicable provisions of the Companies Act, 2013 with respect to corporate governance, provisions of the SEBI Listing Regulations to the extent applicable to the entity whose shares are listed on the SME Exchange will also be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchange. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the SEBI Regulations and the Companies Act, in respect of corporate governance including constitution of the Board and committees thereof.

Our Board has been constituted in compliance with the Companies Act and SEBI Listing Regulations. The Board functions either as a full board or through various committees constituted to oversee specific functions. Our executive management provides our Board detailed reports on its performance periodically.

Currently, our Board has Six Directors. In compliance with the requirements of the Companies Act and the SEBI Listing Regulations, we have three (3) Executive Director, two (2) Non-Executive Independent Directors and one (1) Non-Executive Director on our Board. Our Chairman is an Executive Director & Promoter and we have a woman director on our Board.

### Committees of our Board

We have constituted the following committees of our Board of Directors for compliance with Corporate Governance requirements:

1. Audit Committee
2. Stakeholder's Relationship Committee
3. Nomination and Remuneration Committee

#### 1. Audit Committee

The Audit Committee of our Board was reconstituted by our Directors by a board resolution dated September 11, 2017 pursuant to section 177 of the Companies Act, 2013. The Audit Committee comprises of:

| Name of the Member      | Nature of Directorship             | Designation in Committee |
|-------------------------|------------------------------------|--------------------------|
| Mr. Satish Anand Sharma | Non-Executive Independent Director | Chairman                 |
| Mr. Mihir Manek         | Non-Executive Independent Director | Member                   |
| Mr. Vicky Shah          | Whole Time Director                | Member                   |

The scope of Audit Committee shall include but shall not be restricted to the following:

- a) Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - 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
  - Changes, if any, in accounting policies and practices and reasons for the same

- Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report.
- e) Reviewing, with the management, the half yearly financial statements before submission to the board for approval
- f) 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.
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m) 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.
- n) Discussion with internal auditors any significant findings and follow up there on.
- o) 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.
- p) 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.
- q) 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.
- r) To review the functioning of the Whistle Blower mechanism.
- s) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the Issuer has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions/ features as is contained in this clause.

*The Audit Committee enjoys following powers:*

- a) To investigate any activity within its terms of reference;
- b) To seek information from any employee;
- c) To obtain outside legal or other professional advice;
- d) To secure attendance of outsiders with relevant expertise if it considers necessary;
- e) The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Issuer. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

*The Audit Committee shall mandatorily review the following information:*

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The Company Secretary of the Company acts as the Secretary to the Committee.

#### *Meeting of Audit Committee*

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present. Since the formation of the committee, no Audit Committee meetings have taken place.

## **2. Stakeholder's Relationship Committee**

The Shareholder and Investor Grievance Committee of our Board were reconstituted by our Directors pursuant to section 178 (5) of the Companies Act, 2013 by a board resolution dated September 11, 2017. The Shareholder and Investor Grievance Committee comprises of:

| <b>Name of the Member</b> | <b>Nature of Directorship</b>      | <b>Designation in Committee</b> |
|---------------------------|------------------------------------|---------------------------------|
| Mr. Mihir Manek           | Non-Executive Independent Director | Chairman                        |
| Mr. Satish Anand Sharma   | Non-Executive Independent Director | Member                          |
| Mr. Vicky Shah            | Managing Director                  | Member                          |

This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:

- a) Allotment and listing of our shares in future;

- b) Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
- c) Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
- d) Reference to statutory and regulatory authorities regarding investor grievances;
- e) To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- f) And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

The Company Secretary of our Company acts as the Secretary to the Committee.

#### *Quorum and Meetings*

The quorum necessary for a meeting of the Stakeholders Relationship Committee shall be two members or one third of the members, whichever is greater. Since the formation of the committee, no Stakeholders Relationship Committee meetings have taken place.

### **3. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of our Board was reconstituted by our Directors pursuant to section 178 of the Companies Act, 2013 by a board resolution dated September 11, 2017.

The Nomination and Remuneration Committee currently comprises of:

| <b>Name of the Member</b> | <b>Nature of Directorship</b>      | <b>Designation in Committee</b> |
|---------------------------|------------------------------------|---------------------------------|
| Mr. Satish Anand Sharma   | Non-Executive Independent Director | Chairman                        |
| Mr. Mihir Manek           | Non-Executive Independent Director | Member                          |
| Mrs Sapna Shah            | Non-Executive Director             | Member                          |

The scope of Nomination and Remuneration Committee shall include but shall not be restricted to the following:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
- c) Devising a policy on Board diversity;
- d) 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 their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

#### *Quorum and Meetings*

The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members, whichever is greater. The Committee is required to meet at least once a year.

The Company Secretary of our Company acts as the Secretary to the Committee.

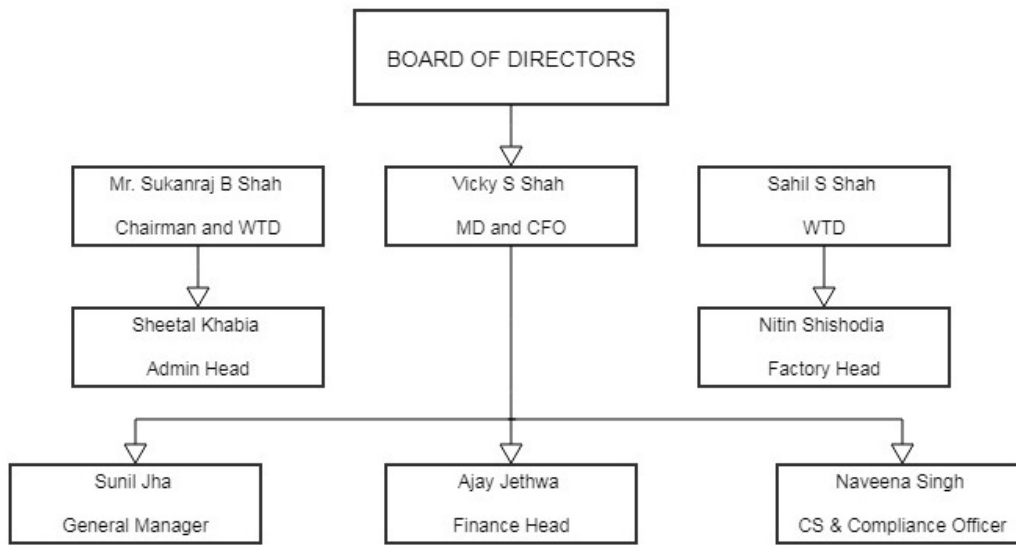
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### **Policy on Disclosures & Internal procedure for prevention of Insider Trading**

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on stock exchange. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public offer.

Our Board is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

**MANAGEMENT ORGANIZATION STRUCTURE**



**Terms & Abbreviations**

- MD - Managing Director
- WTD - Whole-Time Director
- CFO - Chief Financial Officer
- CS - Company Secretary



## KEY MANAGERIAL PERSONNEL

The details of our key managerial personnel are as below –

| Name of Employee    | Designation & Functional Area            | Date of Appointment | Current C.T.C p.a. (₹ in lakhs) | Qualification      | Name of Previous Employer(s)   | Total years of Experience |
|---------------------|--|---------------------|---------------------------------|--------------------|--|---------------------------|
| Mr. Ajay Jethwa     | Finance Head                             | April 08, 2015      | 3.42                            | Under Graduate     | <ul style="list-style-type: none"> <li>• MTC Toys Pvt. Ltd.</li> <li>• M/s. Sanjivani Exports</li> <li>• M/s. Mulji Devshi &amp; Co. Chartered Accountants</li> <li>• M/s. Rajesh Chedda &amp; Co. Chartered Accountants</li> <li>• M/s. Nitin Garodiya &amp; Co. Chartered Accountants</li> </ul> | 27 years                  |
| Mrs. Sheetal Khabia | Admin Head                               | April 01, 2015      | 4.80                            | B.Com              | <ul style="list-style-type: none"> <li>• Independent freelance in HR and Admin</li> </ul>  | 19 years                  |
| Mr. Sunil Jha       | General Manager                          | April 01, 2007      | 3.00                            | Under Graduate     | <ul style="list-style-type: none"> <li>• NA</li> </ul>   | 20 years                  |
| Mrs. Naveena Singh  | Company Secretary and Compliance Officer | July 03, 2017       | 3.36                            | B.Com., LL.B., ACS | <ul style="list-style-type: none"> <li>• Aman Medical Products Private Limited</li> <li>• Sahara India Financial Corporation Limited</li> </ul>  | 2.5 years                 |
| Mr. Nitin Shishodia | Factory Head                             | May 03, 2014        | 3.72                            | Under-Graduate     | <ul style="list-style-type: none"> <li>• M/s. Sivalik Global Industries</li> <li>• M/s. Welspun India Ltd.</li> <li>• M/s. Alok Industries Ltd.</li> <li>• Birla Century Ltd.</li> <li>• Alps Industries Ltd.</li> </ul>   | 16 years                  |

### Other Notes –

The aforementioned KMP are on the payrolls of our Company as permanent employees.

None of the KMPs is related parties as per the Accounting Standard 18 except as stated below:

- Mrs. Sheetal Khabia is the daughter of Mr. Sukanraj Shah & Sister of Mr. Vicky Shah and Mr. Sahil Shah

### Relationship amongst the Key Managerial Personnel

None of the aforementioned KMPs are related to each other.

Also, none of them have been selected pursuant to any arrangement / understanding with major shareholders / customers / suppliers.

### **Shareholding of Key Managerial Personnel**

None of the KMP in our Company holds any shares of our Company as on the date of this Draft Prospectus except as mentioned below:

- Mrs. Sheetal Khabia holds 6,875 shares of our Company.

### **Interest of Key Managerial Personnel**

The Key Managerial Personnel of our Company do not have any interest in our Company, other than to the extent of remuneration of benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. Further, if any Equity Shares are allotted to our Key Managerial Personnel prior to / in terms of this Offer, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.

### **Bonus or Profit Sharing Plan for the Key Managerial Personnel during the last three years**

Our Company does not have fixed bonus / profit sharing plan for any of the employees or key managerial personnel.

### **Loans taken by Key Management Personnel**

None of our Key Managerial Personnel have taken any loan from our Company.

### **Employee Share Purchase and Employee Stock Option Scheme**

Presently, we do not have ESOP / ESPS scheme for employees.

### **Payment or Benefit to our Officers**

Except for the payment of salaries and yearly bonus, if any, we do not provide any other benefits to our employees.

### **Changes in the Key Managerial Personnel in the three years preceding the date of filing this Draft Prospectus**

Except as disclosed below, there has been no change in KMPs in past three years from the date of this Draft Prospectus:




| <b>Name of Employee</b> | <b>Designation &amp; Functional Area</b> | <b>Date of Appointment</b> |
|-------------------------|--|----------------------------|
| Mrs. Sheetal Khabia     | Admin Head                               | April 01, 2015             |
| Mr. Ajay Jethwa         | Finance Head                             | April 08, 2015             |
| Mrs. Naveena Singh      | Company Secretary & Compliance Officer   | July 03, 2017              |

## OUR PROMOTERS AND PROMOTER GROUP

### The Promoters of our Company are:

1. Mr. Sukanraj Shah
2. Mr. Vicky Shah
3. Mr. Sahil Shah
4. Sukanraj Bhabhutmal Shah HUF

The details of our Promoters are provided below:

|   |  |
|---|--|
|    | <b>Mr. Sukanraj Shah</b>   |
|   | <b>PAN:</b> AAEPS9935J   |
|   | <b>Passport No.:</b> N 9227764   |
|   | <b>Driver's License No.:</b> MH01 20100036569  |
|   | <b>Voter's ID No.:</b> SOK3518958  |
|   | <b>Name of Bank &amp; Branch:</b> HDFC Bank, Churchgate Industry House Branch, Mumbai. |
|   | <b>Bank A/c No.:</b> 05011570003226  |
|   | <b>Mr. Vicky Shah</b>  |
|   | <b>PAN:</b> AADPS3615G   |
|   | <b>Passport No.:</b> L 7944849   |
|   | <b>Driver's License No.:</b> MH01 20100036566  |
|   | <b>Voter's ID No.:</b> SOK3518974  |
|   | <b>Name of Bank &amp; Branch:</b> HDFC Bank, Churchgate Industry House Branch, Mumbai. |
|  | <b>Mr. Sahil Shah</b>  |
|   | <b>PAN:</b> BAUPS1614M   |
|   | <b>Passport No.:</b> P 0775025   |
|   | <b>Driver's License No.:</b> MH01 20100059291  |
|   | <b>Voter's ID No.:</b> SOK3518982  |
|   | <b>Name of Bank &amp; Branch:</b> HDFC Bank, Churchgate Industry House Branch, Mumbai. |
|   | <b>Sukanraj Bhabhutmal Shah HUF</b>  |
|   | <b>PAN:</b> AAJHS9078M   |
|   | <b>Date of Incorporation / Formation:</b> 01.04.1995                                   |
|   | <b>Name of Bank &amp; Branch:</b> HDFC Bank, Churchgate Industry House Branch, Mumbai. |
|   | <b>Bank A/c No.:</b> 50100043151549  |

For additional details on the age, background, personal address, educational qualifications, experience, positions / posts, other ventures and Directorships held in the past, please see the chapter titled "Our Management" beginning on page no. 109 of this Draft Prospectus and "Our Promoter and Promoter Group" on page no. 124 of this Draft Prospectus.

For details of the build-up of our Promoters' shareholding in our Company, please see "Capital Structure –Notes to Capital Structure" on page no. 54 of this Draft Prospectus.

## **Other Undertakings and Confirmations**

We confirm that the Permanent Account Number, Bank Account number and Passport number of our Promoters shall be submitted to the Stock Exchange at the time of filing of the Draft Prospectus with the Stock Exchange.

Our Promoters and the members of our Promoters Group have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.

No violations of securities laws have been committed by our Promoters or members of our Promoters Group or any Group Companies in the past or are currently pending against them. None of (i) our Promoters and members of our Promoters Group or persons in control of or on the boards of bodies corporate forming part of our Group Companies (ii) the Companies with which any of our Promoters are or were associated as a promoter, director or person in control, are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

## **Interests of Promoters**

None of our Promoters / Directors have any interest in our Company except to the extent of compensation payable / paid, rents on properties owned by their relatives but used by our company and reimbursement of expenses (if applicable) and to the extent of any equity shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and / or trustee, and to the extent of benefits arising out of such shareholding. For further details please see the chapters titled “*Capital Structure*”, “*Financial Information*” and “*Our Management*” beginning on page nos. 53, 133 and 109 of this Draft Prospectus.

Except as stated otherwise in this Draft Prospectus, we have not entered into any contract, agreements or arrangements in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

## **Common Pursuits of Promoters**

None of Our Promoters/ Group Companies have any Common Pursuits.

## **Companies with which the Promoters have disassociated in the last three years**

Our Promoters have not disassociated themselves from any companies, firms or entities during the last three years preceding the date of this Draft Prospectus.

## **Payment of Amounts or Benefits to the Promoters or Promoters Group during the last two years**

Except as stated in “*Annexure XXVI – Statement of Related Party Transactions*” on page no. 154 of this Draft Prospectus, there has been no payment of benefits to our Promoters or Promoters Group during the two years preceding the date of the Draft Prospectus.

## **Interest of Promoters in the Promotion of our Company**

Our Company is currently promoted by the promoters in order to carry on its present business. Our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company.

## **Interest of Promoters in the Property of our Company**

Our Promoters have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Prospectus or proposed to be acquired by our Company as on the date of this Draft Prospectus For details, please the chapter “*Our Business*” on page no. 86 of this Draft Prospectus.

Further, other than as mentioned in the chapter titled “*Our Business*” on page no. 86, our Promoters do not have any interest in any transactions in the acquisition of land, construction of any building or supply of any machinery.

### Interest of Promoter in our Company other than as Promoter

Other than as Promoters, our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company. For details please see chapters titled “*Our Management*” and “*Capital Structure*” beginning on page nos. 109 and 53 respectively of this Draft Prospectus.

Except as mentioned in this section and the chapters titled “*Capital Structure*”, “*Our Business*”, “*History and Certain Corporate matters*” and “*Annexure XXVI – Statement of Related Party Transactions*” on page nos. 53, 86, 106 and 154 of this Draft Prospectus, respectively, our Promoters do not have any interest in our Company other than as promoter.

### Related Party Transactions

Except as stated in the “*Annexure XXVI – Statement of Related Party Transactions*” on page no. 154 of this Draft Prospectus, our Company has not entered into related party transactions with our Promoters, Promoters Group or our Group Companies.

### Shareholding of the Promoters Group in our Company

For details of shareholding of members of our Promoters Group as on the date of this Draft Prospectus, please see the chapter titled “*Capital Structure – Notes to Capital Structure*” beginning on page no. 54 of this Draft Prospectus.

### Other Confirmations

Our Company has neither made any payments in cash or otherwise to our Promoters or to firms or companies in which our Promoters are interested as members, directors or promoter nor have our Promoters been offered any inducements to become directors or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company otherwise than as stated in the “*Annexure XXVI – Statement of Related Party Transactions*” on page no. 154 of this Draft Prospectus.

### Outstanding Litigation

There is no outstanding litigation against our Promoters except as disclosed in the section titled “*Risk Factors*” and chapter titled “*Outstanding Litigation and Material Developments*” beginning on page nos. 10 and 172 of this Draft Prospectus.

## OUR PROMOTERS GROUP

Apart from our Promoters, as per Regulation 2(1)(zb)(ii) of the SEBI (ICDR) Regulation, 2009, the following individuals and entities shall form part of our Promoters Group:

### A. Natural Persons who are Part of the Promoter Group

| Name of the Promoter | Name of the Relative  | Relationship with the Promoter |
|----------------------|---|--------------------------------|
| Mr. Sukanraj Shah    | Late Mr. Bhabootmal Shah  | Father                         |
|                      | Late Mrs. Laxmiben Shah   | Mother                         |
|                      | Mrs. Lalita Kumari Shah   | Wife                           |
|                      | Mr. Kantilal Shah   | Brother(s)                     |
|                      | Mrs. Manchiben<br>Mrs. Vasantiben<br>Mrs. Kamlaben<br>Mrs. Ratanben<br>Mrs. Sukhi | Sister(s)                      |
|                      | Mrs. Sheetal Khabia   | Daughter(s)                    |
|                      | Mr. Vicky Shah<br>Mr. Sahil Shah  | Son(s)                         |
|                      | Mr. Nihalchand Rathod   | Wife's Father                  |
|                      | Mrs. Tijobai Rathod   | Wife's Mother                  |

| Name of the Promoter | Name of the Relative                  | Relationship with the Promoter |
|----------------------|---------------------------------------|--------------------------------|
|                      | Mr. Kiran Rathod<br>Mr. Kushal Rathod | Wife's Brother(s)              |
|                      | Mrs. Geeta Jain                       | Wife's Sister(s)               |

| Name of the Promoter  | Name of the Relative            | Relationship with the Promoter |
|-----------------------|---------------------------------|--------------------------------|
| <b>Mr. Vicky Shah</b> | Mr. Sukanraj Shah               | Father                         |
|                       | Mrs. Lalita Kumari Shah         | Mother                         |
|                       | Mrs. Sapna Shah                 | Wife                           |
|                       | Mr. Sahil Shah                  | Brother(s)                     |
|                       | Mrs. Sheetal Khabia             | Sister(s)                      |
|                       | Ms. Jaanvi Shah                 | Daughter(s)                    |
|                       | Mr. Hitansh Shah                | Son(s)                         |
|                       | Mr. Bansilal Jain               | Wife's Father                  |
|                       | Mrs. Sewanti Jain               | Wife's Mother                  |
|                       | Mr. Amit Jain<br>Mr. Rahul Jain | Wife's Brother(s)              |

| Name of the Promoter  | Name of the Relative             | Relationship with the Promoter |
|-----------------------|----------------------------------|--------------------------------|
| <b>Mr. Sahil Shah</b> | Mr. Sukanraj Shah                | Father                         |
|                       | Mrs. Lalita Kumari Shah          | Mother                         |
|                       | Mrs. Hetal Shah                  | Wife                           |
|                       | Mr. Vicky Shah                   | Brother(s)                     |
|                       | Mrs. Sheetal Khabia              | Sister(s)                      |
|                       | Mr. Arvind Jain                  | Wife's Father                  |
|                       | Mrs. Sumitra Jain                | Wife's Mother                  |
|                       | Ms. Sejal Jain<br>Ms. Ruchi Jain | Wife's Sister(s)               |

***B. Companies / Corporate Entities forming part of the Promoter Group***

As per Regulation 2(1)(zb)(iv) of the SEBI (ICDR) Regulations, 2009, the following Companies / Trusts / Partnership firms / HUFs or Sole Proprietorships shall form part of our Promoter Group:

| Sr. No. | Name of Promoter Group Entity/Company                  |
|---------|--|
| 1       | Parag Housing Developments Corporation Private Limited |
| 2       | Sankeshwar Textiles LLP                                |
| 3       | V S Shah HUF   |
| 4       | Sahil Shah HUF   |
| 5       | Vicky International                                    |



## OUR GROUP COMPANIES

The definition of 'Group Companies' was amended pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2015, to include companies covered under applicable accounting standards and such other companies as are considered material by the Board.

Pursuant to a Board resolution dated September 11, 2017, the Board formulated a policy with respect to companies which it considered material to be identified as group companies. Our Board has approved that all companies which are identified as related parties in accordance with Accounting Standards 18 as per the Restated Financial Statements and Companies considered by the board as material, are identified as group entities. Accordingly, in addition to our Promoter Group, as specified under the section "Our Promoter and Promoter Group" on page no. 124 of this Draft Prospectus, the following company has been identified as a Group Company.

### I. Parag Housing Developments Corporation Private Limited

Further, our Board has approved that other than Parag Housing Developments Corporation Private Limited, there are no companies which are considered material by the Board to be identified as a group company.

## FINANCIAL INFORMATION OF GROUP ENTITIES

As per Schedule VIII (IX) (C) (2) of the SEBI (ICDR) Regulations 2009, the financial information of our group companies on the basis of Turnover, are given below:

### I. PARAG HOUSING DEVELOPMENTS CORPORATION PRIVATE LIMITED (PHDCPL)

#### *Corporate Information:*

Parag Housing Developments Corporation Private Limited is a private company and was incorporated on January 31, 1989 under the Companies Act, 1956 and is involved in the business of acquiring by purchase, lease, exchange or otherwise and make advance on the security of and deal in land, buildings and hereditaments of any tenure or description and developing the said properties. The company currently has negligible operating income reported in its books of Accounts. The Corporate Identification Number of the Company is U70120MH1989PTC050522.

#### *Board of Directors:*

- Mr. Sukanraj Shah
- Mr. Vicky Shah

For additional details on the age, background, personal address, educational qualifications, experience, positions / posts held in the past and Directorship held by the abovementioned Directors, please see the chapter titled "Our Management" and "Our Promoter and Promoter Group" beginning on page no. 109 and 124 of this Draft Prospectus.

#### *Interest of our promoters:*

Our promoters and promoters group hold 100.00 % equity shares of this company.

#### *Capital Structure:*

| Particulars                            | No. of Equity Shares of ₹ 100 each |
|--|------------------------------------|
| Authorised capital                     | 5,00,000                           |
| Issued, subscribed and paid-up capital | 2,05,000                           |

#### *Shareholding Pattern:*

| Shareholder name  | No. of shares | % of total holding |
|-------------------|---------------|--------------------|
| Mr. Sukanraj Shah | 1,075         | 54.44%             |
| Mr. Vicky Shah    | 975           | 47.56%             |
| <b>TOTAL</b>      | <b>2,050</b>  | <b>100.00%</b>     |

**Financial Information:**

The brief financial details of Parag Housing Developments Corporation Private Limited derived from its audited financial statements, for Fiscals 2017, 2016 and 2015 are set forth below:

(₹in lakhs)

| Particulars                   | As at March 31, |        |        |
|-------------------------------|-----------------|--------|--------|
|                               | 2017            | 2016   | 2015   |
| Equity Capital                | 2.05            | 2.05   | 2.05   |
| Reserves and Surplus          | 15.25           | 14.69  | 14.99  |
| Networth                      | 17.30           | 16.74  | 17.04  |
| Income including other income | 3.97            | 0.00   | 0.00   |
| Profit/ (Loss) after tax      | 0.55            | (0.29) | (0.08) |
| Earnings per share            | 26.74           | NIL    | NIL    |
| Net asset value per share     | 843.69          | 816.94 | 831.28 |

**Other disclosures:**

- The equity shares of PHDCPL are not listed on any stock exchange;
- PHDCPL is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. Further, PHDCPL does not have a negative net-worth in the immediately preceding year.
- No application has been made to RoC for striking off the name of PHDCPL;
- PHDCPL is not prohibited from accessing the capital markets for any reasons by the SEBI or any other authorities.

There are no defaults in meeting any statutory /bank/institutional dues. No proceedings have been initialled for economic offences against the Company.

**NATURE AND EXTENT OF THE INTEREST OF THE GROUP COMPANIES IN OUR COMPANY**

**In the promotion of our Company**

None of the Group Companies have any interest in the promotion of our Company.

**In the properties acquired by our Company**

None of the Group Companies have any interest in the properties acquired by our Company within the two years of the date of filing this Draft Prospectus or proposed to be acquired by our Company.

**In transactions for acquisition of land, construction of building and supply of machinery**

None of the Group Companies have any interest in our Company in relation to transactions for acquisition of land, construction of building and supply of machinery.

**Payment of amount or benefits to our Group Companies during the last two years**

Except as disclosed in the section “Financial Information – Annexure XXVI- Related Party Transactions” beginning on page no. 154 of this Draft Prospectus, no amount or benefits were paid or were intended to be paid to our Group Companies since the incorporation of our Company.

**Common pursuits between the Group Companies and our Company**

None of our Group Companies are engaged in the same line of business or have any common pursuits as our Company.

**Related business transactions within the Group Companies and its significance on the financial performance of our Company**

For details, please see the chapter titled “*Financial Statements- Annexure XXVI - Related Party Transactions*” on page no. 154 of this Draft Prospectus.

**Sale/purchase between Group Companies (exceeding 10% in aggregate of the total sales or purchases of our Company)**

For details, please see the chapter titled “*Financial Statements- Annexure XXVI - Related Party Transactions*” on page no. 154 of this Draft Prospectus.

**Defunct Group Companies**

None of the Group Companies are defunct and no application has been made to the registrar of companies for striking off the name of any of the Group Companies during the five years preceding the date of this Draft Prospectus.

**Outstanding Litigations**

For details relating to the material legal proceedings involving our Group Companies, see the chapter titled “*Outstanding Litigations and Material Developments*” on page no. 172 of this Draft Prospectus.

**Other Confirmations**

Our Group Companies have further confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there have been no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them except as stated under chapters “*Risk Factors*”, “*Our Group Companies*” and “*Outstanding Litigations and Material Developments*” on page nos. 10, 128 and 172 of this Draft Prospectus, respectively. Additionally, none of our Group Companies have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities except as stated under chapters “*Risk Factors*”, “*Our Group Companies*” and “*Outstanding Litigations and Material Developments*” on page nos. 10, 128 and 172 of this Draft Prospectus, respectively.

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## **CURRENCY, UNITS OF PRESENTATION AND EXCHANGE RATES**

All references to “Rupees”, “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “US Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

This Draft Prospectus may contain conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

## **DIVIDEND POLICY**

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

There are no dividends declared by our Company since incorporation.

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

## SECTION VI – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### REPORT OF THE AUDITORS ON FINANCIAL STATEMENTS

To,  
The Board of Directors,  
**S K S Textiles Limited**  
Gala No.431, Kewal Industrial Estate,  
4th Floor, Senapati Bapat Marg,  
Lower Parel (W) Mumbai -400013

Dear Sirs,

#### Re.: Proposed Public Issue of Equity Shares of S K S Textiles Limited

1. We have examined Financial Statements and Other Financial Information of S K S Textiles Limited (the 'Company') formerly known as S K S Textiles Pvt. Ltd., taking into consideration the terms of reference and terms of our engagement agreed upon with you in connection with the proposed IPO of the Company and the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.
2. The said Restated Financial Statements and other Financial Information have been prepared for the purposes of inclusion in the Draft Prospectus / Prospectus (collectively hereinafter referred to as "Offer Document") in connection with the proposed Initial Public Offer ("IPO") of the Company in accordance with the requirements of:
  - i. Sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 read with applicable provisions within Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (hereinafter referred to as the "Act");
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI'); as amended to date;
3. We have examined the accompanied 'Restated Statement of Profit and Loss' (**Annexure – II**) for the years ended on March 31, 2017, 2016, 2015, 2014 and 2013 and the 'Restated Statement of Assets and Liabilities' (**Annexure – I**) as on those dates, forming Part of the 'Financial Information' dealt with by this Report, detailed below. Both read together with the Significant Accounting Policies and Notes to Accounts (**Annexure – IV & V**) thereon, which are the responsibility of the Company's management. The information has been extracted from the financial statements for financial year ended on March 31, 2017, 2016, 2015, 2014 and 2013. The Financial Statements for the year ended March 31, 2013 was audited by M/s. Mitesh C Gandhi & Company, Chartered Accountants, being the Statutory Auditors of the Company; the Financial Statements for the year ended March 31, 2014, 2015 and 2016 have been audited by Sharad Rustagi, Chartered Accountants being the Statutory Auditors of the Company and lastly March 31, 2017 by us; M/s. Bhattar & Company, Chartered Accountants being the Statutory Auditors of the Company and approved by the Board of Directors. We did not carry out any validation tests or review procedures of financial statements for aforesaid financial years audited by M/s. Mitesh C Gandhi & Co., Chartered Accountants and Sharad Rustagi, Chartered Accountants and upon which we have placed our reliance while reporting.
4. In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of S K S Textiles Limited, we, M/s. Bhattar & Company, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.
5. Based on our examination, we further report that:
  - a. The Restated Statement of Assets and Liabilities of the Company as at March 31, 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in **Annexure I** to this examination report, are after making adjustments and



regrouping as in our opinion were appropriate and more fully described in the statement of significant accounting policies in **Annexure IV** and the Notes to Accounts in **Annexure V**.

- b. The Restated Statement of Profit and Loss of the Company for the period ended on March 31, 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in **Annexure II** to this examination report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in the statement of significant accounting policies in **Annexure IV** and the Statement of Adjustments to the audited financial statements in **Annexure V**.
- c. The Restated Statement of Cash Flows of the Company for the period ended on March 31, 2017, 2016, 2015, 2014, and 2013 examined by us, as set out in **Annexure III** to this examination report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in the statement of significant accounting policies in **Annexure IV** and the Notes to Accounts in **Annexure V**.
- d. The Restated Financial Statements have been made after incorporating adjustments for:
  - i. The changes, if any, in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting period /years.
  - ii. Prior period and other material amounts in the respective financial years to which they relate.

Which are stated in the Notes to Accounts as set out in **Annexure V**:

- e. Such Financial statements do not require any corrective adjustments on account of :
  - i. Other remarks/comments in the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub - section (4A) of section 227 of the act, on financial statements of the company for the financial years ended March 31, 2017, 2016, 2015, 2014 and 2013.
  - ii. Extra-ordinary items that need to be disclosed separately in the accounts requiring adjustments.
6. At the request of the company, 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:
  - i) Schedule of Share Capital (Annexure - VI)
  - ii) Schedule of Reserves & Surplus (Annexure - VII)
  - iii) Schedule of Fixed Assets (Annexure - VIII)
  - iv) Schedule of Non- Current Investments (Annexure – IX)
  - v) Schedule of Long Term Loans and Advances (Annexure – X)
  - vi) Schedule of Inventories (Annexure – XI)
  - vii) Schedule of Trade Receivables (Annexure – XII)
  - viii) Schedule of Cash and Cash Equivalents (Annexure – XIII)
  - ix) Schedule of Short Term Loans and Advances (Annexure – XIV)
  - x) Schedule of Other Current Assets (Annexure – XV)
  - xi) Schedule of Long Term Borrowings (Annexure – XVI)
  - xii) Schedule of Other Long Term Liabilities (Annexure – XVII)
  - xiii) Schedule of Long Term Provisions (Annexure – XVIII)
  - xiv) Schedule of Short Term Borrowings (Annexure – XIX)
  - xv) Schedule of Trade Payables (Annexure – XX)
  - xvi) Schedule of Other Current Liabilities (Annexure – XXI)
  - xvii) Schedule of Short Term Provisions (Annexure – XXII)
  - xviii) Schedule of Revenue from Operations (Annexure – XXIII)
  - xix) Schedule of Other Income (Annexure – XXIV)
  - xx) Schedule of Dividend Declared (Annexure – XXV)
  - xxi) Schedule of Related Party Transactions (Annexure –XXVI)
  - xxii) Capitalization Statement (Annexure –XXVII)
  - xxiii) Schedule of Contingent Liability (Annexure –XXVIII)

- xxiv) Summary of Accounting Ratios (Annexure – XXIX)
- xxv) Statement of Tax Shelter (Annexure – XXX)

7. In our opinion, the Restated Financial Statements and the other Financial Information set forth in Annexure I to XXX read with the significant accounting policies and notes to the restated financial statements have been prepared in accordance with section 26, read with applicable provisions within Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 of Companies Act, 2013 and the SEBI Regulations and the Guidance Note on the reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

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

- 8. This report should not in any way construed as a re-issuance or re-drafting of any of the previous audit reports issued by the Statutory Auditors nor should this report be construed as a new opinion on any of the financial statement referred to therein.
- 9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 10. This report is intended solely for your information and for inclusion in the Offer document in connection with the Company's proposed IPO of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M/s. Bhatler & Company,**  
**Chartered Accountants**  
(Firm Registration No. 131092W)

**Daulal Bhatler**  
**Partner**  
Membership No: 016937  
Place: Mumbai  
Date: September 11, 2017

**Annexure I**  
**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(₹ in lakhs)

| Particulars                                      | As at March 31, 2017 |                  |                 |                 |                 |
|--|----------------------|------------------|-----------------|-----------------|-----------------|
|  | 2017                 | 2016             | 2015            | 2014            | 2013            |
| <b>EQUITY AND LIABILITIES</b>                    |                      |                  |                 |                 |                 |
| <b>Shareholder's fund</b>                        |                      |                  |                 |                 |                 |
| a) Equity Share Capital                          | 102.60               | 102.60           | 102.60          | 102.60          | 70.61           |
| b) Reserves and surplus                          | 2,845.31             | 2,693.98         | 2,559.00        | 2,476.38        | 1,792.45        |
| <b>Share Application Money Pending Allotment</b> | -                    | -                | -               | -               | 497.50          |
| <b>Total</b>                                     | <b>2,947.91</b>      | <b>2,796.58</b>  | <b>2,661.60</b> | <b>2,578.98</b> | <b>2,360.56</b> |
| <b>Non-current liabilities</b>                   |                      |                  |                 |                 |                 |
| a) Long Term Borrowings                          | 451.04               | 749.47           | 705.15          | 994.95          | 1,118.25        |
| b) Deferred Tax Liabilities (net)                | 223.94               | 214.12           | 170.77          | 161.15          | 139.11          |
| c) Other Long Term Liabilities                   | 12.33                | 11.00            | -               | -               | -               |
| d) Long Term Provisions                          | 15.45                | 13.29            | 11.35           | 9.13            | 7.09            |
| <b>Total</b>                                     | <b>702.75</b>        | <b>987.88</b>    | <b>887.27</b>   | <b>1,165.23</b> | <b>1,264.45</b> |
| <b>Current liabilities</b>                       |                      |                  |                 |                 |                 |
| a) Short-term borrowings                         | 3,978.79             | 3,476.29         | 2,830.86        | 2,809.27        | 2,501.42        |
| b) Trade payables                                | 1,976.13             | 2,726.79         | 1,734.92        | 1,615.02        | 1,534.37        |
| c) Other Current Liabilities                     | 323.34               | 330.25           | 300.92          | 241.57          | 69.99           |
| d) Short-term provisions                         | 231.84               | 135.64           | 65.75           | 33.54           | 93.69           |
| <b>Total</b>                                     | <b>6,510.11</b>      | <b>6,668.97</b>  | <b>4,932.44</b> | <b>4,699.40</b> | <b>4,199.47</b> |
| <b>TOTAL</b>                                     | <b>10,160.77</b>     | <b>10,453.43</b> | <b>8,481.31</b> | <b>8,443.60</b> | <b>7,824.49</b> |
| <b>ASSETS</b>                                    |                      |                  |                 |                 |                 |
| <b>Non - Current Assets</b>                      |                      |                  |                 |                 |                 |
| a) Fixed Assets                                  |                      |                  |                 |                 |                 |
| i) Tangible assets                               | 3,396.29             | 3,365.61         | 3,188.58        | 3,458.51        | 3,438.48        |
| ii) Intangible assets                            |                      |                  |                 |                 |                 |
| Gross Block                                      | 3,396.29             | 3,365.61         | 3,188.58        | 3,458.51        | 3,438.48        |
| Less Depreciation                                | 1,581.34             | 1,425.63         | 1,279.94        | 1,100.95        | 855.07          |
| <b>Net Block</b>                                 | <b>1,814.95</b>      | <b>1,939.98</b>  | <b>1,908.65</b> | <b>2,357.56</b> | <b>2,583.41</b> |
| b) Non- Current Investments                      | -                    | 25.00            | 25.00           | 25.00           | 28.51           |
| c) Long term Loans & Advances                    | 45.23                | 46.33            | 43.31           | 44.11           | 61.20           |
| <b>Total</b>                                     | <b>1860.18</b>       | <b>2011.31</b>   | <b>1976.96</b>  | <b>2426.67</b>  | <b>2673.12</b>  |
| <b>Current Assets</b>                            |                      |                  |                 |                 |                 |
| b) Inventories                                   | 4,217.45             | 3,929.29         | 3,856.24        | 3,212.59        | 2,428.30        |
| b) Trade Receivables                             | 3,380.90             | 3,768.22         | 2,086.83        | 2,349.52        | 2,294.56        |
| c) Cash and Cash equivalents                     | 177.64               | 246.70           | 121.09          | 137.28          | 88.41           |
| d) Short-term loans and advances                 | 513.28               | 492.33           | 438.16          | 315.59          | 340.11          |
| e) Other Current Assets                          | 11.32                | 5.58             | 2.04            | 1.95            | -               |
| <b>Total</b>                                     | <b>8300.59</b>       | <b>8442.12</b>   | <b>6504.35</b>  | <b>6016.94</b>  | <b>5151.37</b>  |
| <b>TOTAL</b>                                     | <b>10,160.77</b>     | <b>10,453.43</b> | <b>8,481.31</b> | <b>8,443.60</b> | <b>7,824.49</b> |

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

(₹ in lakhs)

| Particulars   | For the year ended March 31, 2017 |                  |                  |                  |                  |
|---|-----------------------------------|------------------|------------------|------------------|------------------|
|   | 2017                              | 2016             | 2015             | 2014             | 2013             |
| <b>INCOME:</b>  |                                   |                  |                  |                  |                  |
| Revenue from Operations                                     | 15,688.14                         | 14,685.96        | 13,069.07        | 11,939.76        | 11,233.72        |
| Other Income  | 187.14                            | 95.73            | 106.62           | 102.96           | 54.03            |
| <b>Total income</b>   | <b>15,875.28</b>                  | <b>14,781.70</b> | <b>13,175.69</b> | <b>12,042.72</b> | <b>11,287.74</b> |
| <b>EXPENSES:</b>  |                                   |                  |                  |                  |                  |
| Cost of Material Consumed                                   | 14,884.81                         | 13,604.56        | 12,681.59        | 11,590.26        | 10,787.17        |
| Changes in inventories                                      | (288.16)                          | (73.05)          | (643.65)         | (784.29)         | (494.20)         |
| Employee benefits expense                                   | 143.36                            | 128.57           | 147.95           | 135.48           | 110.79           |
| Finance cost  | 578.84                            | 551.33           | 507.58           | 560.52           | 472.09           |
| Depreciation and amortization expense                       | 155.72                            | 145.69           | 178.99           | 245.88           | 159.40           |
| Administration and other expenses                           | 134.93                            | 161.12           | 146.49           | 134.08           | 103.85           |
| <b>Total expenses</b>                                       | <b>15,609.50</b>                  | <b>14,518.23</b> | <b>13,018.94</b> | <b>11,881.93</b> | <b>11,139.10</b> |
| <b>Net Profit / (Loss) before exceptional items and tax</b> | <b>265.78</b>                     | <b>263.47</b>    | <b>156.74</b>    | <b>160.79</b>    | <b>148.64</b>    |
| Exceptional items   | -                                 | 6.33             | 6.96             | -                | -                |
| <b>Net Profit / (Loss) before tax</b>                       | <b>265.78</b>                     | <b>257.14</b>    | <b>149.79</b>    | <b>160.79</b>    | <b>148.64</b>    |
| <b>Less: Tax expense</b>                                    |                                   |                  |                  |                  |                  |
| (i) Current tax   | 95.00                             | 69.17            | 31.50            | 30.00            | 39.87            |
| (ii) MAT Credit   |                                   |                  |                  |                  |                  |
| (iii) Deferred tax  | 9.82                              | 43.35            | 9.63             | 22.03            | 26.90            |
| <b>Total Tax Expense</b>                                    | <b>104.82</b>                     | <b>112.52</b>    | <b>41.13</b>     | <b>52.03</b>     | <b>66.77</b>     |
| <b>Net Profit / ( Loss ) after tax</b>                      | <b>160.96</b>                     | <b>144.62</b>    | <b>108.66</b>    | <b>108.75</b>    | <b>81.87</b>     |

**Annexure III**  
**CASH FLOW STATEMENT, AS RESTATED**

(₹ in lakhs)

| Particulars   | As at March 31, |                 |                 |                 |                   |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|
|   | 2017            | 2016            | 2015            | 2014            | 2013              |
| <b>Cash flow from operating activities:</b>                       |                 |                 |                 |                 |                   |
| Net Profit before tax as per Profit And Loss A/c                  | 265.78          | 257.14          | 149.78          | 160.79          | 148.64            |
| Adjusted for:   |                 |                 |                 |                 |                   |
| Depreciation & Amortisation                                       | 155.72          | 145.69          | 178.99          | 245.88          | 159.40            |
| Interest & Finance Cost   | 578.84          | 551.33          | 507.58          | 560.52          | 472.09            |
| Interest Received   | (22.21)         | (32.24)         | (76.94)         | (102.96)        | (53.97)           |
| Capital Subsidy Received  | (9.64)          | (9.64)          | (9.64)          | -               | -                 |
| Gratuity Provision  | 2.89            | 2.59            | 2.98            | 2.73            | 2.23              |
| Loss on Sale of Investment  | 11.50           |                 |                 |                 |                   |
| <b>Operating Profit Before Working Capital Changes</b>            | <b>982.88</b>   | <b>914.87</b>   | <b>752.76</b>   | <b>866.96</b>   | <b>728.40</b>     |
| Adjusted for (Increase) / Decrease:                               |                 |                 |                 |                 |                   |
| Trade Receivables   | 387.31          | (1,681.39)      | 262.69          | (54.97)         | 48.19             |
| Inventories   | (288.16)        | (73.05)         | (643.65)        | (784.29)        | (494.20)          |
| Short Term Loans and Advances                                     | (20.94)         | (54.18)         | (122.57)        | 24.52           | (118.90)          |
| Other Current Assets  | (5.75)          | (3.53)          | (0.09)          | (1.95)          | -                 |
| Trade Payables  | (750.65)        | 991.87          | 119.89          | 80.65           | 751.90            |
| Short Term Provisions   | 0.47            | 0.07            | (0.04)          | 0.02            | (0.14)            |
| Other Current Liabilities   | (6.91)          | 29.33           | 59.34           | 171.58          | 67.30             |
| <b>Cash Generated From Operations Before Extra-Ordinary Items</b> | <b>298.26</b>   | <b>124.00</b>   | <b>428.35</b>   | <b>302.52</b>   | <b>982.55</b>     |
| Add:- Extra-Ordinary Items  | -               | -               | -               | -               | -                 |
| <b>Cash Generated From Operations</b>                             | <b>298.26</b>   | <b>124.00</b>   | <b>428.35</b>   | <b>302.52</b>   | <b>982.55</b>     |
| Direct Tax Paid   | -               | -               | -               | (90.87)         | -                 |
| <b>Net Cash Flow from/(used in) Operating Activities: (A)</b>     | <b>298.26</b>   | <b>124.00</b>   | <b>428.35</b>   | <b>211.65</b>   | <b>982.55</b>     |
|   |                 |                 |                 |                 |                   |
| <b>Cash Flow From Investing Activities:</b>                       |                 |                 |                 |                 |                   |
| Purchase of Fixed Assets  | (30.68)         | (248.36)        | (1.41)          | (20.03)         | (1,632.25)        |
| Sale of Fixed Assets  | -               | 71.33           | 254.93          | -               | -                 |
| Non- Current Investments  | 13.50           | -               | -               | 3.51            | 0.86              |
| Other Long Term Liabilities                                       | 1.33            | 11.00           | -               | -               | -                 |
| Interest Received   | 22.21           | 32.24           | 76.94           | 102.96          | 53.97             |
| <b>Net Cash Flow from/(used in) Investing Activities: (B)</b>     | <b>6.35</b>     | <b>(133.79)</b> | <b>330.45</b>   | <b>86.44</b>    | <b>(1,577.42)</b> |
|   |                 |                 |                 |                 |                   |
| <b>Cash Flow from Financing Activities:</b>                       |                 |                 |                 |                 |                   |
| Issue of Share Capital  | -               | -               | -               | 36.68           | -                 |
| Securities Premium Received                                       | -               | -               | -               | 474.11          |                   |
| Share Application Money received pending Allotment                | -               | -               | -               | (497.50)        | 247.50            |
| Increase / (Decrease) in Long Term Borrowing                      | (298.43)        | 44.32           | (289.80)        | (123.30)        | 863.76            |
| Increase / (Decrease) in Short Term Borrowing                     | 502.50          | 645.43          | 21.59           | 307.85          | 7.20              |
| Increase / (Decrease) in Long Term Loans and Advances             | 1.10            | (3.02)          | 0.80            | 17.09           | (29.16)           |
| Capital Subsidy Received  | -               | -               | -               | 96.38           | -                 |
| Interest & Financial Charges paid                                 | (578.84)        | (551.33)        | (507.58)        | (560.52)        | (472.09)          |
| <b>Net Cash Flow from/(used in) Financing Activities (C)</b>      | <b>(373.67)</b> | <b>135.41</b>   | <b>(774.99)</b> | <b>(249.21)</b> | <b>617.21</b>     |

|   |                |               |                |               |              |
|---|----------------|---------------|----------------|---------------|--------------|
|   |                |               |                |               |              |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b> | <b>(69.06)</b> | <b>125.62</b> | <b>(16.20)</b> | <b>48.88</b>  | <b>22.33</b> |
| <b>Cash &amp; Cash Equivalents As At Beginning of the Year</b>        | <b>246.70</b>  | <b>121.09</b> | <b>137.28</b>  | <b>88.41</b>  | <b>66.04</b> |
| <b>Cash &amp; Cash Equivalents As At End of the Year</b>              | <b>177.64</b>  | <b>246.70</b> | <b>121.09</b>  | <b>137.29</b> | <b>88.38</b> |

Note: The cash flow statement has been prepared on the basis of restated statement of profit & loss and balance sheet.



## **Annexure IV SIGNIFICANT ACCOUNTING POLICIES**

### **(A) BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with mandatory accounting standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of Companies Act, 2013.

The accounting policies adopted in preparation of the financial statements are consistent with those followed in the previous year.

### **(B) USE OF ESTIMATES**

The preparation of financial statements requires estimates & assumptions to be made that effect the reported amount of assets & liabilities on the date of the financial statements and the reported amount of revenues & expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

### **(C) FIXED ASSETS**

Fixed Assets are stated at Cost of Acquisition less accumulated depreciation and impairment losses. Fixed assets include all incidental expenses related to acquisition and installation of the concerned assets.

### **(D) DEPRECIATION**

Depreciation on Tangible assets is provided at the rates prescribed in Schedule II of the Companies Act, 2013. Depreciation calculated on pro-rata basis on additions made during the year.

### **(E) INCOME AND EXPENSES**

Sales & Purchases are net of trade discount and return.

### **(F) INVESTMENTS**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

### **(G) REVENUE RECOGNITION**

#### **a) Sale of Goods**

Revenue from sales of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which coincides with dispatch of goods to customer. Sales are stated exclusive of sales tax and net of trade and quantity discount.

#### **b) TUFs Subsidy**

Revenue is recognized when the right to receive payment is established by the balance sheet date.

#### **c) Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**d) Sale of Fixed Assets**

For Movable Fixed Assets- Revenue is recognized upon delivery of movable fixed asset, which is when title passes to the customer.

**e) Rent**

Revenue is recognized based upon the terms of contract, with the tenants, for the period the property has been let out.

**(H) GOVERNMENT GRANTS AND SUBSIDIES**

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received.

Government grants in the nature Capital Subsidy received upon the amount invested on Plant and Machinery, where no repayment is ordinarily expected in respect thereof, are treated as Deferred Revenue Income and has been proportionately credited to Profit & Loss Account on the basis of actual useful life of the Plant & Machinery.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

**(I) INVENTORIES**

Inventories have been valued at lower of cost or net realizable value. Cost in respect of purchased materials & finished goods consists of purchase price including freight inward, brokerage and other expenditure directly attributable to the acquisition.

**(J) FOREIGN CURRENCY TRANSACTION**

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transaction. Current assets, current liabilities & borrowings denominated in foreign currency are translated at the exchange prevalent at the date of the balance sheet. The resultant gain\loss, except in cases where they relate to the acquisition of fixed assets, are recognized in the profit & loss Account.

**(K) EMPLOYEE BENEFITS**

The Company's provident fund schemes are defined contribution plans. The contributions paid/payable under the schemes are recognized immediately in the Statement of Profit and Loss.

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on actuarial valuation carried out by an independent actuary using Projected Unit Credit (PUC) method. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss. Past service cost is recognized as an expense on a straight line basis over the average period until the benefit becomes vested. To the extent the benefits are already vested past service cost is recognized immediately

The Company does not have any system of accumulation of unutilized privilege leave applicable to its employees and no provision is made for the same.

**(L) TAXES ON INCOME**

**Current Tax:** Provision for current income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the specific applicable laws.

**Deferred Tax:** Deferred tax is measured on based on the tax rate and tax laws enacted or substantially enacted at the balance date. Deferred tax assets are recognized only if there is reasonable/virtual certainty that they will be realized.

**(M) IMPAIRMENT OF ASSETS**

At each Balance Sheet date, an assessment is made of whether there is any indication of impairment. Impairment loss is recognized whenever the carrying amount of assets exceeds its recoverable amount.

**(N) PROVISION & CONTINGENCIES**

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provision are not discounted to present value and are determine on best estimate require to settle the obligation at the Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized and are disclosed by way of notes to accounts.

**(O) LEASE**

Leases, where the lessor effectively retains substantially all risks and benefits of ownership of the lease item are classified as operating lease. Operating lease payments as an expense in the profit and loss account on a straight-line basis over the lease term.

**(P) EARNING PER SHARE**

- a) Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).
- b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(Q)** The Company's only identifiable reportable segment is Textiles and hence disclosure of Segment wise information is not applicable under Accounting Standard – 17 “Segment Information” (AS-17). There are no geographical segments to be reported.

**(R)** There are no Auditor's Qualifications in the Financial Statements of the Company.

**Annexure V**  
**NOTES TO ACCOUNTS**

**1. Managerial Remuneration**

(₹ in lakhs)

| Particulars                             | For the year ended March 31,2017 |              |              |              |              |
|---|----------------------------------|--------------|--------------|--------------|--------------|
|   | 2017                             | 2016         | 2015         | 2014         | 2013         |
| <b>Executive Directors Remuneration</b> |                                  |              |              |              |              |
| Salaries and Allowances                 | 19.39                            | 16.44        | 19.44        | 18.00        | 17.47        |
| Sitting Fees                            | -                                | -            | -            | -            | -            |
| <b>Total</b>                            | <b>19.39</b>                     | <b>16.44</b> | <b>19.44</b> | <b>18.00</b> | <b>17.47</b> |

**2. Deferred Tax**

(₹ in lakhs)

| Particulars   | For the year ended March 31,2017 |               |               |               |               |
|---|----------------------------------|---------------|---------------|---------------|---------------|
|   | 2017                             | 2016          | 2015          | 2014          | 2013          |
| <b>Deferred Tax Liabilities</b>                               |                                  |               |               |               |               |
| Opening Balance   | 214.12                           | 170.77        | 161.15        | 139.11        | 112.21        |
| Timing Difference for Depreciation for the year               | 9.82                             | 43.35         | 9.63          | 22.03         | 26.90         |
| <b>Total Deferred Tax Liability</b>                           | <b>223.94</b>                    | <b>214.12</b> | <b>170.77</b> | <b>161.15</b> | <b>139.11</b> |
| <b>Closing Balance of Deferred Tax Liabilities / (Assets)</b> | <b>223.94</b>                    | <b>214.12</b> | <b>170.77</b> | <b>161.15</b> | <b>139.11</b> |

**3. Remuneration to Statutory Auditors**

(₹ in lakhs)

| Particulars          | For the year ended March 31,2017 |             |             |             |             |
|----------------------|----------------------------------|-------------|-------------|-------------|-------------|
|                      | 2017                             | 2016        | 2015        | 2014        | 2013        |
| Statutory Audit Fees | 0.30                             | 0.30        | 0.30        | 0.30        | 0.30        |
| <b>Total</b>         | <b>0.30</b>                      | <b>0.30</b> | <b>0.30</b> | <b>0.30</b> | <b>0.30</b> |

4. Based on the information there are no outstanding balances of the enterprises registered under the Micro, Small and Medium enterprises, Development Act, 2006.

5. Previous year figures have been re-grouped and re-stated wherever necessary to confirm to the current year classification.

**6. Information regarding Foreign Exchange earnings and expenditure:**

(₹ in lakhs)

| Particulars                     | For the year ended March 31,2017 |      |      |      |        |
|---------------------------------|----------------------------------|------|------|------|--------|
|                                 | 2017                             | 2016 | 2015 | 2014 | 2013   |
| Earning in Foreign Exchange     | -                                | -    | -    | -    | -      |
| Expenditure in Foreign Exchange | -                                | -    | -    | 2.73 | 976.17 |

## ADJUSTMENTS MADE IN RESTATED FINANCIAL STATEMENTS / REGROUPING NOTES

### Adjustments having impact on profit

The Company has provided for post-employment benefits as per AS 15 "Employee Benefits" in the restated financial statements. Impact of the same on employee benefit expenses and Profit after Taxes is as below:

(₹ in lakhs)

| Particulars  | For the year ended March 31, |        |        |        |        |
|--|------------------------------|--------|--------|--------|--------|
|  | 2017                         | 2016   | 2015   | 2014   | 2013   |
| Employee Benefit Expenses as per Audited Financial Statements  | 143.36                       | 125.98 | 144.96 | 132.75 | 108.55 |
| Add: Gratuity Expense  | -                            | 2.59   | 2.98   | 2.73   | 2.23   |
| Employee Benefit Expenses as per Restated Financial Statements | 143.36                       | 128.57 | 147.95 | 135.48 | 110.79 |

The Company has provided for wrongly depreciated assets in the financial years 2014-15, 2015-16 and 2016-17 which was due to some assets being used on a double shift basis. The same has been restated in their respective years.

(₹ in lakhs)

| Particulars                                       | For the year ended March 31, |        |        |        |        |
|---|------------------------------|--------|--------|--------|--------|
|   | 2017                         | 2016   | 2015   | 2014   | 2013   |
| Depreciation per Audited Financial Statements     | 156.48                       | 145.32 | 178.59 | 245.88 | 159.42 |
| Add/Less: Amount restated                         | (0.77)                       | 0.37   | 0.40   | -      | -      |
| Depreciation as per Restated Financial Statements | 155.72                       | 145.69 | 178.99 | 245.88 | 159.42 |

Changes done in deferred tax calculation has been restated for the financial years 2012 - 13, 2013 - 14, 2014 - 15 and 2015 - 16

(₹ in lakhs)

| Particulars   | For the year ended March 31, |       |       |       |        |
|---|------------------------------|-------|-------|-------|--------|
|   | 2017                         | 2016  | 2015  | 2014  | 2013   |
| Deferred Tax expense as per Audited Financial Statements  | 9.82                         | 48.44 | 10.50 | 22.14 | 21.00  |
| Add/Less - Wrong calculation                              | -                            | 5.09  | 0.88  | 0.11  | (5.90) |
| Deferred Tax Expense as per Restated Financial Statements | 9.82                         | 43.35 | 9.63  | 22.03 | 26.90  |

Impact on Profit and Loss A/c due to the above restatements

(₹ in lakhs)

| Particulars   | For the year ended March 31, |        |        |        |        |
|---|------------------------------|--------|--------|--------|--------|
|   | 2017                         | 2016   | 2015   | 2014   | 2013   |
| Profit after Tax as per Audited financials                          | 160.20                       | 142.49 | 111.17 | 101.51 | 99.82  |
| Add: Difference in Deferred Tax in earlier years now rectified      | 0.00                         | 5.09   | 0.88   | 0.11   | (5.90) |
| Add/Less: Difference in Depreciation in earlier years now rectified | 0.77                         | (0.37) | (0.40) | -      | -      |
| Less: Provision on tax now recognized                               | -                            | -      | -      | -      | (9.87) |
| Add: Provision on tax considered in previous year                   | -                            | -      | -      | 9.87   | -      |
| Less: Gratuity Expenses   | -                            | (2.59) | (2.98) | (2.73) | (2.23) |
| Deferred Tax included in Other Expenses                             | -                            | -      | -      | -      | 0.06   |
| Profit after Tax as on Restated Financials                          | 160.96                       | 144.62 | 108.66 | 108.75 | 81.88  |

Provisions for post-employment benefits have been accounted as per AS 15 “Employee benefits” in restated financial statements. Accordingly, following restatements have been made under Long term provisions and Short term provisions under non-current and current liabilities respectively:

*Long Term Provisions*

(₹ in lakhs)

| Particulars  | For the year ended March 31, |       |       |      |      |
|--|------------------------------|-------|-------|------|------|
|  | 2017                         | 2016  | 2015  | 2014 | 2013 |
| Long Term Provision as per Audited Financial Statements  | 15.45                        | -     | -     | -    | -    |
| Add: Amount introduced                                   | -                            | 13.29 | 11.35 | 9.13 | 7.09 |
| Long Term Provision as per Restated Financial Statements | 15.45                        | 13.29 | 11.35 | 9.13 | 7.09 |

*Short Term Provisions<sup>(1)</sup>*

(₹ in lakhs)

| Particulars  | For the year ended March 31, |         |         |       |       |
|--|------------------------------|---------|---------|-------|-------|
|  | 2017                         | 2016    | 2015    | 2014  | 2013  |
| Short Term Provisions as per audited Financial Statements  | 231.84                       | 153.91  | 88.31   | 0.00  | 81.00 |
| Less: Reversal Provision for Gratuity as per Audited       | (5.25)                       | -       | -       | -     | -     |
| Add: Gratuity Provision for each year                      | 0.73                         | 0.66    | 0.76    | 0.69  | 0.57  |
| Add: Provision for Gratuity for Earlier Years              | 4.52                         | 3.86    | 3.10    | 2.41  | 1.84  |
| Add: Amount reclassified from Other Current Liabilities    | -                            | 0.46    | 0.39    | 0.44  | 0.41  |
| Less: Amount reclassified as Other Current Liabilities     | -                            | (23.25) | (26.81) | -     | -     |
| Add: Tax Provisions for earlier years reclassified         | 0.00                         | 0.00    | 0.00    | 0.00  | 9.87  |
| Short Term Provisions as per Restated Financial Statements | 231.84                       | 135.65  | 65.76   | 33.54 | 93.69 |

<sup>(1)</sup> Includes other adjustments made in short term provisions which do not impact Profit & Loss A/c

**Adjustments not having impact on profit**

Appropriate adjustments have been made in the restated summary statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company, 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). Some of the Material Regroupings are as below:

**Regroupings done in Profit & Loss – Income**

Income from Job work in the year 2012-13 regrouped in revenue from operations.

(₹ in lakhs)

| Particulars  | For the year ended March 31, |           |           |           |           |
|--|------------------------------|-----------|-----------|-----------|-----------|
|  | 2017                         | 2016      | 2015      | 2014      | 2013      |
| Revenue from Operations as per Audited Financial Statements  | 15,688.14                    | 14,685.96 | 13,069.07 | 11,939.76 | 10,993.52 |
| Add: Amount reclassified from Other Income                   | -                            | -         | -         | -         | 240.20    |
| Revenue from Operations as per Restated Financial Statements | 15,688.14                    | 14,685.96 | 13,069.07 | 11,939.76 | 11,233.72 |

Income from Job work regrouped under revenue from operations, interest received from debtors on delayed payment added to Other Income and TUFs subsidy shown as Exceptional / Extraordinary Items regrouped to Other Income



(₹ in lakhs)

| Particulars   | For the year ended March 31, |       |        |        |          |
|---|------------------------------|-------|--------|--------|----------|
|   | 2017                         | 2016  | 2015   | 2014   | 2013     |
| Other Income as per Audited Financial Statements  | 177.50                       | 86.10 | 106.62 | 68.94  | 250.96   |
| Less: Amount reclassified as Revenue from Operations  | -                            | -     | -      | -      | (240.20) |
| Add: Amount reclassified from Other Expenses (Interest Received from Debtors on Late Payment) | -                            | -     | -      | 34.02  | 43.26    |
| Add: Amount reclassified from deferred revenue income   | 9.64                         | 9.64  | -      | -      | -        |
| Other Income as per Restated Financial Statements   | 187.14                       | 95.73 | 106.62 | 102.96 | 54.03    |

TUFS subsidy shown as Exceptional / Extraordinary Items, regrouped to Other Income

(₹ in lakhs)

| Particulars   | For the year ended March 31, |        |      |      |      |
|---|------------------------------|--------|------|------|------|
|   | 2017                         | 2016   | 2015 | 2014 | 2013 |
| Exceptional/ Extraordinary Items as per Audited Financials            | 9.64                         | 3.31   | 6.96 | -    | -    |
| Less: Amount reclassified as Revenue from Operations                  | 9.64                         | 9.64   | -    | -    | -    |
| Exceptional/ Extraordinary Items as per Restated Financial Statements | -                            | (6.33) | 6.96 | -    | -    |

#### Regroupings done in Balance Sheet - Liabilities

Amount of Interest payable and amount Current Maturities regrouped from Short Term Provisions to Other Current Liabilities

(₹ in lakhs)

| Particulars   | For the year ended March 31, |        |        |        |        |
|---|------------------------------|--------|--------|--------|--------|
|   | 2017                         | 2016   | 2015   | 2014   | 2013   |
| Other Current Liabilities as per audited Financial Statements         | 323.34                       | 4.28   | 28.86  | 5.13   | 2.60   |
| Less: Amount reclassified as Short Term Provisions                    | -                            | (0.46) | (0.39) | (0.44) | (0.41) |
| Add: Amount reclassified from Short Term Provisions                   | -                            | 23.25  | 26.81  | -      | -      |
| Add: Current Maturities Amount reclassified from Long Term Borrowings | -                            | 303.19 | 245.64 | 236.88 | 67.81  |
| Other Current Liabilities as per Restated Financial Statements        | 323.34                       | 330.25 | 300.92 | 241.57 | 69.99  |

Amount of non-fund based limits availed by the Company regrouped from Trade Payables to Short Term Borrowings

(₹ in lakhs)

| Particulars  | For the year ended March 31, |          |          |          |          |
|--|------------------------------|----------|----------|----------|----------|
|  | 2017                         | 2016     | 2015     | 2014     | 2013     |
| Short Term Borrowings as per audited Financial Statements  | 3,978.79                     | 2,584.12 | 2,830.86 | 2,809.27 | 2,501.42 |
| Add: Reclassified from Trade Payables                      | -                            | 892.17   | -        | -        | -        |
| Short Term Borrowings as per Restated Financial Statements | 3,978.79                     | 3,476.29 | 2,830.86 | 2,809.27 | 2,501.42 |

(₹ in lakhs)

| Particulars   | For the year ended March 31, |          |          |          |          |
|---|------------------------------|----------|----------|----------|----------|
|   | 2017                         | 2016     | 2015     | 2014     | 2013     |
| Trade Payables as per audited Financial Statements  | 1,976.13                     | 3,618.96 | 1,734.92 | 1,615.02 | 1,534.37 |
| Less: Reclassified to Short Term Payables           | -                            | (892.17) | -        | -        | -        |
| Trade Payables as per Restated Financial Statements | 1,976.13                     | 2,726.79 | 1,734.92 | 1,615.02 | 1,534.37 |

Current Maturities of Long Term Borrowings have been regrouped from Long Term Borrowings to Other Current Liabilities

(₹ in lakhs)

| Particulars   | For the year ended March 31, |          |          |          |          |
|---|------------------------------|----------|----------|----------|----------|
|   | 2017                         | 2016     | 2015     | 2014     | 2013     |
| Long Term Borrowings as per audited Financial Statements  | 451.04                       | 1,052.65 | 950.78   | 1,231.83 | 1,186.06 |
| Less: Reclassified to Other Current Liabilities           | -                            | (303.19) | (245.64) | (236.88) | (67.81)  |
| Long Term Borrowings as per Restated Financial Statements | 451.04                       | 749.47   | 705.15   | 994.95   | 1,118.25 |

Amount of Securities Premium on forfeited shares wrongly transferred to Capital Reserve now regrouped to Securities premium Account

(₹ in lakhs)

| Particulars  | For the year ended March 31, |          |          |          |          |
|--|------------------------------|----------|----------|----------|----------|
|  | 2017                         | 2016     | 2015     | 2014     | 2013     |
| Securities Premium Account as per audited Financial Statements | 1622.11                      | 1313.08  | 1,313.08 | 1,313.08 | 984.28   |
| Add: Reclassification from Capital Reserve Account             | -                            | (309.03) | (309.03) | (309.03) | (163.72) |
| Securities Premium as per Restated Financial Statements        | 1,622.11                     | 1,004.05 | 1,004.05 | 1,004.05 | 820.56   |

(₹ in lakhs)

| Particulars  | For the year ended March 31, |          |          |          |          |
|--|------------------------------|----------|----------|----------|----------|
|  | 2017                         | 2016     | 2015     | 2014     | 2013     |
| Capital Reserve as per audited Financial Statements  | 9.97                         | 319.00   | 319.00   | 319.00   | 169.00   |
| Less: Reclassification to Securities Premium Account | -                            | (309.03) | (309.03) | (309.03) | (163.72) |
| Capital Reserve as per Restated Financial Statements | 9.97                         | 9.97     | 9.97     | 9.97     | 5.28     |

**Annexure VI**  
**SCHEDULE OF SHARE CAPITAL, AS RESTATED**

(₹ in lakhs)

| Particulars  | As at March 31, |               |               |               |               |
|--|-----------------|---------------|---------------|---------------|---------------|
|  | 2017            | 2016          | 2015          | 2014          | 2013          |
| <b>Equity Share Capital</b>                                    |                 |               |               |               |               |
| <b>Authorized Share capital</b>                                |                 |               |               |               |               |
| 10,00,000 Equity Shares of ₹ 10/- each                         | 120.00          | 120.00        | 120.00        | 100.00        | 100.00        |
| Add: 2,00,000 Equity Shares of ₹ 10/- each.                    |                 |               |               | 20.00         |               |
| <b>T O T A L</b>   | <b>120.00</b>   | <b>120.00</b> | <b>120.00</b> | <b>120.00</b> | <b>100.00</b> |
| Issued, Subscribed and Fully Paid Up Share Capital             |                 |               |               |               |               |
| 6,59,227 Equity Shares of ₹10/- each fully paid up             | 65.92           | 65.92         | 65.92         | 65.92         | 65.92         |
| 93,750 Equity Shares of ₹10/- each partly paid @ ₹ 5           |                 |               | -             | 4.69          | 4.69          |
| 93,750 Equity Shares of ₹10/- each partly paid @ ₹ 5 forfeited |                 |               | -             | (4.69)        |               |
| 3,66,750 Equity Shares of ₹ 10/- each fully paid up            | 36.68           | 36.68         | 36.68         | 36.68         |               |
| <b>Total</b>   | <b>102.60</b>   | <b>102.60</b> | <b>102.60</b> | <b>102.60</b> | <b>70.61</b>  |

**Reconciliation of number of shares outstanding:**

(₹ in lakhs)

| Particulars                                 | As at March 31, |              |              |              |             |
|---|-----------------|--------------|--------------|--------------|-------------|
|   | 2017            | 2016         | 2015         | 2014         | 2013        |
| <b>Equity Shares of ₹ 10/- each</b>         |                 |              |              |              |             |
| Equity shares at the beginning of the year  | 10.26           | 10.26        | 10.26        | 7.53         | 7.53        |
| Add: Allotment during the year              | -               | -            | -            | (0.94)       | -           |
| Less: Forfeiture during the Year            | -               | -            | -            | 3.67         | -           |
| <b>Equity Shares at the end of the year</b> | <b>10.26</b>    | <b>10.26</b> | <b>10.26</b> | <b>10.26</b> | <b>7.53</b> |

**Annexure VII**  
**SCHEDULE OF RESERVES AND SURPLUS, AS RESTATED**

(₹ in lakhs)

| Particulars                           | As at March 31, |                 |                 |                 |                 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                       | 2017            | 2016            | 2015            | 2014            | 2013            |
| <b>Profit &amp; Loss A/c</b>          |                 |                 |                 |                 |                 |
| Opening Balance                       | 984.80          | 840.18          | 747.92          | 639.17          | 564.56          |
| Add / (Less): Changes during the year |                 |                 |                 |                 |                 |
| Add: Profit After Tax                 | 160.96          | 144.62          | 108.66          | 108.75          | 81.87           |
| less: Adjustment For Depreciation     | -               | -               | 16.41           | -               | -               |
| less: Adjustment For Gratuity         | -               | -               | -               | -               | 7.26            |
| <b>Total (a)</b>                      | <b>1,145.76</b> | <b>984.80</b>   | <b>840.18</b>   | <b>747.92</b>   | <b>639.17</b>   |
| <b>Security Premium</b>               |                 |                 |                 |                 |                 |
| Opening Balance                       | 1,622.11        | 1,622.11        | 1,622.11        | 1,148.00        | 1,148.00        |
| Add: Premium on share capital issued  |                 | -               | -               | 474.11          |                 |
| <b>Total (b)</b>                      | <b>1,622.11</b> | <b>1,622.11</b> | <b>1,622.11</b> | <b>1,622.11</b> | <b>1,148.00</b> |
| <b>Capital Reserve</b>                |                 |                 |                 |                 |                 |
| Opening Balance                       | 9.97            | 9.97            | 9.97            | 5.28            | 5.28            |
| Add: During the year                  |                 |                 |                 | 4.69            |                 |
| <b>Total (c)</b>                      | <b>9.97</b>     | <b>9.97</b>     | <b>9.97</b>     | <b>9.97</b>     | <b>5.28</b>     |

|   |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Deferred Revenue Income/ TUFSS SUBSIDY</b> |                 |                 |                 |                 |                 |
| Opening                                       | 77.10           | 86.74           | 96.38           | -               | -               |
| Add: Addition during the year                 | -               | -               | -               | 96.38           |                 |
| Less: Transfer to P&L                         | 9.64            | 9.64            | 9.64            | 0               | -               |
| <b>Closing (d)</b>                            | <b>67.47</b>    | <b>77.10</b>    | <b>86.74</b>    | <b>96.38</b>    | <b>-</b>        |
| <b>Total Reserves (a+b+c+d)</b>               | <b>2,845.31</b> | <b>2,693.98</b> | <b>2,558.99</b> | <b>2,482.11</b> | <b>1,798.29</b> |

**Annexure VIII**  
**SCHEDULE OF FIXED ASSETS, AS RESTATED**

(₹ in lakhs)

| Particulars                        | As at March 31, |                 |                 |                 |                 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                    | 2017            | 2016            | 2015            | 2014            | 2013            |
| <b>FURNITURE &amp; FIXTURE</b>     |                 |                 |                 |                 |                 |
| Gross Block                        | 36.18           | 36.18           | 36.69           | 30.82           | 6.68            |
| Addition during the year           | -               | -               | -               | 5.87            | 24.13           |
| Reduction during the year          | -               | -               | -               | -               | -               |
| Written Off due to New Act         | -               | -               | 0.51            | -               | -               |
| Depreciation During the year       | 3.35            | 3.35            | 4.08            | 2.22            | 0.87            |
| Accumulated Depreciation           | 15.18           | 11.84           | 8.49            | 4.41            | 2.19            |
| <b>Closing Balance</b>             | <b>20.99</b>    | <b>24.34</b>    | <b>27.69</b>    | <b>32.28</b>    | <b>28.62</b>    |
| <b>COMPUTER</b>                    |                 |                 |                 |                 |                 |
| Gross Block                        | 9.04            | 8.32            | 8.66            | 7.36            | 6.47            |
| Addition during the year           | -               | 0.72            | -               | 1.30            | 0.89            |
| Reduction during the year          | -               | -               | -               | -               | -               |
| Written Off due to New Act         | -               | -               | 0.34            | -               | -               |
| Depreciation During the year       | 0.29            | 0.29            | 0.43            | 1.38            | 1.16            |
| Accumulated Depreciation           | 8.13            | 7.84            | 7.55            | 7.13            | 5.75            |
| <b>Closing Balance</b>             | <b>0.91</b>     | <b>1.20</b>     | <b>0.77</b>     | <b>1.54</b>     | <b>1.61</b>     |
| <b>LAND &amp; FACTORY BUILDING</b> |                 |                 |                 |                 |                 |
| Gross Block                        | 164.70          | 164.70          | 164.70          | 164.70          | 164.70          |
| Addition during the year           | -               | -               | -               | -               | -               |
| Reduction during the year          | -               | -               | -               | -               | -               |
| Depreciation During the year       | 4.45            | 4.45            | 4.66            | 4.87            | 4.87            |
| Accumulated Depreciation           | 56.66           | 52.21           | 47.76           | 43.10           | 38.23           |
| <b>Closing Balance</b>             | <b>108.04</b>   | <b>112.49</b>   | <b>116.94</b>   | <b>121.60</b>   | <b>126.47</b>   |
| <b>PLANT AND MACHINERY</b>         |                 |                 |                 |                 |                 |
| Gross Block                        | 3,139.89        | 2,965.27        | 3,233.59        | 3,221.13        | 1,622.20        |
| Addition during the year           | 11.64           | 245.95          | 0.75            | 12.46           | 1,598.93        |
| Reduction during the year          | -               | 71.33           | 254.93          | -               | -               |
| Written off due to new act         | -               | -               | 14.15           | -               | -               |
| Depreciation During the year       | 145.47          | 136.57          | 167.05          | 236.41          | 151.92          |
| Accumulated Depreciation           | 1,492.69        | 1,347.21        | 1,210.64        | 1,043.60        | 807.19          |
| <b>Closing Balance</b>             | <b>1,658.85</b> | <b>1,792.68</b> | <b>1,754.63</b> | <b>2,190.00</b> | <b>2,413.95</b> |
| <b>OFFICE EQUIPMENT</b>            |                 |                 |                 |                 |                 |
| Gross Block                        | 14.87           | 13.19           | 13.93           | 13.53           | 5.23            |
| Addition during the year           | 1.00            | 1.68            | 0.66            | 0.40            | 8.29            |
| Written off due to new act         | -               | -               | 1.41            | -               | -               |

|   |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Reduction during the year                               | -               | -               | -               | -               | -               |
| Depreciation During the year                            | 1.18            | 0.94            | 2.66            | 0.94            | 0.52            |
| Accumulated Depreciation                                | 7.34            | 6.16            | 5.22            | 2.56            | 1.62            |
| <b>Closing Balance</b>                                  | <b>8.53</b>     | <b>8.71</b>     | <b>7.96</b>     | <b>11.37</b>    | <b>11.91</b>    |
| <b>VEHICLES</b>   |                 |                 |                 |                 |                 |
| Gross Block   | 0.94            | 0.94            | 0.94            | 0.94            | 0.94            |
| Addition during the year                                | 18.04           | -               | -               | -               | -               |
| Reduction during the year                               | -               | -               | -               | -               | -               |
| Depreciation During the year                            | 0.98            | 0.09            | 0.11            | 0.07            | 0.07            |
| Accumulated Depreciation                                | 1.35            | 0.37            | 0.28            | 0.17            | 0.10            |
| <b>Closing Balance</b>                                  | <b>17.63</b>    | <b>0.57</b>     | <b>0.67</b>     | <b>0.78</b>     | <b>0.84</b>     |
| <b>Gross Block</b>                                      | <b>3,396.29</b> | <b>3,365.61</b> | <b>3,189.10</b> | <b>3,458.51</b> | <b>3,438.48</b> |
| <b>Net Addition</b>                                     | <b>30.68</b>    | <b>177.02</b>   | <b>(269.92)</b> | <b>20.03</b>    | <b>1,632.25</b> |
| <b>Total Depreciation and Amortization For the Year</b> | <b>155.72</b>   | <b>145.69</b>   | <b>178.99</b>   | <b>245.88</b>   | <b>159.40</b>   |
| <b>Total Accumulated Depreciation</b>                   | <b>1,581.34</b> | <b>1,425.63</b> | <b>1,279.94</b> | <b>1,100.95</b> | <b>855.07</b>   |
| <b>Net Block</b>  | <b>1,814.95</b> | <b>1,939.98</b> | <b>1,909.16</b> | <b>2,357.56</b> | <b>2,583.41</b> |

**Annexure IX**  
**SCHEDULE OF NON CURRENT INVESTMENTS, AS RESTATED**

(₹ in lakhs)

| Particulars                          | As at March 31, |              |              |              |              |
|--------------------------------------|-----------------|--------------|--------------|--------------|--------------|
|                                      | 2017            | 2016         | 2015         | 2014         | 2013         |
| Unquoted Equity Shares               | -               | 25.00        | 25.00        | 25.00        | 25.00        |
| Fixed Deposit with Banks – Earmarked | -               | -            | -            | -            | 3.51         |
| <b>Total</b>                         | <b>-</b>        | <b>25.00</b> | <b>25.00</b> | <b>25.00</b> | <b>28.51</b> |

**Annexure X**  
**SCHEDULE OF LONG TERM LOANS AND ADVANCES, AS RESTATED**

(₹ in lakhs)

| Particulars              | As at March 31, |              |              |              |              |
|--------------------------|-----------------|--------------|--------------|--------------|--------------|
|                          | 2017            | 2016         | 2015         | 2014         | 2013         |
| Security Deposits        | 45.23           | 46.33        | 43.31        | 44.11        | 53.69        |
| Loans to Related Parties | -               | -            | -            | -            | 7.51         |
| <b>Total</b>             | <b>45.23</b>    | <b>46.33</b> | <b>43.31</b> | <b>44.11</b> | <b>61.20</b> |

**Annexure XI**  
**SCHEDULE OF INVENTORIES, AS RESTATED**

(₹ in lakhs)

| Particulars                     | As at March 31, |                 |                 |                 |                 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                 | 2017            | 2016            | 2015            | 2014            | 2013            |
| Raw Materials - Yarn            | 529.81          | 866.47          | 1,071.52        | 1,200.48        | 753.43          |
| Work In Progress - Greige       | 128.59          | 162.30          | 161.31          | 482.34          | 144.93          |
| Finished Goods - Finished Cloth | 3,559.05        | 2,900.52        | 2,623.41        | 1,529.77        | 1,529.94        |
| <b>Total</b>                    | <b>4,217.45</b> | <b>3,929.29</b> | <b>3,856.24</b> | <b>3,212.59</b> | <b>2,428.30</b> |

**Annexure XII**  
**SCHEDULE OF TRADE RECEIVABLES, AS RESTATED**

(₹ in lakhs)

| Particulars  | As at March 31, |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 2017            | 2016            | 2015            | 2014            | 2013            |
| <b>Secured, considered good</b>                      |                 |                 |                 |                 |                 |
| <b>Outstanding for a period exceeding six months</b> |                 |                 |                 |                 |                 |
| Promoter and Promoter Group                          | -               | -               | -               | -               | -               |
| Others   | -               | -               | -               | -               | -               |
| <b>Outstanding for a period less than six months</b> |                 |                 |                 |                 |                 |
| Promoter and Promoter Group                          | -               | -               | -               | -               | -               |
| Others   | -               | -               | -               | -               | -               |
| <b>Unsecured, considered good</b>                    |                 |                 |                 |                 |                 |
| <b>Outstanding for a period exceeding six months</b> |                 |                 |                 |                 |                 |
| Promoter and Promoter Group                          | -               | -               | -               | -               | -               |
| Others   | 1,347.07        | 255.16          | 118.05          | 127.46          | 130.79          |
| <b>Outstanding for a period less than six months</b> |                 |                 |                 |                 |                 |
| Promoter and Promoter Group                          | -               | -               | -               | -               | -               |
| Others   | 2,033.84        | 3,513.06        | 1,968.77        | 2,222.06        | 2,163.77        |
| <b>Total</b>   | <b>3,380.90</b> | <b>3,768.22</b> | <b>2,086.83</b> | <b>2,349.52</b> | <b>2,294.56</b> |

**Annexure XIII**  
**SCHEDULE OF CASH AND CASH EQUIVALENTS, AS RESTATED**

(₹ in lakhs)

| Particulars  | As at March 31, |               |               |               |              |
|--|-----------------|---------------|---------------|---------------|--------------|
|  | 2017            | 2016          | 2015          | 2014          | 2013         |
| Balances with Banks                                    | 38.19           | 4.41          | 7.45          | 0.23          | -            |
| Cash On Hand   | 8.01            | 33.56         | 18.10         | 38.71         | 19.04        |
| Bank Deposits including margin bank guarantees and LCs | 116.36          | 208.74        | 95.53         | 98.34         | 69.37        |
| Cash Credit with HDFC bank                             | 15.08           | -             | -             | -             | -            |
| <b>Total</b>   | <b>177.64</b>   | <b>246.70</b> | <b>121.09</b> | <b>137.28</b> | <b>88.41</b> |

**Annexure XIV**  
**SCHEDULE OF SHORT TERM LOANS AND ADVANCES, AS RESTATED**

(₹ in lakhs)

| Particulars                       | As at March 31, |               |               |               |               |
|-----------------------------------|-----------------|---------------|---------------|---------------|---------------|
|                                   | 2017            | 2016          | 2015          | 2014          | 2013          |
| Balances with Revenue Authorities | 192.30          | 123.70        | 94.08         | 68.23         | 127.59        |
| Other Advances <sup>(1)</sup>     | 320.97          | 368.64        | 344.08        | 247.36        | 212.52        |
| <b>Total</b>                      | <b>513.28</b>   | <b>492.33</b> | <b>438.16</b> | <b>315.59</b> | <b>340.11</b> |

<sup>(1)</sup> Includes TUFs subsidy, Loans given to corporate, Partnership Firms, Proprietors and Related Parties

**Annexure XV**  
**SCHEDULE OF OTHER CURRENT ASSETS, AS RESTATED**

(₹ in lakhs)

| Particulars       | As at March 31, |      |      |      |      |
|-------------------|-----------------|------|------|------|------|
|                   | 2017            | 2016 | 2015 | 2014 | 2013 |
| Prepaid Insurance | 5.75            | 2.11 | 2.04 | 1.95 | -    |
| Prepaid Expenses  | -               | 3.47 | -    | -    | -    |



|                                |              |             |             |             |          |
|--------------------------------|--------------|-------------|-------------|-------------|----------|
| Miscellaneous expenses not w/o | 5.57         | -           | -           | -           | -        |
| <b>Total</b>                   | <b>11.32</b> | <b>5.58</b> | <b>2.04</b> | <b>1.95</b> | <b>-</b> |

**Annexure XVI**  
**SCHEDULE OF LONG TERM BORROWINGS, AS RESTATED**

(₹ in lakhs)

| Particulars                             | As at March 31, |               |               |               |                 |
|---|-----------------|---------------|---------------|---------------|-----------------|
|   | 2017            | 2016          | 2015          | 2014          | 2013            |
| <b>Secured Loans</b>                    |                 |               |               |               |                 |
| - Vehicle Loan                          | 15.87           |               |               |               |                 |
| - Term Loan                             | 245.37          | 401.22        | 552.30        | 688.97        | 908.72          |
| <b>Sub-Total (a)</b>                    | <b>261.24</b>   | <b>401.22</b> | <b>552.30</b> | <b>688.97</b> | <b>908.72</b>   |
| <b>Unsecured Loans</b>                  |                 |               |               |               |                 |
| - From Banks and Financial Institutions | 155.16          | 312.96        | 62.53         | 110.09        | 80.39           |
| - From Others                           | -               | -             | -             | 73.92         | 76.49           |
| - From Directors                        | 28.22           | 22.38         | 20.84         | 69.82         | 17.58           |
| - From Corporate (Related)              | 6.42            | 6.64          | 6.71          | 9.00          | 26.88           |
| - From Related Parties                  | -               | 6.26          | 62.77         | 43.15         | 8.19            |
| <b>Sub-Total (b)</b>                    | <b>189.80</b>   | <b>348.25</b> | <b>152.85</b> | <b>305.98</b> | <b>209.53</b>   |
| <b>Total</b>                            | <b>451.04</b>   | <b>749.47</b> | <b>705.15</b> | <b>994.95</b> | <b>1,118.25</b> |
| Current Maturities of Borrowings        | 314.51          | 303.19        | 245.64        | 236.88        | 67.81           |

**Annexure XVII**  
**SCHEDULE OF OTHER LONG TERM LIABILITIES, AS RESTATED**

(₹ in lakhs)

| Particulars                | As at March 31, |              |          |          |          |
|----------------------------|-----------------|--------------|----------|----------|----------|
|                            | 2017            | 2016         | 2015     | 2014     | 2013     |
| Deposits received for Rent | 12.33           | 11.00        | -        | -        | -        |
| <b>Total</b>               | <b>12.33</b>    | <b>11.00</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**Annexure XVIII**  
**SCHEDULE OF LONG TERM PROVISIONS, AS RESTATED**

(₹ in lakhs)

| Particulars                      | As at March 31, |              |              |             |             |
|----------------------------------|-----------------|--------------|--------------|-------------|-------------|
|                                  | 2017            | 2016         | 2015         | 2014        | 2013        |
| Provision for Gratuity           | 2.16            | 1.94         | 2.23         | 2.04        | 1.67        |
| Add: Provision for earlier years | 13.29           | 11.36        | 9.13         | 7.09        | 5.42        |
| <b>Total</b>                     | <b>15.45</b>    | <b>13.29</b> | <b>11.36</b> | <b>9.13</b> | <b>7.09</b> |

**Annexure XIX**  
**SCHEDULE OF SHORT TERM BORROWINGS, AS RESTATED**

(₹ in lakhs)

| Particulars                     | As at March 31, |                 |                 |                 |                 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                 | 2017            | 2016            | 2015            | 2014            | 2013            |
| <b>Secured Loan</b>             |                 |                 |                 |                 |                 |
| Working Capital Loans from Bank | 3,978.79        | 3,476.29        | 2,830.86        | 2,809.27        | 2,501.42        |
| <b>Total</b>                    | <b>3,978.79</b> | <b>3,476.29</b> | <b>2,830.86</b> | <b>2,809.27</b> | <b>2,501.42</b> |

The above amounts in Annexure XVI and XIX include:

(₹ in lakhs)

|  |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Secured Borrowing (including current maturities) | 4,392.98        | 4,028.59        | 3,519.83        | 3,642.81        | 3,428.14        |
| Unsecured Borrowing                              | 351.35          | 500.36          | 261.81          | 398.28          | 259.34          |
| <b>Total</b>                                     | <b>4,744.33</b> | <b>4,528.95</b> | <b>3,781.64</b> | <b>4,041.09</b> | <b>3,687.48</b> |

Note: For details of the Terms of Sanction, Maturity and other details of outstanding loans please refer the chapter "Financial Indebtedness" on page no. 167 of this Draft Prospectus.

**Annexure XX**

**SCHEDULE OF TRADE PAYABLES, AS RESTATED**

(₹ in lakhs)

| Particulars                             | As at March 31, 2017 |                 |                 |                 |                 |
|---|----------------------|-----------------|-----------------|-----------------|-----------------|
|   | 2017                 | 2016            | 2015            | 2014            | 2013            |
| Micro, Small, Medium Enterprises        | -                    | -               | -               | -               | -               |
| Sundry Creditors for goods and expenses | 1,976.13             | 2,726.79        | 1,734.92        | 1,615.02        | 1,534.37        |
| <b>Total</b>                            | <b>1,976.13</b>      | <b>2,726.79</b> | <b>1,734.92</b> | <b>1,615.02</b> | <b>1,534.37</b> |

**Annexure XXI**

**SCHEDULE OF OTHER CURRENT LIABILITIES, AS RESTATED**

(₹ in lakhs)

| Particulars                                      | As at March 31, |               |               |               |              |
|--|-----------------|---------------|---------------|---------------|--------------|
|  | 2017            | 2016          | 2015          | 2014          | 2013         |
| Current Maturities to Long Term Debt (Secured)   | 152.96          | 151.08        | 136.67        | 144.57        | 18.00        |
| Current Maturities to Long Term Debt (Unsecured) | 161.55          | 152.11        | 108.96        | 92.31         | 49.81        |
| Credit Card payable to HDFC                      | 0.27            | -             | -             | -             | -            |
| TDS Payable                                      | 3.63            | 3.87          | 4.41          | 4.69          | 2.18         |
| VAT/CST payable                                  | -               | (0.06)        | 24.06         | -             | -            |
| Interest payable on Unsecured Loans              | 4.93            | 7.27          | 2.74          | -             | -            |
| Interest payable on Working Capital              | -               | 15.97         | 24.08         | -             | -            |
| <b>Total</b>                                     | <b>323.34</b>   | <b>330.25</b> | <b>300.92</b> | <b>241.57</b> | <b>69.99</b> |

**Annexure XXII**

**SCHEDULE OF SHORT TERM PROVISIONS, AS RESTATED**

(₹ in lakhs)

| Particulars                                 | As at March 31, 2017 |               |              |              |              |
|---|----------------------|---------------|--------------|--------------|--------------|
|   | 2017                 | 2016          | 2015         | 2014         | 2013         |
| Provision for Employee Benefit              | 6.18                 | 0.46          | 0.39         | 0.44         | 0.41         |
| Less: Provision for Gratuity as per Audited | (5.25)               |               |              |              |              |
| Provision for Income tax                    | 225.67               | 130.67        | 61.50        | 30.00        | 90.87        |
| Provision for Gratuity                      | 0.73                 | 0.66          | 0.76         | 0.69         | 0.57         |
| Add: Provision for earlier years            | 4.52                 | 3.86          | 3.10         | 2.41         | 1.84         |
| <b>Total</b>                                | <b>231.84</b>        | <b>135.65</b> | <b>65.76</b> | <b>33.54</b> | <b>93.69</b> |

**Annexure XXIII**

**SCHEDULE OF REVENUE FROM OPERATIONS, AS RESTATED**

(₹ in lakhs)

| Particulars                    | For the year ended March 31, 2017 |         |         |         |         |
|--------------------------------|-----------------------------------|---------|---------|---------|---------|
|                                | 2017                              | 2016    | 2015    | 2014    | 2013    |
| <b>Revenue from Operations</b> |                                   |         |         |         |         |
| Manufacturing Sales            | 8306.74                           | 7571.85 | 5647.65 | 6353.61 | 6758.86 |
| Trading Sales                  | 7035.13                           | 6776.78 | 6947.10 | 5141.40 | 4234.66 |

|   |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Total</b>                            | <b>15,341.87</b> | <b>14,348.63</b> | <b>12,594.75</b> | <b>11,495.01</b> | <b>10,993.52</b> |
| Other Operating income (Job Work Sales) | 346.27           | 337.33           | 474.31           | 444.75           | 240.20           |
| <b>Total</b>                            | <b>15,688.14</b> | <b>14,685.96</b> | <b>13,069.07</b> | <b>11,939.76</b> | <b>11,233.72</b> |

**Annexure XXIV**  
**SCHEDULE OF OTHER INCOME, AS RESTATED**

(₹ in lakhs)

| Particulars                                       | For the year ended March 31, 2017 |               |               |               |               |
|---|-----------------------------------|---------------|---------------|---------------|---------------|
|   | 2017                              | 2016          | 2015          | 2014          | 2013          |
| <b>Recurring</b>                                  |                                   |               |               |               |               |
| Interest received due to late payment by Debtors  | 1.30                              | 1.16          | 2.19          | 34.02         | 43.26         |
| Other Interest*                                   | 33.20                             | 34.91         | 20.05         | -             | -             |
| Rent Income                                       | 16.22                             | 18.63         | -             | -             | -             |
| TUFS subsidy - Interest - Central                 | 20.90                             | 31.08         | 74.75         | 68.94         | 10.70         |
| TUFS subsidy - Capital                            | 9.64                              | 9.64          | 9.64          | -             | -             |
| <b>Non-Recurring</b>                              |                                   |               |               |               |               |
| LTCG on Mutual Funds                              | -                                 | -             | -             | -             | 0.06          |
| TUFS subsidy - Interest - State                   | 105.85                            | -             | -             | -             | -             |
| Other Income                                      | 0.04                              | 0.32          |               |               |               |
| <b>Total</b>                                      | <b>187.14</b>                     | <b>95.73</b>  | <b>106.62</b> | <b>102.96</b> | <b>54.03</b>  |
| Net Profit Before Tax as Restated                 | 265.78                            | 257.14        | 149.78        | 160.79        | 148.66        |
| <b>Other Income as % of Net Profit Before Tax</b> | <b>70.41%</b>                     | <b>37.23%</b> | <b>71.18%</b> | <b>64.03%</b> | <b>36.34%</b> |

\*Other Interest includes interest on Loan, FD interest and the like.

**Annexure XXV**  
**SCHEDULE OF DIVIDEND DECLARED, AS RESTATED**

| Particulars                              | For the year ended March 31, |        |        |        |       |
|--|------------------------------|--------|--------|--------|-------|
|  | 2017                         | 2016   | 2015   | 2014   | 2013  |
| <b>On Equity Shares</b>                  |                              |        |        |        |       |
| Fully Paid up Share Capital (₹ in lakhs) | 102.60                       | 102.60 | 102.60 | 102.60 | 65.92 |
| Face Value (₹)                           | 10                           | 10     | 10     | 10     | 10    |
| Paid up value per share (₹)              | 10                           | 10     | 10     | 10     | 10    |
| Rate of Dividend                         | -                            | -      | -      | -      | -     |
| Total Dividend                           | -                            | -      | -      | -      | -     |
| Corporate Dividend tax on above          | -                            | -      | -      | -      | -     |

**Annexure XXVI**  
**SCHEDULE 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

| For the year ended March 31, |               |               |               |               |
|------------------------------|---------------|---------------|---------------|---------------|
| 2017                         | 2016          | 2015          | 2014          | 2013          |
| Sukanraj Shah                | Sukanraj Shah | Sukanraj Shah | Sukanraj Shah | Sukanraj Shah |
| Vicky Shah                   | Vicky Shah    | Vicky Shah    | Vicky Shah    | Vicky Shah    |
| Sahil Shah                   | Sahil Shah    | Sahil Shah    | Sahil Shah    | Sahil Shah    |

(ii) Relatives of KMPs

| For the year ended March 31, |                |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|
| 2017                         | 2016           | 2015           | 2014           | 2013           |
| Lalita Shah                  | Lalita Shah    | Lalita Shah    | Lalita Shah    | Lalita Shah    |
| Sheetal Khabia               | Sheetal Khabia | Sheetal Khabia | Sheetal Khabia | Sheetal Khabia |
| Hetal Shah                   | Hetal Shah     | Hetal Shah     | Hetal Shah     | Hetal Shah     |
| Kamalaben Shah               | Kamalaben Shah | Kamalaben Shah | Kamalaben Shah | Kamalaben Shah |
| Sapna Shah                   | Sapna Shah     | Sapna Shah     | Sapna Shah     | Sapna Shah     |

(iii) Associates / Enterprises over which directors and / or their relatives has significant influence

| or the year ended March 31,                |  |  |  |  |
|--|--|--|--|--|
| 2017                                       | 2016                                       | 2015                                       | 2014                                       | 2013                                       |
| Vicky International                        | Vicky International                        | Vicky International                        | Vicky International                        | Vicky International                        |
| Parag Housing Developments Private Limited | Parag Housing Developments Private Limited | Parag Housing Developments Private Limited | Parag Housing Developments Private Limited | Parag Housing Developments Private Limited |
| Sukanraj Shah HUF                          | Sukanraj Shah HUF                          | Sukanraj Shah HUF                          | Sukanraj Shah HUF                          | Sukanraj Shah HUF                          |
| V S Shah HUF                               | V S Shah HUF                               | V S Shah HUF                               | V S Shah HUF                               | V S Shah HUF                               |
| Sahil Shah HUF                             | Sahil Shah HUF                             | Sahil Shah HUF                             | Sahil Shah HUF                             | Sahil Shah HUF                             |

(iv) Particulars of Transactions with Related Parties

**Key Management Personnel**

(₹ in lakhs)

| Particulars             | For the year ended March 31, |       |        |       |       |
|-------------------------|------------------------------|-------|--------|-------|-------|
|                         | 2017                         | 2016  | 2015   | 2014  | 2013  |
| <b>1) Finance</b>       |                              |       |        |       |       |
| Loan Taken              | 28.13                        | 23.88 | 63.08  | 71.09 | 21.84 |
| Repayment of Loan taken | 22.29                        | 22.33 | 112.07 | 18.85 | 18.71 |
| Loan Given              |                              |       |        |       |       |
| Repayment of Loan given |                              |       |        |       |       |
| <b>2) Expenses</b>      |                              |       |        |       |       |
| Salary                  |                              |       |        |       |       |
| Interest Paid           | 19.39                        | 16.44 | 19.44  | 18.00 | 17.47 |
| <b>3) Outstanding</b>   |                              |       |        |       |       |
| Receivables             |                              |       |        |       |       |
| Payables                | 28.22                        | 22.38 | 20.84  | 69.82 | 17.58 |

**Relatives of Key Managerial Personnel**

(₹ in lakhs)

| Particulars             | For the year ended March 31, |       |       |       |      |
|-------------------------|------------------------------|-------|-------|-------|------|
|                         | 2017                         | 2016  | 2015  | 2014  | 2013 |
| <b>1) Finance</b>       |                              |       |       |       |      |
| Loan Taken              | 1.45                         | 29.01 | 93.88 | 42.57 | 5.03 |
| Repayment of Loan taken | 5.45                         | 73.45 | 81.00 | 7.41  | 6.01 |
| Loan Given              | -                            | -     | -     | -     | 7.51 |
| Repayment of Loan given | -                            | -     | -     | 7.51  | -    |
| <b>2) Expenses</b>      |                              |       |       |       |      |
| Interest                | 0.59                         | -     | 0.35  | 0.13  | 0.11 |
| Remuneration            | 4.80                         | 4.81  | -     | -     | -    |
| Consultancy Fees        | -                            | -     | 2.25  | 2.12  | -    |
| <b>3) Outstanding</b>   |                              |       |       |       |      |
| Receivables             | -                            | 4.00  | 48.44 | 35.95 | 0.79 |
| Payables                | -                            | -     | -     | -     | 7.51 |

**Associates / Enterprises over which directors and / or their relatives has significant influence**

(₹ in lakhs)

| Particulars             | For the year ended March 31, |       |       |       |       |
|-------------------------|------------------------------|-------|-------|-------|-------|
|                         | 2017                         | 2016  | 2015  | 2014  | 2013  |
| <b>1) Finance</b>       |                              |       |       |       |       |
| Loan Taken              | 2.27                         | 15.00 | 5.14  | 1.30  | 9.38  |
| Repayment of Loan taken | 3.26                         | 17.82 | 1.06  | 0.10  | 0.08  |
| <b>2) Outstanding</b>   |                              |       |       |       |       |
| Receivables             | -                            | -     | -     | -     | -     |
| Payables                | 6.42                         | 7.40  | 20.06 | 15.98 | 14.78 |

**Annexure XXVII  
CAPITALIZATION STATEMENT**

(₹ in lakhs)

| Particular                                 | Pre Offer<br>(as at March 31,2017) | Post Offer      |
|--|------------------------------------|-----------------|
| <b>Debt</b>                                |                                    |                 |
| Short term debt (A)                        | 3,978.79                           | 3,978.79        |
| Long Term Debt (B)                         | 451.04                             | 451.04          |
| <b>Total debts (C=A+B)</b>                 | <b>4,429.82</b>                    | <b>4,429.82</b> |
| <b>Equity (Shareholder's funds)</b>        |                                    |                 |
| Equity share capital (D)                   | 102.60                             | 325.94          |
| Reserve and surplus - as restated (E )     | 2,845.31                           | 3,278.95        |
| <b>Total shareholders' funds (F=D+E)</b>   | <b>2,947.90</b>                    | <b>3,604.89</b> |
| <b>Long term debt / shareholders funds</b> | <b>0.15</b>                        | <b>0.13</b>     |
| <b>Total debt / shareholders funds</b>     | <b>1.50</b>                        | <b>1.23</b>     |

**Note:**

- The above has been computed on the basis of Restated Financials of the Company.

**Annexure XXVIII  
SCHEDULE OF CONTINGENT LIABILITIES, AS RESTATED**

(₹ in lakhs)

| Particulars                             | As at March 31, |              |              |              |          |
|---|-----------------|--------------|--------------|--------------|----------|
|   | 2017            | 2016         | 2015         | 2014         | 2013     |
| <b>On account of Pending Litigation</b> |                 |              |              |              |          |
| Income Tax                              | 74.34           | 74.34        | 74.34        | 74.34        | -        |
| <b>Total</b>                            | <b>74.34</b>    | <b>74.34</b> | <b>74.34</b> | <b>74.34</b> | <b>-</b> |

**Annexure XXIX  
STATEMENT OF ACCOUNTING RATIOS, AS RESTATED**

(₹ in lakhs)

| Particulars  | For the year ended March 31, |           |           |           |           |
|--|------------------------------|-----------|-----------|-----------|-----------|
|  | 2017                         | 2016      | 2015      | 2014      | 2013      |
| Restated PAT as per P & L Account  | 160.96                       | 144.62    | 108.66    | 108.75    | 81.87     |
| Actual Number of Equity Shares outstanding at the end of the year          | 1,025,977                    | 1,025,977 | 1,025,977 | 1,025,977 | 752,977   |
| Equivalent Weighted Average number of Equity Shares at the end of the year | 2,821,437                    | 2,821,437 | 2,821,437 | 2,183,404 | 1,941,781 |
| Share Capital  | 102.60                       | 102.60    | 102.60    | 102.60    | 70.61     |

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| Reserves & Surplus   | 2,845.31 | 2,693.98 | 2,559.00 | 2,476.38 | 1,792.45 |
| Misc. Expenses not w/o   | 5.57     | -        | -        | -        | -        |
| Net Worth  | 2,942.34 | 2,796.58 | 2,661.60 | 2,578.98 | 1,863.06 |
| <b>Earnings Per Share:</b>   |          |          |          |          |          |
| Basic & Diluted  | 5.71     | 5.13     | 3.85     | 4.98     | 4.22     |
| Return on Net Worth (%)  | 5.47%    | 5.17%    | 4.08%    | 4.22%    | 4.39%    |
| Net Asset Value Per Share (₹) - based on actual no. of equity shares of ₹ 10/- each at the end of the year | 286.78   | 272.58   | 259.42   | 251.37   | 247.43   |
| Nominal Value per Equity shares (₹)  | 10.00    | 10.00    | 10.00    | 10.00    | 10.00    |

*Notes on Accounting Ratios:*

- Earnings Per Share (₹) = (Restated PAT as per P & L Account / Weighted Average Number of Equity Shares at the end of the Year).
- Return on Net Worth (%) = Restated PAT as per P & L Account/ Net Worth - Restated \* 100.
- Net Asset Value Per Share (₹) = Net Worth- Restated/ Number of Equity Shares at the end of the Year.

**Annexure XXX**  
**STATEMENT OF TAX SHELTER**

(₹ in lakhs)

| Particulars  | For the year ended March 31, |                |                |                |                |
|--|------------------------------|----------------|----------------|----------------|----------------|
|  | 2017                         | 2016           | 2015           | 2014           | 2013           |
| <b>Tax Rates</b>   |                              |                |                |                |                |
| Income Tax Rate (%)  | 33.06%                       | 33.06%         | 32.45%         | 32.45%         | 32.45%         |
| Minimum Alternate Tax Rate (%)   | 20.39%                       | 20.39%         | 20.00%         | 20.00%         | 20.00%         |
| <b>Restated Income before tax as per books (A)</b>                       | <b>265.78</b>                | <b>257.14</b>  | <b>149.79</b>  | <b>160.79</b>  | <b>148.64</b>  |
| <b>Incomes considered separately</b>                                     |                              |                |                |                |                |
| Rental Income  | -                            | -              | -              | -              | -              |
| <b>Total Incomes considered separately (B)</b>                           | <b>-</b>                     | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Restated Profit other than income considered separately (C)=(A-B)</b> | <b>265.78</b>                | <b>257.14</b>  | <b>149.79</b>  | <b>160.79</b>  | <b>148.64</b>  |
| <b>Tax Adjustment</b>  |                              |                |                |                |                |
| <b>Permanent Differences</b>   |                              |                |                |                |                |
| Disallowance as per section 37   |                              | 6.40           | 6.96           |                |                |
| Gratuity Added back  | 2.89                         | 2.59           | 2.98           | 2.73           | 2.23           |
| Foreign Exchange Fluctuation   |                              |                |                |                |                |
| Income Tax   |                              |                |                |                |                |
| TDS  |                              | 0.44           |                |                |                |
| Long Term Capital Loss (Gains)   | 11.50                        |                |                |                | (0.06)         |
| Tuffs Capital subsidy  | (9.64)                       | (9.64)         |                |                |                |
| 43B disallowances  | 1.52                         |                |                |                |                |
| LIC Gratuity Payable   |                              |                |                |                |                |
| Interest on TDS  | 0.02                         |                | 0.05           |                |                |
| Deferred Tax   |                              |                |                |                | 0.06           |
| Donation   | 0.05                         | 0.04           |                |                |                |
| <b>Total Permanent Differences (D)</b>                                   | <b>6.34</b>                  | <b>(0.17)</b>  | <b>9.99</b>    | <b>2.73</b>    | <b>2.23</b>    |
| <b>Timing Differences</b>  |                              |                |                |                |                |
| Depreciation as per Income Tax   | (176.69)                     | (193.19)       | (233.50)       | (317.18)       | (227.37)       |
| Depreciation as per Books  | 155.72                       | 145.69         | 178.99         | 245.88         | 159.40         |
| Audit Fees   |                              |                |                |                |                |
| <b>Total Timing Differences (E)</b>                                      | <b>(20.97)</b>               | <b>(47.50)</b> | <b>(54.51)</b> | <b>(71.30)</b> | <b>(67.97)</b> |



|   |               |               |               |              |              |
|---|---------------|---------------|---------------|--------------|--------------|
| <b>Income From Business or Profession (F)=(C+D+E)</b> | <b>251.15</b> | <b>209.47</b> | <b>105.27</b> | <b>92.22</b> | <b>82.90</b> |
| <b>Income From House Property (G)</b>                 |               |               |               |              |              |
| Rent Received   | -             | -             | -             | -            | -            |
| Less: Standard Deductions                             | -             | -             | -             | -            | -            |
| <b>Taxable income from house property (G)</b>         | -             | -             | -             | -            | -            |
| <b>Taxable Income / (Loss) (F+G)</b>                  | <b>251.15</b> | <b>209.47</b> | <b>105.27</b> | <b>92.22</b> | <b>82.90</b> |
|   |               |               |               |              |              |
| <b>Net Taxable Income</b>                             | <b>251.15</b> | <b>209.47</b> | <b>105.27</b> | <b>92.22</b> | <b>82.90</b> |
| <b>Tax on Total Income</b>                            | <b>83.03</b>  | <b>69.25</b>  | <b>34.15</b>  | <b>29.92</b> | <b>26.90</b> |
| <b>MAT on Book Profit</b>                             | <b>54.19</b>  | <b>52.43</b>  | <b>29.96</b>  | <b>32.16</b> | <b>29.73</b> |
| Tax paid as per normal or MAT                         | Normal        | Normal        | Normal        | MAT          | MAT          |
| Total Tax as per Return                               | 83.03         | 69.24         | 34.15         | 32.71        | 30.18        |
| Diff  | -             | 0.01          | 0.00          | (0.55)       | (0.45)       |

**Notes:**

1. The aforesaid Statement of tax Shelters has been prepared as per the 'Restated Profit and Loss Account.

**CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS**

There has been no change in the Accounting Policies in the last three (3) years.

**CHANGES IN ACCOUNTING PERIOD**

There has been no change in the accounting period of the Company.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Draft Prospectus. The following discussion relates to our Company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act.*

*Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.*

### BUSINESS OVERVIEW

S K S Textiles Limited is an ISO 9000:2015 certified Company engaged in the business of Textile Manufacturing and Trading. Our Company is engaged in the manufacture of grey fabrics and finished fabrics for shirting, suiting, and other accessories for its own brand and also on outsourcing basis for other fabric / garment companies. We have an installed capacity of 3,25,000 mtrs / month for manufacture of various fabrics from natural and man-made fibres specializing in 100% cotton, Giza, Supima, cotton blended fabrics, polyester viscose and polyester cotton. Our Company procures Yarn and process it into Grey Fabric and further processes it into finished fabric as per the client's requirement.

We manufacture various fabrics like 100% Cotton – Lycra and Non-Lycra, Blended Cotton Suiting – Chief Value Cotton, Polyester Cotton, 100% Cotton Yarn Dyed, Polyester Viscose, Terry Rayon Suiting and Mock Linen under our brand names – Pierricarro, Cotbbelly's and Earthen Belly. Our Company also undertakes corporate orders for Finished Fabrics and Grey Fabrics for corporate brands such as Raymond, Arvind, Siyaram's, Digjam Limited, Ashima, etc. Some of our manufactured products require certain processing like dyeing, value additions etc. which are outsourced to third parties and the finished goods from such third parties are directly sent to our Packing and Storage unit.

Our manufacturing unit is located at Sonale, Bhiwandi in Maharashtra and majority of the manufactured goods are dispatched from this unit itself. We also have a Packing and Storage unit at Kalher, Bhiwandi in Maharashtra and we dispatch the traded goods and certain outsourced processed goods from this unit.

### COMPETITION

The industry in which we operate is highly competitive and fragmented. Competition emerges from small as well as big players in the textile industry. The organized players in the industry compete with each other by providing high quality-time bound products and value added services. We have a number of competitors offering services similar to us. We believe the principal elements of competition in textile industry are price, fabric quality, timely delivery and reliability. We compete against our competitors by establishing ourselves as a knowledge-based processing unit with industry expertise in We compete against our competitors by establishing ourselves as a knowledge-based processing unit with industry expertise in various fabrics which enables us to provide our clients with innovative designs suitable to current fashion and market requirements.

### SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2017 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the Draft 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.

### FACTORS AFFECTING OUR RESULT OF OPERATION

Except as otherwise stated in this Draft Prospectus and the Risk Factors given in the Draft Prospectus, the following important factors could cause actual results to differ materially from the expectations include, among others:

### Revenue Generation

We earn majority of our revenue from sale of Finished fabrics which includes fabric sale of own brands and for outsourcing work undertaken. Regular income is the only source to create a healthy working of our Company. Once a outsourcing assignment is entered into, our revenues are fixed, while revenue from own products / brands depend on the demand for such products. Our revenue growth is impacted majorly due to trading and manufacturing of our own brand fabrics and corporate sales.

We have a robust marketing team allocated amongst different divisions each handled by well trained Managers who are in turn headed by Our Promoters. For details, please refer to “Our Promoter and Promoter Group” and “Our Management” on page nos. 124 and 109 respectively of this Draft Prospectus.

### Cost of Materials consumed

Yarn and grey cloth are the primary inputs required for processing our products. Our grey yarn and grey fabric requirements depend on the quality of our end products as per the requirements of our clients. Our Company has developed a healthy and long term relationship with the quality suppliers of both yarn and grey cloth from whom we source our current requirements. Our Company places back to back order for yarn and grey cloth based on sales order received thereby minimizing exposure to price volatility of raw material. Our endeavour is to efficiently utilize the input material and get maximum output.

### Our Financial Expenses

Our profitability is significantly impacted by our financial costs. For the fiscal 2017, 2016 and 2015, our financial expenses were ₹ 578.84 lakhs, ₹ 551.33 lakhs and ₹ 507.58 lakhs or 3.65%, 3.73% and 3.85% respectively, of the total income. Our financial growth depends on how well we manage and service our debts.

### Our ability to successfully implement its strategy and its growth and expansion plans

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of our strategy and growth and expansion plans could impact our Company’s roll out schedules and cause cost and time over runs.

### Increasing competition in the industry

Our Company faces competition from local, national and international processing units and traders which include organised as well as unorganised sector. Our Company operates in competitive environment which may force us to reduce the prices of our finished fabrics and it may have an effect on our margins.

### General economic and business conditions

As a Company with its complete operations in India, we are affected by general economic conditions in the country and in particular economic factors that affect textile industry in India. India’s gross domestic product, or GDP, has been and will continue to be of importance in determining our operating results and future growth.

## RESULTS OF OUR OPERATIONS

(₹ in lakhs)

| Particulars             | For the year ended March 31, |                   |                  |                   |                  |                   |                  |                   |
|-------------------------|------------------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
|                         | 2017                         | % of Total Income | 2016             | % of Total Income | 2015             | % of Total Income | 2014             | % of Total Income |
| <b>REVENUE:</b>         |                              |                   |                  |                   |                  |                   |                  |                   |
| Revenue from Operations | 15,688.14                    | 98.82%            | 14,685.96        | 99.35%            | 13,069.07        | 99.19%            | 11,939.76        | 99.15%            |
| Other Income            | 187.14                       | 1.18%             | 95.73            | 0.65%             | 106.62           | 0.81%             | 102.96           | 0.85%             |
| <b>Total Revenue</b>    | <b>15,875.28</b>             | <b>100.00%</b>    | <b>14,781.70</b> | <b>100.00%</b>    | <b>13,175.69</b> | <b>100.00%</b>    | <b>12,042.72</b> | <b>100.00%</b>    |
| <b>EXPENSES:</b>        |                              |                   |                  |                   |                  |                   |                  |                   |
| Cost of materials       | 14,884.81                    | 93.76%            | 13,604.56        | 92.04%            | 12,681.59        | 96.25%            | 11,590.26        | 96.24%            |

|  |                  |               |                  |               |                  |               |                  |               |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| consumed   |                  |               |                  |               |                  |               |                  |               |
| Changes in inventories of finished goods , WIP and stock - in trade                  | (288.16)         | -1.82%        | (73.05)          | -0.49%        | (643.65)         | -4.89%        | (784.29)         | -6.51%        |
| Employee benefits expense  | 143.36           | 0.90%         | 128.57           | 0.87%         | 147.95           | 1.12%         | 135.48           | 1.13%         |
| Finance cost   | 578.84           | 3.65%         | 551.33           | 3.73%         | 507.58           | 3.85%         | 560.52           | 4.65%         |
| Depreciation and amortization expense  | 155.72           | 0.98%         | 145.69           | 0.99%         | 178.99           | 1.36%         | 245.88           | 2.04%         |
| Other expenses   | 134.93           | 0.85%         | 161.12           | 1.09%         | 146.49           | 1.11%         | 134.08           | 1.11%         |
| <b>Total expenses</b>  | <b>15,609.50</b> | <b>98.33%</b> | <b>14,518.23</b> | <b>98.22%</b> | <b>13,018.94</b> | <b>98.81%</b> | <b>11,881.93</b> | <b>98.66%</b> |
| <b>Net Profit / (Loss) before Tax</b>  | <b>265.78</b>    | <b>1.67%</b>  | <b>263.47</b>    | <b>1.78%</b>  | <b>156.74</b>    | <b>1.19%</b>  | <b>160.79</b>    | <b>1.34%</b>  |
| <b>Less: Provision for Tax</b>   |                  |               |                  |               |                  |               |                  |               |
| Current Tax  | 95.00            | 0.60%         | 69.17            | 0.47%         | 31.50            | 0.24%         | 30.00            | 0.25%         |
| MAT Credit Receivable  |                  |               |                  |               |                  |               |                  |               |
| Deferred tax   | 9.82             | 0.06%         | 43.35            | 0.29%         | 9.63             | 0.07%         | 22.03            | 0.18%         |
| <b>Total</b>   | <b>104.82</b>    | <b>0.66%</b>  | <b>112.52</b>    | <b>0.76%</b>  | <b>41.13</b>     | <b>0.31%</b>  | <b>52.03</b>     | <b>0.43%</b>  |
| <b>Net Profit / ( Loss ) for the period after tax</b>                                | <b>160.96</b>    | <b>1.01%</b>  | <b>150.95</b>    | <b>1.02%</b>  | <b>115.62</b>    | <b>0.88%</b>  | <b>108.75</b>    | <b>0.90%</b>  |
| <b>Extraordinary Items</b>   | -                |               | 6.33             |               | 6.96             |               | -                |               |
| <b>Net Profit / ( Loss ) for the period after tax and after extra ordinary items</b> | <b>160.96</b>    | <b>1.01%</b>  | <b>144.62</b>    | <b>0.98%</b>  | <b>108.66</b>    | <b>0.82%</b>  | <b>108.75</b>    | <b>0.90%</b>  |

### *Main Components of our Profit and Loss Account*

#### **Income**

Our total income comprises of revenue from operations and other income.

#### *Revenue from Operations*

Revenue from Operations includes goods manufactured, traded and corporate sales. Our revenue from operations as a percentage of total income was 98.82%, 99.35% and 99.19% in fiscals 2017, 2016 and 2015 respectively.

#### *Other Income*

Our other income includes Rent received, TUFs subsidy received, interest received on late payment from debtors, Interest received on loans, FD interest, and other miscellaneous non-recurring incomes. Other income, as a percentage of total income was 1.18%, 0.65% and 0.81% in fiscals 2017, 2016 and 2015 respectively.

#### **Expenditure**

Our total expenditure primarily consists of Cost of Material Consumed, Changes in Inventories, Employee Benefit Expenses, Financial Cost, Depreciation and Amortization Expenses and Other expenses.

#### *Cost of Material Consumed*

Cost of material consumed are primarily in relation to purchases of raw materials and finished goods which mainly include Yarn, Grey Cloth, Finished fabric, power and fuel, sizing charges, charges and the like which are normally incurred by a textile processing and trading company.

### *Employee Benefit Expenses*

Expenses in relation to employees' remuneration and benefits include salary, bonus and allowances, workmen and staff welfare costs, Director's remuneration etc.

### *Other Expenses*

Other expenses primarily include Rent, Selling and distribution expenses, Legal & Professional fees, Office expenses, etc

### *Financial Cost*

Financial Cost primarily consists of Bank and Non-Banking Financial Institution Interest, Bank Processing Charges and Bank Charges.

### *Depreciation and Amortization Expenses*

Depreciation and Amortization Expenses primarily consist of depreciation/amortization on the fixed assets and Intangible Assets of our Company which primarily includes Machinery, Vehicles, Furniture and fixtures, Computers and Office Equipments.

### *Provision for Tax*

Income taxes are accounted for in accordance with Accounting Standard – 22 on “Accounting for Taxes on Income” (“AS-22”), prescribed under the Companies (Accounting Standards) Rules, 2006. Our Company provides for current tax as well as deferred tax, as applicable.

Provision for current taxes is made at the current tax rates after taking into consideration the benefits available to our Company under the provisions of the I. T. Act.

Deferred tax arises from the timing differences between book profits and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods and is measured using the tax rates and laws applicable as of the date of the financial statements. Our Company provides for deferred tax asset / liability on such timing differences subject to prudent considerations in respect of deferred tax assets.

## **Fiscal 2017 compared with fiscal 2016**

### *Income*

In fiscal 2017, our income from operations increased by ₹ 1,007.17 lakhs or 6.82%, from ₹ 14,685.96 lakhs in fiscal 2016 to ₹ 15,688.14 lakhs in fiscal 2017. The major factor for such increase was due to increase in sale of fabrics and corporate sales. Other income increased by ₹ 91.41 lakhs or 95.48%, from ₹ 95.73 lakhs in fiscal 2016 to ₹ 187.14 lakhs in fiscal 2017 mainly on account of increase in TUFs subsidy and interest from fixed deposits.

### *Cost of Material Consumed*

The Cost of Material Consumed in fiscal 2017 was ₹ 14,884.81 lakhs, an increase of 9.41% as compared to the previous year purchases of ₹ 13,604.56 lakhs in fiscal 2016. The above increase was mainly due to increase in scale of operations.

### *Employee Benefit Expenses*

Our staff cost increased by ₹ 14.79 lakhs or 11.50%, from ₹ 128.57 lakhs in fiscal 2016 to ₹ 143.36 lakhs in fiscal 2017. This increase was mainly due to yearly increments and bonus payments.

#### *Financial Cost*

Financial cost increased by ₹ 27.51 lakhs or 4.99% from ₹ 551.33 lakhs in fiscal 2016 to ₹ 578.68 lakhs in fiscal 2017. The cause of increase in these financial costs was majorly due to increase in borrowings and corresponding increase in interest costs.

#### *Depreciation and Amortization Expenses*

Depreciation expenses increased by ₹ 10.03 lakhs or 6.88%, from ₹ 145.69 lakhs in fiscal 2016 to ₹ 155.72 lakhs in fiscal 2017. This increase was due to the purchase of additional fixed assets in the current fiscal.

#### *Other Expenses*

Other expenses decreased by ₹ 26.19 lakhs or 16.25% from ₹ 161.12 lakhs in fiscal 2016 to ₹ 134.93 lakhs in fiscal 2017. The decrease in these expenses was majorly due to better management of finances; inter alia decrease in rent, rates & taxes, decrease in repairs and maintenance, decrease in transportation costs, etc.

#### *Profit before Tax*

Due to operational efficiency, decrease in other expenses and increase in total income our PBT increased by ₹ 2.31 lakhs from ₹ 263.47 lakhs in fiscal 2016 to ₹ 265.78 lakhs in fiscal 2017.

#### *Profit after Tax*

Our profit after tax increased by ₹ 16.34 lakhs from ₹ 144.62 lakhs in fiscal 2016 to ₹ 160.96 lakhs in fiscal 2017.

### **Fiscal 2016 compared with fiscal 2015**

#### *Income*

In fiscal 2016, our income from operations increased by ₹ 1616.90 lakhs or 12.37%, from ₹ 13,069.07 lakhs in fiscal 2015 to ₹ 14685.96 lakhs in fiscal 2016. The major factor for such increase was due to increase in sale of fabrics and corporate sales. Other income decreased by ₹ 10.89 lakhs or 10.21%, from ₹ 106.62 lakhs in fiscal 2015 to ₹ 95.73 lakhs in fiscal 2016 mainly on account of decrease in TUFs subsidy.

#### *Cost of Material Consumed*

The Cost of Material Consumed in fiscal 2016 was ₹ 13,604.56 lakhs, an increase of 7.28% as compared to the previous year cost of material consumed of ₹ 12,681.59 lakhs in fiscal 2015. The above increase was mainly due to increase in scale of operations.

#### *Employee Benefit Expenses*

Our staff cost decreased by ₹ 19.38 lakhs or 13.10%, from ₹ 147.95 lakhs in fiscal 2015 to ₹ 128.57 lakhs in fiscal 2016. This decrease was mainly due to high employee turnover during the fiscal year.

#### *Financial Cost*

Financial cost increased by ₹ 43.75 lakhs or 8.62% from ₹ 507.58 lakhs in fiscal 2015 to ₹ 551.33 lakhs in fiscal 2016. The cause of increase in these financial costs was majorly due to increase in borrowings and consequent increase in interest and bank charges.

#### *Depreciation and Amortization Expenses*

Depreciation expenses decreased by ₹ 33.30 lakhs or 18.60% from ₹ 178.99 lakhs in fiscal 2015 to ₹ 145.69 lakhs in fiscal 2016. This decrease was due to the written down value of fixed assets in the current fiscal.



#### *Other Expenses*

Other expenses increased by ₹ 14.64 lakhs or 9.99% from ₹ 146.49 lakhs in fiscal 2015 to ₹ 161.12 lakhs in fiscal 2016. The increase in these expenses was majorly due to increase in scale of operations.

#### *Profit before Tax*

Due to operational efficiency and increase in total income our PBT increased by ₹ 106.73 lakhs from ₹ 156.74 lakhs in fiscal 2015 to ₹ 263.47 lakhs in fiscal 2016.

#### *Profit after Tax*

Our profit after tax increased by ₹ 35.69 lakhs from ₹ 108.66 lakhs in fiscal 2015 to ₹ 144.62 lakhs in fiscal 2016.

### **Fiscal 2015 compared with fiscal 2014**

#### *Income*

In fiscal 2015, our income from operations increased by ₹ 1,129.30 lakhs or 9.46%, from ₹ 11,939.76 lakhs in fiscal 2014 to ₹ 13,069.07 lakhs in fiscal 2015. The major factor for such increase was due to increase in sale of fabrics and corporate sales. Other income increased by ₹ 3.66 lakhs or 3.56%, from ₹ 102.96 lakhs in fiscal 2014 to ₹ 106.62 in fiscal 2015 mainly on account of increase in Interest income and increase in TUFs subsidy.

#### *Cost of Material Consumed*

The Cost of Material Consumed in fiscal 2015 was ₹ 12,681.59 lakhs, an increase of 9.42% as compared to the previous year purchases of ₹ 11,590.26 lakhs in fiscal 2014. The above increase was mainly due to increase in scale of operations.

#### *Employee Benefit Expenses*

Our staff cost increased by ₹ 12.47 lakhs or 9.20%, from ₹ 135.48 lakhs in fiscal 2014 to ₹ 147.95 lakhs in fiscal 2015. This increase was mainly due to yearly increments and marginal increase in number of employees.

#### *Financial Cost*

Financial cost decreased by ₹ 52.94 lakhs from ₹ 560.52 lakhs in fiscal 2014 to ₹ 507.58 lakhs in fiscal 2015. The cause of decrease in these financial costs was majorly due to decrease in borrowings due to regular repayments.

#### *Depreciation and Amortization Expenses*

Depreciation expenses decreased by ₹ 66.89 lakhs or 27.21%, from ₹ 245.88 lakhs in fiscal 2014 to ₹ 178.99 lakhs in fiscal 2015. This decrease was due to sale of fixed assets and the written down value of existing fixed assets in the current fiscal.

#### *Other Expenses*

Other expenses increased by ₹ 12.40 lakhs or 9.25% from ₹ 134.08 lakhs in fiscal 2014 to ₹ 146.49 lakhs in fiscal 2015. The cause of increase in these expenses was majorly due to increase in scale of operations.

#### *Profit before Tax*

Our PBT decreased by ₹ 4.04 lakhs or 2.51% from ₹ 160.79 lakhs in fiscal 2014 to ₹ 156.74 lakhs in fiscal 2015.

#### *Profit after Tax*

Our profit after tax decreased by ₹ 0.09 lakhs from ₹ 108.75 lakhs in fiscal 2014 to ₹ 108.66 lakhs in fiscal 2015.

## Cash Flows

(₹ in lakhs)

| Particulars                           | Year ended March 31, |          |          |
|---------------------------------------|----------------------|----------|----------|
|                                       | 2017                 | 2016     | 2015     |
| Net Cash from Operating Activities    | 298.26               | 124.00   | 438.35   |
| Net Cash from Investing Activities    | 6.35                 | (133.79) | 330.45   |
| Net Cash used in Financial Activities | (373.67)             | 135.41   | (774.99) |

### *Cash Flows from Operating Activities*

Net cash from operating activities in fiscal 2017 was ₹ 298.26 lakhs as compared to the PBT of ₹ 265.78 lakhs for the same period. This difference is primarily on account of changes in inventory, trade receivables and trade payables.

Net cash from operating activities in fiscal 2016 was ₹ 124.00 lakhs as compared to the PBT of ₹ 263.47 lakhs for the same period. This difference is primarily on account of changes in trade receivables, inventories, short term loans & advances, trade payables and other current liabilities.

Net cash from operating activities in fiscal 2015 was ₹ 438.35 lakhs as compared to the PBT of ₹ 156.74 lakhs for the same period. This difference is primarily on account of changes in trade receivables, inventories, short term loans & advances, trade payables and other current liabilities.

### *Cash Flows from Investment Activities*

In fiscal 2017, the net cash invested in Investing Activities was ₹ 6.35 lakhs. This was mainly on account of interest received and sale of non current investment.

In fiscal 2016, the net cash invested in Investing Activities was negative ₹ 133.41 lakhs. This was mainly on account of purchase of fixed assets.

In fiscal 2015, the net cash invested in Investing Activities was ₹ 330.45 lakhs. This was mainly on account of sale of fixed assets and interest received.

### *Cash Flows from Financing Activities*

Net cash from financing activities in fiscal 2017 was negative ₹ 376.67 lakhs. This was on account of changes in long short and term borrowings and payment of interest expenses.

Net cash from financing activities in fiscal 2016 was ₹ 135.41 lakhs. This was on account of changes in long and short term borrowings and payment of interest expenses.

Net cash from financing activities in fiscal 2015 was negative ₹ 774.99 lakhs. This was on account of repayment of long term borrowings and payment of interest expenses.

## **OTHER MATTERS**

### **1. Unusual or infrequent events or transactions**

Except as described in this Draft Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

### **2. Significant economic changes that materially affected or are likely to affect income from continuing Operations**

Other than as described in the Section titled “Financial Information” and chapter titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”, beginning on page nos. 133 and 159 respectively of this Draft Prospectus respectively, to our knowledge there are no Significant economic changes that materially affected or are likely to affect income from continuing Operations.

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

Other than as described in the chapter titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Conditions and Result of Operations*”, beginning on page nos. 10 and 159 respectively of this Draft Prospectus respectively to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

**4. Future relationship between Costs and Income**

Other than as described in the chapter titled “*Risk Factors*” beginning on page no. 10 of this Draft Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

**5. The extent to which material increases in revenue or income from operations are due to increased volume, introduction of new products or services or increased prices**

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

**6. Total turnover of each major industry segment in which the issuer company operates.**

The Company is a textile based Company and is in the business of processing grey fabric to manufacture finished fabric and trading of finished fabric for various uses. Relevant industry data, as available, has been included in the chapter titled “*Industry Overview*” beginning on page no. 77 of this Draft Prospectus.

**7. Status of any publicly announced new products or business segments**

Please refer to the chapter titled “*Business Overview*” beginning on page no. 86 of this Draft Prospectus.

**8. The extent to which the business is seasonal.**

Our business is not seasonal in nature.

**9. Any significant dependence on a single or few suppliers or customers**

The revenues from our top 10 customers constituted approximately 87.92% for F. Y. 2017.

**10. Competitive Conditions**

Despite the fact that we are not affected by competition in the short-term, our results of operations could be affected by competition in the textile industry in India and in abroad in the future. We expect competition to intensify due to possible changes in government policy, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established fabric processing companies. This we believe may impact our financial condition and operations.

## FINANCIAL INDEBTEDNESS

Set forth below, is a brief summary of our Company's borrowings as on March 31, 2017 together with a brief description of certain significant terms / material covenants of the relevant financing arrangements.

| Nature of Borrowing  | Amount (₹ in lakhs)           |
|----------------------|-------------------------------|
| Secured Borrowings   | 4,392.98                      |
| Unsecured Borrowings | 351.35                        |
| <b>Total</b>         | <b>4,744.33<sup>(1)</sup></b> |

<sup>(1)</sup>Includes ₹ 314.51 lakhs shown under Other Current Liabilities as 'Current Maturities of Long Term Debt.

### Details of Secured Loans

(₹ in lakhs)

| Name of Lenders         | Type of Loan                | Date of Sanction  | Amount Sanctioned | Amount outstanding as on March 31, 2017 | Interest/ Commission (in % p.a.)    | Security   | Repayment Schedule   |
|-------------------------|-----------------------------|-------------------|-------------------|---|-------------------------------------|------------|--|
| Standard Chartered Bank | Term Loan 1                 | November 23, 2016 | 464.00            | 398.33                                  | MCLR 9.30% + FR 1.20% = 10.50%      | See Note 1 | Repayable in 31 equal monthly instalments of ₹ 15.63 lakhs |
|                         | Term Loan 2                 |                   | 150.00            | NIL <sup>(1)</sup>                      | MCLR 9.30% + FR 1.20% = 10.50%      |            | Repayable in 36 months to commence after disbursement      |
|                         | Overdraft Facility          |                   | 70.00             | 1,035.31                                | MCLR + FR 1.70% <sup>(2)</sup>      |            | Repayable on demand  |
|                         | Working Capital Demand Loan |                   | 1,080.00          |   | MCLR + FR 1.70% <sup>(2)</sup>      |            | Repayable on demand  |
| DBS Bank                | Overdraft / Cash Credit     | February 24, 2016 | 1,850.00          | 1,966.87 <sup>(3)</sup>                 | Base Rate 9.10% + FR 1.90% = 11.00% | See Note 3 | Repayable on demand  |

<sup>(1)</sup> The above sanctioned limits have not yet been disbursed and our Company shall avail the same as required.

<sup>(2)</sup> Subject to change by the bank as on the date of draw-down

<sup>(3)</sup> Subject to our letter dated February 02, 2017 and subsequent Board Resolution dated March 06, 2017, DBS Bank had extended an additional ₹ 200.00 lakhs sanction limit for a temporary period of 90 days

**NOTE 1:**

**(a) Primary Security:**

1. Pari Passu charge on stock and book debts with DBS Bank.
2. Exclusive charge on Plant and Machinery

**(b) Collateral Security:** Mortgages as follows:

1. Residential Property at Flat No. 1103, 11<sup>th</sup> Floor, B Wing, Deepak Jyoti CHSL, G. D. Ambedkar Marg, Kalachowki, Mumbai – 400 033 owned by Lalita Kumari Shah and Sahil Shah. Property shall be shared under pari passu basis with DBS Bank with Standard Chartered Bank's share being 53%.
2. Industrial Property at Building no. B/4 on land bearing S. No. 125 (pt), 126 (pt), 127 (pt), 128 (pt), 129(pt), 234(pt), 235(pt), Arihant Compound, Pipeline Road, Village Kalher, Prithvi Compound, Taluka Bhiwandi, Thane 421302 owned by the Company . Property to be shared on pari passu basis with DBS bank with Standard Chartered Bank's share being 53%.
3. Residential Property at Flat No. 1104, 11<sup>th</sup> Floor, B Wing, Deepak Jyoti CHSL, G. D. Ambedkar Marg, Kalachowki, Mumbai – 400 033 owned by Vicky Shah and Sukanraj Shah. Property shall be shared under pari passu basis with DBS Bank with Standard Chartered Bank's share being 53%.
4. Fixed Deposit liened to the facilities.

**(c) Guarantees:**

1. Personal Guarantees of Vicky Shah, Sukanraj Shah, Sahil Shah, Lalita Kumari Shah and Sapna Shah.

**NOTE 2:**

**(a) Primary Security:**

1. First Pari Passu charge on the Current Assets and moveable fixed assets of the Company (existing and future) along with HDFC Bank Ltd.

**(b) Collateral Security:**

1. Factory Premises in Bldg. No. B/4 Prithvi Complex, Reti Bunder Road, Village Kalher, Bhiwandi.
2. Flat No. 1103, 11<sup>th</sup> Floor, B Wing, Deepak Jyoti CHSL, G. D. Ambedkar Marg, Kalachowki, Mumbai – 400 033
3. Flat No. 1104, 11<sup>th</sup> Floor, B Wing, Deepak Jyoti CHSL, G. D. Ambedkar Marg, Kalachowki, Mumbai – 400 033

(c) **Fixed Deposit:**

Fixed Deposit of 10% of sanctioned LC facility to be opened with DBS bank and lien marked in favour of DBS Bank.

(d) **Guarantees:**

Personal Guarantees of Mr. Sukanraj Shah, Mr. Vicky Shah, Mr. Sahil Shah, Mrs. Lalita Kumari Shah and Mrs. Sapna Shah.

The aforesaid amounts sanctioned do not include sub-limit for amounts sanctioned towards Non-Fund based limits, including Letters of Credit (“LC”). The details of the Non-Fund Based sanctions and their utilization as per the above mentioned loan documentation is mentioned below:

| Sr. No.      | Name of Lender          | Type  | Amount Sanctioned (₹ in Lakhs) | Amount Utilized (₹ in Lakhs) | Interest / Commission | Tenor         |
|--------------|-------------------------|---|--------------------------------|------------------------------|-----------------------|---------------|
| 1.           | Standard Chartered Bank | Letter of Credit <sup>(1)</sup>               | 640.00                         | 342.15                       | 1.00%                 | Upto 120 days |
| 2.           |                         | Credit Bill Negotiation – Discrepant Facility | 200.00                         | NIL                          | MCLR + FR 1.20%       | Upto 90 days  |
| 3.           | DBS Bank                | Letter of Credit                              | 440.00                         | 438.42                       | 1.20%                 | Upto 120 days |
| <b>TOTAL</b> |                         |   | <b>1,820.00</b>                | <b>976.61</b>                |                       |               |

<sup>(1)</sup> includes sub-limit of ₹ 540.00 lakhs for Bank Guarantee

**Details Car Loan**

| Name of the Lender | Loan Account No. | Sanctioned Amount (₹ in lakhs) | Outstanding Amount as on March 31, 2017 | Rate of Interest (%) | Repayment Schedule                                   | Security Created           |
|--------------------|------------------|--------------------------------|---|----------------------|--|----------------------------|
| HDFC Bank          | 44088614         | 16.89                          | 15.87                                   | 9.30%                | Repayable in 60 monthly Installments of ₹ 0.35 lakhs | Hypothecation of Motor Car |

**Details of Unsecured Loans from Banks / NBFCs**

(₹ in lakhs)

| Name of Lenders           | Type of Loan  | Date of Sanction  | Amount Sanctioned | Outstanding as on March 31, 2017 | Interest (in % p.a.) | Repayment Schedule   |
|---------------------------|---------------|-------------------|-------------------|----------------------------------|----------------------|--|
| Aditya Birla Finance Ltd. | Business Loan | December 18, 2015 | 50.00             | 33.82                            | 19.00%               | Repayable in 36 equated monthly instalment of ₹ 1.83 lakhs |
| Bajaj Finserve            | Business Loan | October 18, 2015  | 32.00             | 23.88                            | 19.00%               | Repayable in 48 equated monthly instalment of ₹ 0.96 lakhs |
| Capital First Ltd         | Business Loan | October 31, 2015  | 50.00             | 31.30                            | 19.50%               | Repayable in 36 equated monthly instalment of ₹ 1.85 lakhs |



|                                 |                   |                   |       |       |  |  |
|---------------------------------|-------------------|-------------------|-------|-------|--|--|
| Deutsche Bank                   | Business Loan     | October 20, 2015  | 30.00 | 18.36 | BR 9.20% +<br>Margin 8.30% =<br>17.50% | Repayable in 36 equated monthly instalment of ₹ 1.08 lakhs |
| Edelweiss Retail Finance Ltd    | Business Loan     | November 05, 2015 | 40.00 | 32.52 | 18.00%                                 | Repayable in 60 equated monthly instalment of ₹ 1.02 lakhs |
| Fullerton India Credit Co. Ltd. | Business Loan     | October 31, 2015  | 50.00 | 31.12 | 18.50%                                 | Repayable in 36 equated monthly instalment of ₹ 1.82 lakhs |
| ICICI Bank                      | Business Loan – 1 | November 27, 2015 | 23.00 | 14.69 | 15.50%                                 | Repayable in 36 equated monthly instalment of ₹ 0.80 lakhs |
|                                 | Business Loan – 2 | April 03, 2014    | 30.00 | 1.06  | 17.49%                                 | Repayable in 36 equated monthly instalment of ₹ 1.08 lakhs |
| Kotak Mahindra Bank Ltd.        | Business Loan     | October 30, 2014  | 39.50 | 24.66 | 19.00%                                 | Repayable in 36 equated monthly instalment of ₹ 1.45 lakhs |
| Magma Fincrop Ltd               | Business Loan     | October 30, 2015  | 35.00 | 21.85 | 19.00%                                 | Repayable in 36 equated monthly instalment of ₹ 1.28 lakhs |
| Ratnakar Bank                   | Business Loan     | November 30, 2015 | 35.00 | 22.70 | 18.50%                                 | Repayable in 37 equated monthly instalment of ₹ 1.27 lakhs |
| Shri Ram City Union Finance Ltd | Business Loan     | November 25, 2015 | 30.00 | 19.47 | 19.00%                                 | Repayable in 36 equated monthly instalment of ₹ 1.10 lakhs |
| Tata Capital Fin Service Ltd    | Business Loan     | October 28, 2015  | 40.00 | 24.93 | 18.27%                                 | Repayable in 36 equated monthly instalment of ₹ 1.46 lakhs |
| Zen Lefin Pvt. Ltd              | Business Loan     | December 02, 2015 | 25.00 | 16.35 | 20.00%                                 | Repayable in 36 equated monthly instalment of ₹ 0.93 lakhs |

#### Details of Unsecured Borrowings from Others

(₹ in lakhs)

| Name of Lender      | Amount outstanding as on March 31, 2017 | Interest (in % p.a.) | Repayment Schedule  |
|---------------------|---|----------------------|---------------------|
| Loan from Directors | 28.22                                   | N. A.                | Repayable on demand |
| Other ICD           | 6.42                                    | N. A.                | Repayable on demand |

#### RESTRICTIVE / NEGATIVE COVENANTS

The above loan agreements includes various restrictive covenants in relation to certain actions to be undertaken by our Company and for which prior written approval of the Bank(s) is required. The major restrictive covenants (which require prior approval) are mentioned below: (some of these may be common across all banks, while some may be specific to a particular bank).

1. Our Company shall not make any change in the constitution/Shareholding pattern without the prior written.

2. Our Company shall not avail any loan from any Bank or financial institution without the prior written consent.
3. Our Company shall not create or allow to exist any encumbrance or security over assets specifically charged with the bank, without any prior written consent.
4. Our Company shall not have any additional current accounts with other Banks, without the knowledge and written consent of the Bank;
5. Our Company shall not declare dividends/ withdraw any amount in any form of salary/ remuneration/ incentive/ commission by the Promoters/ Directors in case of overdue with the Bank.
6. Our Company cannot change directors/ ownership/ promoters/ major shareholders without the written consent of the Bank.
7. Company should not divert any funds and/or launch any new scheme/business without prior permission of the Bank.

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no:

A. (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; or (iv) Material Litigation (as defined below); involving our Company, Directors, Promoters and Group Companies. Our Board, in its meeting held on September 11, 2017, determined that outstanding legal proceedings involving the Company, its Directors, Promoters and Material Group Companies where the aggregate amount involved, in such litigation exceeds ₹ 5,00,000/- (Rupees Five Lakhs only) will be considered as material litigation (“**Material Litigation**”).

B. (i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company; or (vi) material frauds committed against our Company in the last five years.

Our Board, in its meeting held on September 11, 2017, determined that outstanding dues to creditors in excess of ₹ 5,00,000/- (Rupees Five Lakhs only) shall be considered as material dues (“**Material Dues**”). Details of outstanding dues to creditors (including micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006) as required under the SEBI Regulations have been disclosed on our website at [www.groupsk.com](http://www.groupsk.com)

Our Company, Directors, Promoters and Group Companies have not been declared as wilful defaulters by the RBI or any government authority and there have been no violations of securities laws in the past or pending against them.

All terms defined in a particular litigation are for that particular litigation only.

### CONTINGENT LIABILITIES OF OUR COMPANY

(₹ in lakhs)

| Particulars                             | As at March 31, |              |              |              |          |
|---|-----------------|--------------|--------------|--------------|----------|
|   | 2017            | 2016         | 2015         | 2014         | 2013     |
| <b>On account of Pending Litigation</b> |                 |              |              |              |          |
| Income Tax                              | 74.34           | 74.34        | 74.34        | 74.34        | -        |
| <b>Total</b>                            | <b>74.34</b>    | <b>74.34</b> | <b>74.34</b> | <b>74.34</b> | <b>-</b> |

### LITIGATION INVOLVING OUR COMPANY

#### A. LITIGATION AGAINST OUR COMPANY

##### 1. Litigation Involving Criminal Matters:

NIL

##### 2. Litigation Involving Actions by Statutory/Regulatory Authorities:

- i. The Ministry of Corporate Affairs (“MCA”) issued a notice dated April 30, 2015 inter alia seeking clarification from the Company as to why cost audit report was not filed by them with the Central Government for financial year ended March 31, 2014. Thereafter a Show Cause Notice dated October 6, 2015 was issued to the Company, inter-alia calling upon them to show cause as to why penal action should not be initiated under Section 233B (11) of the Companies Act, 1956. The MCA has also issued a separate Show Cause Notice dated March 27, 2017 to the Company, inter-alia calling upon them to show cause as to why an action shall not be taken to initiate prosecution under clause (a) of sub-section (8) of Section 148 read with Section 147 (1) of the Act for contravention of section 148(6) of the Companies Act, 2013 read with Sub-rule (5) and (6) of rule 6 of the rules for not submitting the Cost Audit Report for the Financial Year 2014-15. The Company has submitted a reply to the aforesaid show cause notice vide its letter dated April 6, 2017 inter-alia informing the MCA that the Cost Audit Report has been filed, by

it, vide SRN: G34764084 dated February 3, 2017 and the Company has paid additional fees for the delay in filing of the same. Subsequently, the MCA filed a Criminal Complaint bearing CC No. 4289/SS/2016 (“**Criminal Complaint**”) dated November 11, 2016 before the 40<sup>th</sup> Court of Metropolitan Magistrate, Girgaum (“**Hon’ble Court**”) against the Company and its director Mr. Vicky Shah under Section 233B of the Companies Act 1956 (read with 148 (8) of the Companies Act, 2013) for contravention of the provisions of Section 233B of the Companies Act, 1956 inter alia praying that (i)the process be issued against all the Company and its director and they be dealt with according to law and be punished under the provisions of Section 233B(11) of the Companies Act, 1956 read with 148 of the Companies Act, 2013; (ii) the MCA be awarded the costs of the proceedings under Section 446 of the Companies Act, 2013 and incidental expenses, if any , thereto; (iii) MCA’s personal attendance before the Hon’ble Court may be disposed with under proviso to Section 256 of the Code of Criminal Procedure, 1973 read with Section 441 of the Companies Act, 1956.

Separately, the Company vide its letter dated February 7, 2017 has inter-alia informed the Registrar of Companies, Mumbai that it has filed the cost audit report for the financial year 2013-14 and requested the withdrawal of any criminal complaint filed against the Company. The Company is awaiting a response from the Registrar of Companies, Mumbai.

### 3. Litigation involving Tax Liabilities

#### i. Direct Tax Liabilities

1. An assessment order dated October 28, 2014 for the assessment year 2007-2008 was passed by the Income Tax Officer -7(2)-3, Mumbai (“**Assessing Officer**”) against the Company inter-alia initiating penalty proceedings under Section 271(1)(c) of the Income Tax Act, 1961 (the “**I.T. Act**”) for concealing particulars of its income in respect of non-genuine share application money, and making certain additions to the total income of the Company. Pursuant to the said assessment order, a Notice of Demand dated October 28, 2014 was issued to the Company inter-alia demanding the Company to pay a sum of ₹ 74,33,874/- (Rupees Seventy Four Lakhs Thirty Three Thousand Eight Hundred and Seventy Four only) and also a Show cause notice dated October 28, 2014 under Section 271(1)(c) of the I.T. Act (“**Show Cause notice**”) was issued inter alia asking the Company to show cause as to why an order imposing a penalty should not be passed against the Company. Subsequently, the Company filed an Appeal dated December 1, 2014 before the Commissioner of Income Tax (Appeals) - 13 (“**CIT-A**”) against the aforesaid assessment order inter-alia praying that addition of share application under Section 68 of the I.T. Act be deleted. The Company has also filed a separate Appeal dated December 1, 2014 before the CIT-A against the aforesaid assessment order and the Show Cause notice inter alia praying that the Assessing Officer erred in initiating penalty under section 271(1)(c) of the I.T. Act. The aforesaid matters are currently pending before the CIT-A.

| Sr. No | Type of Direct Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|--------------------|--------------|---|
| 1      | Income Tax         | 1            | 74.34                                     |
|        | <b>Total</b>       | 1            | 74.34                                     |

#### ii. Indirect Tax Liabilities

| Sr. No | Type of Indirect Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|----------------------|--------------|---|
| 1      | NIL                  | NIL          | NIL                                       |
|        | <b>Total</b>         | NIL          | NIL                                       |

#### iii. Other Pending Litigations

NIL

### B. LITIGATIONS FILED BY OUR COMPANY

#### 1. Litigation Involving Criminal Matters:

NIL

**2. Litigation Involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities:**

**i. Direct Tax Liabilities**

| Sr. No | Type of Direct Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|--------------------|--------------|---|
| 1      | NIL                | NIL          | NIL                                       |
|        | <b>Total</b>       | NIL          | NIL                                       |

**ii. Indirect Tax Liabilities**

| Sr. No | Type of Indirect Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|----------------------|--------------|---|
| 1      | NIL                  | NIL          | NIL                                       |
|        | <b>Total</b>         | NIL          | NIL                                       |

**4. Other Pending Litigations**

NIL

**LITIGATION INVOLVING OUR DIRECTORS**

**A. LITIGATION AGAINST OUR DIRECTORS**

**1. Litigation involving Criminal Matters**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

For further details, please refer to the Section titled “*Outstanding Litigations and Material Developments – Litigations involving our Company – Litigations filed against our Company – Litigation involving Actions by Statutory / Regulatory Authorities*” on page no. 172 of this Draft Prospectus.

**3. Litigation Involving Tax Liabilities:**

**i. Direct Tax Liabilities**

| Sr. No | Type of Direct Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|--------------------|--------------|---|
| 1      | NIL                | NIL          | NIL                                       |
|        | <b>Total</b>       | NIL          | NIL                                       |

**ii. Indirect Tax Liabilities**

| Sr. No | Type of Indirect Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|----------------------|--------------|---|
| 1      | NIL                  | NIL          | NIL                                       |
|        | <b>Total</b>         | NIL          | NIL                                       |

**4. Other Pending Litigations:**

NIL

## B. LITIGATIONS FILED BY OUR DIRECTORS

### 1. Litigation involving Criminal Matters

NIL

### 2. Litigation involving Actions by Statutory/Regulatory Authorities:

NIL

### 3. Litigation Involving Tax Liabilities:

#### i. Direct Tax Liabilities

| Sr. No | Type of Direct Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|--------------------|--------------|---|
| 1      | NIL                | NIL          | NIL                                       |
|        | <b>Total</b>       | NIL          | NIL                                       |

#### ii. Indirect Tax Liabilities

| Sr. No | Type of Indirect Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|----------------------|--------------|---|
| 1      | NIL                  | NIL          | NIL                                       |
|        | <b>Total</b>         | NIL          | NIL                                       |

### 4. Other Pending Litigations:

NIL

## LITIGATION INVOLVING OUR PROMOTERS

### A. LITIGATION AGAINST OUR PROMOTERS

#### 1. Litigation involving Criminal Matter:

NIL

#### 2. Litigation involving Actions by Statutory/Regulatory Authorities:

For further details, please refer to the Section titled “*Outstanding Litigations and Material Developments – Litigations involving our Company – Litigations filed against our Company – Litigation involving Actions by Statutory / Regulatory Authorities*” on page no. 172 of this Draft Prospectus.

#### 3. Litigation Involving Tax Liabilities

##### i. Direct Tax Liabilities

| Sr. No | Type of Direct Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|--------------------|--------------|---|
| 1      | NIL                | NIL          | NIL                                       |
|        | <b>Total</b>       | NIL          | NIL                                       |

##### ii. Indirect Tax Liabilities

| Sr. No | Type of Indirect Tax | No. of Cases | Amount in dispute / |
|--------|----------------------|--------------|---------------------|
|--------|----------------------|--------------|---------------------|

|   |              |     | <b>demanded (in ₹ lakhs)</b> |
|---|--------------|-----|------------------------------|
| 1 | NIL          | NIL | NIL                          |
|   | <b>Total</b> | NIL | NIL                          |

**4. Other Pending Litigations:**

NIL

**B. LITIGATION FILED BY OUR PROMOTERS**

**1. Litigation involving Criminal Matters:**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities**

**i. Direct Tax Liabilities**

| <b>Sr. No</b> | <b>Type of Direct Tax</b> | <b>No. of Cases</b> | <b>Amount in dispute / demanded (in ₹ lakhs)</b> |
|---------------|---------------------------|---------------------|--|
| 1             | NIL                       | NIL                 | NIL  |
|               | <b>Total</b>              | NIL                 | NIL  |

**ii. Indirect Tax Liabilities**

| <b>Sr. No</b> | <b>Type of Indirect Tax</b> | <b>No. of Cases</b> | <b>Amount in dispute / demanded (in ₹ lakhs)</b> |
|---------------|-----------------------------|---------------------|--|
| 1             | NIL                         | NIL                 | NIL  |
|               | <b>Total</b>                | NIL                 | NIL  |

**4. Other Pending Litigations**

NIL

**LITIGATION INVOLVING OUR GROUP COMPANIES**

**A. LITIGATION AGAINST OUR GROUP COMPANIES**

**1. Litigation involving Criminal Matters:**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities:**

**i. Direct Tax Liabilities**

| <b>Sr. No</b> | <b>Type of Direct Tax</b> | <b>No. of Cases</b> | <b>Amount in dispute / demanded (in ₹ lakhs)</b> |
|---------------|---------------------------|---------------------|--|
| 1             | NIL                       | NIL                 | NIL  |
|               | <b>Total</b>              | NIL                 | NIL  |



**ii. Indirect Tax Liabilities**

| Sr. No | Type of Indirect Tax | No. of Cases | Amount in dispute / demanded (in ₹ lakhs) |
|--------|----------------------|--------------|---|
| 1      | NIL                  | NIL          | NIL                                       |
|        | <b>Total</b>         | NIL          | NIL                                       |

**4. Other Pending Litigations**

NIL

**B. LITIGATIONS FILED BY OUR GROUP COMPANIES**

**1. Litigation involving Criminal Liabilities:**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities**

**i. Direct Tax Liabilities**

NIL

**ii. Indirect Tax Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**There are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 (five) years.**

Except as disclosed under the section titled “*Outstanding Litigations and Material Developments – Litigations involving our Company – Litigations Involving Actions Taken by Statutory/ Regulatory Authorities*” on page no. 172 of this Draft Prospectus, there are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 (five) years.

**Pending proceedings initiated against our Company for economic offences.**

There are no pending proceedings initiated against our Company for economic offences.

**Inquiries, Investigations etc. instituted under the Companies Act, 2013 or any previous companies enactment in the last 5 (five) years against our Company**

Except as disclosed under the section titled “*Outstanding Litigations and Material Developments – Litigations involving our Company – Litigations Involving Actions Taken by Statutory/ Regulatory Authorities*” on page no. 172 of this Draft Prospectus, there are no inquiries, investigations etc. instituted under the Companies Act or any previous companies enactment in the last 5 (five) years against our Company.

**Material Fraud against our Company in the last 5 (five) years**

There has been no material fraud committed against our Company in the last 5 (five) years.

### Fines imposed or compounding of offences for default

There are no fines imposed or compounding of offences done in the last 5 (five) years immediately preceding the year of the Draft Prospectus for the Company for default or outstanding defaults.

### Non-Payment of Statutory Dues

There have been no defaults or outstanding defaults in the payment of statutory dues payable by the Company. For details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess, which have not been deposited as on March 31, 2017 on account of disputes, see “*Summary Financial Information*” beginning on page no. 39 and “*Outstanding Litigation and Material Developments – Litigations involving our Company*” on page no. 172 of this Draft Prospectus.

### Amounts owed to small scale undertakings and other creditors

The Board of Directors of our Company considers dues exceeding ₹ 5,00,000 (Rupees Five Lakhs only) to small scale undertakings and other creditors as material dues for our Company. Except as disclosed below, our Company does not owe any small scale undertakings and other creditors any amounts exceeding ₹ 5,00,000 (Rupees Five Lakhs only) as of the date of this Draft Prospectus:

| Particulars        | Number of Creditors | Amount Involved (in ₹ lakhs) <sup>(1)</sup> |
|--------------------|---------------------|---|
| Material Creditors | 46                  | 1,881.38                                    |
| Other Creditors    | 239                 | 94.75                                       |
| <b>Total</b>       | <b>285</b>          | <b>1976.13</b>                              |

<sup>(1)</sup> As adjusted for advance payment to suppliers

There are no disputes with the abovementioned entities in relation to payments to be made to them. The details in relation to the amount owed by our Company to material creditors, small scale undertakings and other creditors are also available on the website of our Company at the following link: [www.groupsk.com](http://www.groupsk.com)

*Information provided on the website of our Company is not a part of this Draft Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at its own risk.*

### Material developments occurring after last balance sheet date

Except as disclosed elsewhere in this Draft Prospectus, there have been no material developments that have occurred after the Last Balance Sheet Date.

## GOVERNMENT AND OTHER KEY APPROVALS

*Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies / regulatory authorities / certification bodies required to undertake the Offer or continue our business activities. In view of the approvals listed below, we can undertake the Offer and our current / proposed business activities and no further major approvals from any governmental / regulatory authority or any other entity are required to be undertaken, in respect of the Offer or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.*

*The main objects clause of the Memorandum of Association of the Company and the objects incidental, enable our Company to carry out its activities.*

### Approvals for the Offer

1. The Board of Directors have, pursuant to Section 62(1)(c) and other applicable provisions of the Companies Act 2013, by a resolution passed at its meeting held on September 11, 2017, authorized the Offer, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of our Company have, pursuant to Section 62(1)(c) and other applicable provisions of the Companies Act, 2013, by a special resolution passed in the extra ordinary general meeting held on September 12, 2017, authorized the Offer.
3. In-principle approval dated [●] from the NSE for listing of the Equity Shares issued by our Company pursuant to the Offer.
4. Our Company's International Securities Identification Number ("ISIN") is [●].

### Approvals pertaining to Incorporation, name and constitution of our Company

1. Certificate of Incorporation, dated October 20, 1997, issued by the Registrar of Companies, Maharashtra ("RoC") in the name of "S K S Textiles Private Limited".
2. A fresh Certificate of Incorporation consequent upon change of name from "SKS Textiles Private Limited" to "S K S Textiles Limited" was issued on September 08, 2017 by the Registrar of Companies, Maharashtra.
3. The Corporate Identity Number (CIN) of the Company is U17000MH1997PLC111406.

### I. GENERAL APPROVALS

1. The Company has obtained Certificate of Registration No. 760247581/ Commercial II ward GS under the Bombay Shops and Establishments Act, 1948 for its corporate office located at 431-B, 4<sup>th</sup> Floor, Kewal Ind. Estate, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013. The Certificate was issued on March 17, 2012 and is valid until December 31, 2017.

## II. TAX RELATED APPROVALS

| Sr. No. | Description  | Registration / Approval / Certificate Number | Issuing Authority                              | Date of Issue     | Date of Expiry        |
|---------|--|--|--|-------------------|-----------------------|
| 1.      | Permanent Account Number (PAN)   | AAHCS5197C                                   | Income Tax Department, Government of India     | -                 | Valid until cancelled |
| 2.      | Tax Deduction Account Number (TAN)   | MUMS41267C                                   | Income Tax Department, Government of India     | August 07, 2004   | Valid until cancelled |
| 3.      | Certificate of Registration under Maharashtra Value Added Tax Act, 2002  | 27210286807V                                 | Sales Tax Officer, Registration Branch, Mumbai | April 01, 2006    | Valid until cancelled |
| 4.      | Certificate of Registration under Maharashtra Value Added Tax Act, 2002  | 27210286807V                                 | Sales Tax Officer, Registration Branch, Mumbai | April 01, 2006    | Valid until cancelled |
| 5.      | Certificate of Registration issued under Central Sales Tax (Registration and Turnover) Rules, 1957               | 27210286807C                                 | Sales Tax Officer, Registration Branch, Mumbai | April 01, 2006    | Valid until cancelled |
| 6.      | Certificate of Registration issued under Finance Act, 1994 read with the Service Tax Rules, 1994 (Form ST - 2)   | AAHCS5197CSD001                              | Service Tax Commissioner - III, Mumbai         | December 04, 2015 | Valid until cancelled |
| 7.      | Certificate of Enrolment under the Maharashtra State Professions, Traders, Callings and Employments Act, 1976    | P.T.E.C No.: 99492012065P                    | Professional Tax, Officer, Mumbai              | February 22, 2013 | Valid until cancelled |
| 8.      | Certificate of Registration under the Maharashtra State Professions, Traders, Callings And Employments Act, 1976 | 27210286807P                                 | Profession Tax Officer, Mumbai                 | February 22, 2013 | Valid until cancelled |

## III. BUSINESS RELATED APPROVALS

| Sr. No. | Description   | Registration/ Approval/ Certificate Number | Issuing Authority  | Date of Issue    | Date of Expiry    |
|---------|---|--|--|------------------|-------------------|
| 1.      | Approval under Mumbai Gram Panchayat Rules, 1958 for construction                           | -  | Sarpanch, Grampanchayat, Bhiwandi, Thane                             | January 13, 2006 | N.A.              |
| 2.      | Industrial Entrepreneurs Memorandum Acknowledgement   | 1536/SIA/IMO/2012                          | Ministry of Commerce & Industry Secretariat of Industrial Assistance | July 29, 2012    | N.A.              |
| 3.      | Certificate of Verification under Legal Metrology Act, 2009 and the rules framed thereunder | 422893                                     | Inspector of Legal Metrology, Bhiwandi                               | December, 2016   | December 31, 2017 |
| 4.      | Registration under the  | ESI Code: 34/2268/19                       | Assistant Director of  | February 2,      | Valid until       |

|    |   |                         |  |   |   |
|----|---|-------------------------|--|---|---|
|    | Employees State Insurance Act, 1948.  |                         | Employees' State Insurance Corporation, Mumbai                               | 2006  | cancelled   |
| 5. | Registration under the Employees Provident Funds & Miscellaneous Provisions Act, 1952   | EPF Code: M.H/THN/99739 | Assistant Provident Fund Commissioner  | February 3, 2006  | Valid until cancelled   |
| 6. | Certificate of Membership with the Synthetic & Rayon Textiles Export Promotion Council  | 11325229                | Additional Director, the Synthetic & Rayon Textiles Export Promotion Council | <i>Renewed on</i> May 19, 2017<br><i>Effective Date</i> April 01, 2017            | March 31, 2018  |
| 7. | ISO 9001:2015 Certificate of Registration for design and manufacturing of all types of fabric   | QM 1343                 | Surveillance audit, Quality Accreditation Services Limited                   | <i>Initial Registration</i> June 14, 2014<br><i>Date of Issue</i> August 12, 2017 | June 13, 2020   |
| 8. | Certificate of Stability under rule 3A of Maharashtra Factories Rules, 1963   | -                       | Chartered Engineer   | N.A.  | N.A.  |
| 9. | Consent to establish under Section 25 of the Water (Prevention & Control) Act, 1981, Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorization under Rule 5 of the Hazardous waste (Management & Handling & Transboundary Movement) Rules, 2008 | MPCB/SROB/G/CC-36/321   | Sub Regional Officer, Maharashtra Pollution Control Board                    | May 24, 2013  | Commission of Unit or 5 years from the date of issue whichever is earlier |

#### IV. IMPORT EXPORT RELATED APPROVALS

| Sr. No. | Description                                 | Registration/ Approval/ Certificate Number   | Issuing Authority   | Date of Issue     | Date of Expiry        |
|---------|---|--|---------------------|-------------------|-----------------------|
| 1.      | Certificate of Importer-Exporter Code (IEC) | Foreign Trade Development Officer, Ministry of Commerce and Industry, Govt. of India | IEC No.: 0303056134 | December 02, 2003 | Valid until cancelled |





## V. APPROVALS RELATING TO INTELLECTUAL PROPERTY

### TRADEMARKS

| Sr. No. | Particulars of the mark | Word / Label mark | Applicant                 | Trademark Application Number | Issuing Authority                                     | Certificate Detail   | Class | Period of validity          |
|---------|-------------------------|-------------------|---------------------------|------------------------------|---|--|-------|-----------------------------|
| 1.      | PIERRI CARLO            | Word              | SKS Textiles Private Ltd. | 1334646                      | Registrar of Trademarks, Trade Marks Registry, Mumbai | Certificate No. 576314 dated October 31, 2006<br><i>Effective Date:</i> January 27, 2005 | 24    | Valid upto January 27, 2025 |

## VI. PENDING APPROVALS

Our Company has applied for the following approvals which are pending registration / receipt:

- Application for Enrolment of Existing Tax Payer having Provisional ID No: 27AAHCS5197C1Z5 dated December 08, 2016 under the Goods And Services Tax.
- Application filed for renewal of the Factory License bearing no. Kalyan/2(m)(i)/13124-493-A.
- Application bearing no. 3395982 for registration of the Trade Mark  dated October 26, 2016 under the Trade Marks Act, 1999.
- Application bearing no. 3395981 for registration of the Trade Mark  dated October 26, 2016 under the Trade Marks Act, 1999 which is objected to by certain concerned parties.
- Application bearing no. 3618820 filed for registration of the Trade Mark  dated August 23, 2017 under the Trade Marks Act, 1999.
- Application bearing no. 3618819 filed for registration of the Trade Mark  dated August 23, 2017 under the Trade Marks Act, 1999.

## VII. APPROVALS REQUIRED TO BE OBTAINED BY THE COMPANY, BUT NOT APPLIED FOR:

- No Objection Certificate / Approval from the Chief Fire Officer in accordance with the provisions of the Maharashtra Fire Prevention and Life Safety Measures Act, 2006.
- Information Memorandum to be filed vide Form 1-A under Clause 4 of Textile (Development and Regulation) Order, 2001 before the Textile Commissioner for installation of textile machinery.

## SECTION VIII – OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

Our Board of Directors have vide resolution dated September 11, 2017 authorized the Offer, subject to the approval by the shareholders of our Company under Section 62(1)(C) of the Companies Act, 2013.

The shareholders have authorized the Offer, by passing a Special Resolution at the Extra-Ordinary General Meeting held on September 12, 2017 in accordance with the provisions of Section 62(1)(C) of the Companies Act, 2013.

The Offer for Sale has been authorised by the Selling Shareholders by their consent letter dated September 09, 2017. The no. of Equity Shares offered by each Selling Shareholders is as follows:

| Sr. No. | Name of the Selling Shareholders  | No. of Equity Shares Offered |
|---------|-----------------------------------|------------------------------|
| 1       | Mr. Sukanraj Shah                 | 54,000                       |
| 2       | Mr. Vicky Shah                    | 78,000                       |
| 3       | Mr. Sahil Shah                    | 18,000                       |
| 4       | M/s. Sukanraj Bhabhutmal Shah HUF | 1,14,000                     |
| 5       | Mrs. Lalita Kumari Shah           | 1,08,000                     |
| 6       | Mrs. Sapna Shah                   | 78,000                       |
|         | <b>Total</b>                      | <b>4,50,000</b>              |

The Selling Shareholders have severally confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible in term of SEBI (ICDR) Regulations and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by him under the Offer for Sale.

The Company has obtained approval from NSE vide letter dated [●] to use the name of NSE in this Offer Document for listing of equity shares on the EMERGE platform of the NSE. NSE is the designated stock exchange.

### Prohibition by SEBI, the RBI or Governmental Authorities

We confirm that there is no prohibition on our Company, the Selling Shareholders, its Directors, Promoters and entities forming part of our Promoter Group from accessing the capital market or operating in the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our Company, our Promoters, relatives of Promoters (as defined under Companies Act, 2013), our Directors, our Group Companies, nor the Selling Shareholders have been identified as wilful defaulters by the RBI or other authorities. The Selling Shareholders severally confirms that they have not been a Wilful Defaulter.

The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

### Association with Securities Market

We confirm that none of our Directors are associated with the Securities Market in any manner and no action has been initiated against these entities by SEBI at any time except as stated under the chapters titled “Risk Factors”, “Our Promoters and Promoter Group” and “Outstanding Litigations and Material Developments” beginning on page nos. 10, 124 and 172 respectively, of this Draft Prospectus.

### Eligibility for the Offer

Our Company is an “Unlisted Company” in terms of the SEBI (ICDR) Regulation; and this Offer is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

This Offer is being made in terms of Regulation 106 (M) (1) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital does not exceed ten crores rupees,



shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the EMERGE Platform of NSE).

We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI (ICDR) Regulations, this offer has been hundred percent underwritten and that the Lead Manager to the Offer has underwritten more than 15% of the total Offer Size. For further details pertaining to the said underwriting please see "General Information- Underwriting" on page no. 50 of this Draft Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Offer is greater than or equal to fifty (50), otherwise, the entire application money will be refunded / unblocked forthwith. If such money is not repaid / unblocked, then our Company and every officer in default shall be liable to repay / unblock such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.
- c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulation, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and the Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Offer. For further details of the arrangement of Market Making, please see "General Information- Details of the Market Making Arrangements for this Offer" on page no. 51 of this Draft Prospectus.

We further confirm that we shall be complying with all other requirements as laid down for such offer under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

- e) Our Company has been incorporated under the Companies Act 1956, in India.
- f) The Net worth (excluding revaluation reserves) of our Company is positive as per the latest audited financial results and we have a positive cash accruals (earnings before depreciation and tax) from operations for atleast 2 financial years.

(₹ in lakhs)

| Particulars                               | For the year ended March 31, |          |          |
|---|------------------------------|----------|----------|
|   | 2017                         | 2016     | 2015     |
| Networth (excluding revaluation reserves) | 2,942.35                     | 2,796.59 | 2,661.60 |
| Earnings before Depreciation & Tax        | 421.50                       | 402.83   | 328.77   |

- g) Our Company has track record of at least 3 years.
- h) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- i) Our Company has not been in defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) during the past three years.
- j) There is no winding up petition against the company, which has been admitted by a Court of competent jurisdiction.
- k) There has been no material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against our company.

- l) As on the date of this Draft Prospectus, our Company has a paid up capital of ₹ 282.14 (₹ 2.82 crores) and the Post Issue Capital will be of ₹ 325.94 lakhs (₹ 3.26 crores).
- m) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
- n) We have a website: [www.groupsk.com](http://www.groupsk.com)

#### Disclosure

The Company, the Directors, the Selling Shareholders, our Promoters, Promoter Group and the members of our Group Companies have confirmed that they have not been identified as wilful defaulters by the RBI or any other Governmental Authority.

#### Disclaimer Clause of SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE SELLING SHAREHOLDERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MERCHANT BANKER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●]**

**AS PER REGULATION 106(O) OF THE SEBI ICDR REGULATIONS, ONLY THE PROSPECTUS HAS TO BE FILED WITH SEBI ALONGWITH A DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS BY THE LEAD MANAGER. ACCORDINGLY, THIS SECTION WILL BE UPDATED AT THE TIME OF FILING THE PROSPECTUS WITH STOCK EXCHANGE AND ROC AND PROSPECTUS AND DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS WITH SEBI.**

**THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 (SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013) OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKERS ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.**

#### Note:

All legal requirements pertaining to the Offer will be complied with at the time of registration of the Draft Prospectus with the RoC in terms of section 26, 28 and 30 of the Companies Act, 2013.

**THE PROMOTER(S) / DIRECTOR(S) OF S K S TEXTILES LIMITED CONFIRM THAT NO INFORMATION / MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES ISSUED IN TERMS OF THIS OFFER DOCUMENT HAS BEEN SUPPRESSED WITHHELD AND / OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT / MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPILING AT ANY POINT IN TIME TILL ALLOTMENT / REFUND, AS THE CASE MAY BE, THAT ANY INFORMATION / MATERIAL HAS BEEN SUPPRESSED / WITHHELD AND / OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS / DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 34 OF THE COMPANIES ACT 2013.**

#### **Disclaimer Clause of the EMERGE Platform of NSE**

As required, a copy of the Draft Prospectus shall be submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Draft Prospectus, shall be included in the Prospectus prior to filing the same with RoC.

#### **Disclaimer from our Company, the Selling Shareholders and the Lead Manager**

**Our Company, its Directors, the Selling Shareholders and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.**

#### **CAUTION**

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MoU for Offer Management entered into among the Lead Manager, our Company and the Selling Shareholders dated September 12, 2017, the Underwriting Agreement dated September 12, 2017 entered into among the Underwriter and our Company, the Selling Shareholders and the Market Making Agreement dated September 12, 2017, entered into among the Market Maker, Lead Manager and our Company.

All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

#### **Note:**

Investors who apply in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholders, the Underwriter and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

#### **Disclaimer in respect of Jurisdiction**

This offer is being made in India to persons resident in India including Indian nationals resident in India (who are not minors, except through their legal guardian), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Prospectus comes is

required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **Disclaimer Clause under Rule 144A of the U.S. Securities Act**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Filing**

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106 (O) (1). However, a copy of the Prospectus shall be filed with SEBI at Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

A copy of the Prospectus, along with the documents required to be filed under Section 26 and 28 of the Companies Act, 2013 will be delivered to the RoC situated at Everest, 100, Marine Drive, Mumbai – 400 002.

#### **Listing**

Application shall be made to EMERGE Platform of NSE for obtaining permission for listing of the Equity Shares being offered and sold in the Offer on its EMERGE Platform after the allotment in the Offer. NSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by NSE, our Company and the Selling Shareholders shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Prospectus. The allotment letters shall be issued or application money shall be refunded / unblocked within eight days from the closure of the Offer or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period as prescribed under Companies Act, 2013, the SEBI (ICDR) Regulations and other applicable law.

Our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the EMERGE Platform of NSE mentioned above are taken within 6 Working Days of the Offer Closing Date.

Our Company has obtained approval from NSE vide letter dated [●] to use the name of NSE in this Offer document for listing of equity shares on EMERGE Platform of NSE.

**Price Information of past issues handled by the Lead Manager**

| 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       | Geekay Wires Limited            | 11.00              | 33.00           | 24/08/17     | 33.35                         | N.A.   | N.A.   | N.A.   | N.A.   | N.A.  | N.A.  |
| 2       | CKP Products Limited            | 6.24               | 50.00           | 09/05/17     | 50.00                         | 2.00%  | 3.55%  | 0.90%  | 7.95%  | N.A.  | N.A.  |
| 3       | Octaware Technologies Limited   | 8.60               | 90.00           | 03/04/17     | 91.00                         | 0.11%  | -0.05% | 0.83%  | 3.38%  | N.A.  | N.A.  |
| 4       | Prime Customer Services Limited | 7.28               | 60.00           | 31/03/17     | 60.10                         | 8.00%  | 1.01%  | 56.25%   | 4.18%  | N.A.  | N.A.  |
| 5       | Maximus International Limited   | 3.77               | 25.00           | 30/03/17     | 23.00                         | 1.20%  | 0.91%  | 0.20%  | 4.00%  | N.A.  | N.A.  |
| 6       | Manas Properties Limited        | 39.96              | 360.00          | 30/03/17     | 360.55                        | 0.83%  | 0.91%  | 1.11%  | 4.00%  | N.A.  | N.A.  |
| 7       | IFL Enterprises Limited         | 3.25               | 20.00           | 21/03/17     | 19.80                         | -25.05%  | -0.21% | -50.00%  | 6.19%  | N.A.  | N.A.  |
| 8       | Tanvi Foods (India) Limited     | 6.60               | 60.00           | 02/03/17     | 65.00                         | 0.83%  | 2.71%  | 3.17%  | 8.00%  | 12.08%  | 8.84% |
| 9       | Diksat Transworld Ltd.          | 18.43              | 40.00           | 18/10/16     | 40.75                         | 6.25%  | -6.50% | 27.50%   | -2.72% | 35.63%  | 5.03% |
| 10      | Valiant Organics Ltd.           | 21.22              | 220.00          | 14/10/16     | 264.00                        | 105.75%  | -3.09% | 78.18%   | -1.54% | 120.91%   | 7.12% |

**Summary Statement of Disclosure**

| 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        | 3 <sup>(1)</sup>  | 25.84                         | -   | -              | -             | -  | -              | 2             | -  | -              | -             | -   | -              | -             |
| 2016-17        | 10                | 147.26                        | -   | 1              | -             | 1  | -              | 8             | -  | -              | -             | 1   | 3              | 1             |
| 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:**

- a) *Since the listing date of IFL Enterprises Limited, Manas Properties Limited, Maximus International Limited, Prime Customer Services Limited, Octaware Technologies Limited, CKP Products Limited and Geekay Wires Limited was March 02, 2017, March, 21, 2017, March 30, 2017, March 30, 2017, March 31, 2017, April 03, 2017, May 09, 2017 and August 24, 2017 respectively, information related to closing price and benchmark index as on 180<sup>th</sup> calendar day from the listing date from the listing date is not available.*
- b) *Since the listing date of Geekay Wires Limited was August 24, 2017, information related to closing price and benchmark index as on 30<sup>th</sup> calendar day and 90<sup>th</sup> calendar day from the listing date from the listing date is not available.*
- c) *The respective Designated Stock Exchange for each Issue has been considered as the Benchmark index for each of the above Issues.*
- d) *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.*
- e) *Source: www.bseindia.com and 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 Lead Manager to the Offer 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)

**Consents**

Consents in writing of: (a) the Selling Shareholders, the Directors, the Company Secretary and Compliance Officer, the Chief Financial Officer, the Statutory Auditors and Bankers to the Company; and (b) the Lead Manager to the Offer, Registrar to the Offer, the Legal Advisors to the Offer, Banker to the Offer, Share Escrow Agent, Market Maker and Underwriters to act in their respective capacities, have been obtained and shall be filed along with a copy of the Draft Prospectus with the RoC, as required under Section 26, 28 and other applicable provisions of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, Bhattar & Co, Chartered Accountant, Statutory Auditors, have provided their written consent to the inclusion of their report dated September 11, 2017 on Restated Financial Statements and their report dated September 11, 2017 on Statement of Tax Benefits, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consents and reports have not been withdrawn up to the time of filing of this Draft Prospectus.

**Expert Opinion**

Our Company has received written consent from its Statutory Auditor namely, Bhattar & Co, Chartered Accountants to include their name as required under section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as “Expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the reports on the Restated Financial Statements dated September 11, 2017 and Statement of Tax Benefits dated September 11, 2017, issued by them, included in this Draft Prospectus and such consent has not been withdrawn as on the date of this Draft Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

**OFFER RELATED EXPENSES**

The expenses of this Offer include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSB’s commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees is given below: Same as object of the Offer

| Sr. No.      | Particulars  | Amount (₹ in lakhs) | % of Total Expenses | % of Total Issue size |
|--------------|--|---------------------|---------------------|-----------------------|
| 1            | Issue Management fees including fees and reimbursements of Market Making fees (1 <sup>st</sup> year), and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses. | 42.00               | 67.74%              | 3.15%                 |
| 2            | Brokerage and Selling Commission, Underwriting Commission, RTAs and CDPs <sup>(1)(2)(3)(4)</sup>   | 4.50                | 7.26%               | 0.34%                 |
| 3            | Advertisement, Printing & Stationery, Marketing Expenses, etc.   | 6.00                | 9.68%               | 0.45%                 |
| 4            | Listing Fees, Market Regulatory & Other Expenses   | 9.50                | 15.32%              | 0.71%                 |
| <b>Total</b> |  | <b>62.00</b>        | <b>100.00%</b>      | <b>4.65</b>           |

<sup>(1)</sup> The SCSBs and other intermediaries will be entitled to a commission of ₹ 50/- per every valid Application Form submitted to them and uploaded on the electronic system of the Stock Exchange by them.

<sup>(2)</sup> The SCSBs would be entitled to processing fees of ₹ 25/- per Application Form, for processing the Application Forms procured by other intermediaries and submitted to the SCSBs.

<sup>(3)</sup> Further the SCSBs and other intermediaries will be entitled to selling commission of 0.05% of the Amount Allotted (product of the number of Equity Shares Allotted and the Offer Price) for the forms directly procured by them and uploaded on the electronic system of the Stock Exchange by them.

<sup>(4)</sup> The payment towards commission and processing fees will be completed within 30 days from the date of receipt of final invoice from the respective entities.

#### **Fees, Brokerage and Selling Commission Payable to the Lead Manager**

The total fees payable to the Lead Manager (including underwriting commission and selling commission) is as stated in the MOU dated September 12, 2017, the Underwriting Agreement dated September 12, 2017 and the Market Making Agreement dated September 12, 2017 among our Company, the Selling Shareholders and the Lead Manager and other parties, a copy of which will be made available for inspection at our Registered Office.

#### **Fees Payable to the Registrar to the Offer**

The fees payable to the Registrar to the Offer, for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between the Company, and the Registrar to the Offer dated September 04, 2017.

The Registrar to the Offer 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 Offer to enable it to send refund orders or Allotment advice by registered post/speed post.

#### **CAPITAL ISSUE DURING THE LAST FIVE YEARS**

##### **Previous Public and Rights Issues**

We have not made any rights and public issues in the past, and we are an “Unlisted Company” in terms of the SEBI (ICDR) Regulations and this Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

##### **Previous Issues of Equity Shares otherwise than for Cash**

Except as stated in the chapter titled “Capital Structure” beginning on page no. 53 of this Draft Prospectus, we have not issued any Equity Shares for consideration other than for cash.



### **Commission and Brokerage Paid on Previous Issues of our Equity Shares**

Since this is an Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

### **Capital Issues in the last three (3) years by Listed Group Companies / Subsidiaries / Associates**

None of our Group Companies / Associates is listed on any Stock Exchange and hence there is no Capital Issue. Further, we do not have any subsidiary as on date of this Draft Prospectus.

### **PERFORMANCE VIS-À-VIS OBJECTS**

#### **Issuer Company**

Our Company has not made any public issue (including any rights issue to the public) since its incorporation.

#### **Listed Group Companies / Subsidiaries / Associate Companies**

None of our Group Companies / Associates are listed on any Stock Exchange and have not made any rights and public issues in the past ten (10) years. Further, we do not have any subsidiary as on date of this Draft Prospectus.

### **OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY THE COMPANY**

The Company has no outstanding debentures or bonds and redeemable preference shares and other instruments as on the date of Draft Prospectus.

### **Stock Market Data for our Equity Shares**

This being an initial public offer of the Company, the Equity Shares of the Company are not listed on any stock exchange.

### **DISPOSAL OF INVESTOR GRIEVANCES**

#### **Mechanism for Redressal of Investor Grievances**

The Company and the Selling Shareholders has appointed Sharex Dynamic (India) Pvt. Ltd. as the Registrar to the Offer, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Offer may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Offer will handle investor's grievances pertaining to the Offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the Offer in attending to the grievances to the investor.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant. We estimate that the average time required by us or the Registrar to the Offer or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolution on September 11, 2017 constituted a Stakeholders Relationship Committee. The composition of the Stakeholders Relationship Committee is as follows:

| Name of the Member | Nature of Directorship             | Designation in Committee |
|--------------------|------------------------------------|--------------------------|
| Mihir Manek        | Non-Executive Independent Director | Chairman                 |
| Satish Sharma      | Non-Executive Independent Director | Member                   |
| Vicky Shah         | Managing Director                  | Member                   |

For further details, please see the chapter titled “*Our Management*” beginning on page no. 109 of this Draft Prospectus.

The Company has also appointed Mrs. Naveena Singh as the Company Secretary and Compliance Officer for this Offer and she may be contacted at the Registered Office of our Company.

**Name:** Mrs. Naveena Singh

**Address:** Shop no. Gala No. 431, Keval Industrial Estate, 4<sup>th</sup> Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013.

**Tel No:** +91 – 22 – 6120 6222

**Fax No.:** +91 – 22 – 6120 6200

**Email:** [naveena@groupsks.com](mailto:naveena@groupsks.com)

Investors can contact the Compliance Officer or the Registrar to the Offer or the Lead Manager in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders.

#### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

#### **Disposal of Investor Grievances by Listed Companies under the same Management as the Company**

No company under the same management as the Company has made any public issue (including any rights issues to the public) during the last three years and hence there are no pending investor grievances.

#### **Change in Auditors**

Our Company has changed the Statutory Auditors, appointing M/s. Bhattar & Co., Chartered Accountants in place of M/s. Sharad Rustagi, Chartered Accountants vide Resolution passed in the EGM dated March 31, 2017.

#### **Capitalisation of Reserves or Profits**

Except as stated in the chapter titled “*Capital Structure*” beginning on page no. 53 of this Draft Prospectus, our Company has not capitalised our reserves or profits during the last five years.

#### **Revaluation of Assets**

We have not re-valued our assets in the last 5 years.

## SECTION IX – OFFER RELATED INFORMATION

### TERMS OF THE OFFER

*The Equity Shares being offered and transferred pursuant to this Offer are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable, or such other conditions as may be prescribed by SEBI, RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Issue.*

#### Authority for the Offer

This Offer of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on September 11, 2017 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extra-Ordinary General Meeting held with a shorter notice on September 12, 2017 in accordance with the provisions of Section 62 (1)(C) of the Companies Act, 2013.

The Offer for Sale has been authorised by the Selling Shareholders by their consent letter dated September 09, 2017. The No. of Equity Shares offered by each Selling Shareholders is as follows:

| Sr. No.      | Name of the Selling Shareholders  | No. of Equity Shares Offered |
|--------------|-----------------------------------|------------------------------|
| 1            | Mr. Sukanraj Shah                 | 54,000                       |
| 2            | Mr. Vicky Shah                    | 78,000                       |
| 3            | M/s. Sukanraj Bhabhutmal Shah HUF | 1,14,000                     |
| 4            | Mr. Sahil Shah                    | 18,000                       |
| 5            | Mrs. Lalita Kumari Shah           | 1,08,000                     |
| 6            | Mrs. Sapna Shah                   | 78,000                       |
| <b>Total</b> |                                   | <b>4,50,000</b>              |

The Selling Shareholders have severally confirmed that the Equity Shares proposed to be offered and sold in the Issue are eligible in term of SEBI (ICDR) Regulations and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.

#### Offer for Sale

The Issue comprises of a Fresh Issue and an Offer for Sale by the Selling Shareholders. The fees and expenses relating to the Issue shall be shared in the proportion mutually agreed between the Company and the respective Selling Shareholders in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and the Selling Shareholders agree that they will reimburse our Company all such expenses.

#### Ranking of Equity Shares

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects including dividend with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment.

For further details, please see the section titled "Main Provisions of the Articles of Association", beginning on page no. 248 of this Draft Prospectus.

## Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act, 2013, the Memorandum and Articles of Association, and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. In respect of the Offer for Sale, all dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been issued and allotted Equity Shares in such Offer for the entire year. For further details, please refer the chapter titled "Dividend Policy" and "Main Provisions of Article of Association" beginning on page nos. 132 and 248 of this Draft Prospectus.

## Face Value and Offer Price

The Equity Shares having a face value of ₹ 10 each are being offered in terms of this Draft Prospectus at the price of ₹ 150 per Equity Share. The Offer Price is decided by our Company and the Selling Shareholders, in consultation with the Lead Manager and is justified under the section titled "Basis of Offer Price" beginning on page no. 72 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

## Compliance with the disclosure and accounting norms

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall also comply with all disclosure and accounting norms as specified by SEBI from time to time.

## Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- ✓ Right to receive dividend, if declared;
- ✓ Right to attend general meetings and exercise voting rights, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offer for rights shares and be allotted bonus shares, if announced;
- ✓ Right to receive surplus on liquidation;
- ✓ Right of free transferability; and
- ✓ Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please refer the section titled "Main Provisions of Articles of Association" beginning on page no. 248 of this Draft Prospectus.

## Minimum Application Value; Market Lot and Trading Lot

In terms of Section 29 of Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar and Share Transfer Agent to the Offer:

- 1) Tripartite agreement dated [●] between our Company, NSDL and the Registrar and Share Transfer Agent to the Offer.
- 2) Tripartite agreement dated [●] between our Company, CDSL and the Registrar and Share Transfer Agent to the Offer.

Trading of the Equity Shares will happen in the minimum contract size of 1,000 (One Thousand) Equity Shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by EMERGE platform of NSE from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Offer will be done in multiples of 1,000 Equity Share subject to a minimum allotment of 1,000 (One Thousand) Equity Shares to the successful Applicants.

### **Minimum Number of Allottees**

In accordance with Regulation 106R of SEBI (ICDR) Regulations, the minimum number of allottees in this Offer shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Offer and the monies collected shall be refunded within 6 Working days of closure of Offer.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

### **Nomination Facility to Investor**

In accordance with Section 72 (1) & 72 (2) of the Companies Act, 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 (3) of the Companies Act, 2013, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in accordance to Section 72 (4) of the Companies Act, 2013, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Articles of Association of the Company, any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

- ✓ to register himself or herself as the holder of the Equity Shares; or
- ✓ to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### **Withdrawal of the Offer**

Our Company and the Selling Shareholders, in consultation with the Lead Manager, reserves the right not to proceed with the Offer at any time after the Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Lead Manager, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Applicants within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed.

If our Company and/or the Selling Shareholders withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an Offer of the Equity Shares, our Company shall file a fresh Draft Offer Document. Notwithstanding the foregoing, the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment.

## OFFER PROGRAMME

An indicative timetable in respect of the Offer is set out below:

| Event   | Indicative Date |
|---|-----------------|
| Offer Opening Date  | [●]             |
| Offer Closing Date  | [●]             |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | [●]             |
| Initiation of Refunds   | [●]             |
| Credit of Equity Shares to demat accounts of Allottees                | [●]             |
| Commencement of trading of the Equity Shares on the Stock Exchange    | [●]             |

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the Lead Manager. 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 Exchange are taken within 6 Working Days of the Offer Closing Date, the timetable may change due to various factors, such as extension of the Offer Period by our Company, or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Applications and any revision to the same shall be accepted **only between 10.00 a. m. and 5.00 p. m. (IST)** during the Offer Period. On the Offer Closing Date, the Applications and any revision to the same shall be accepted only between **10.00 a. m. and 3.00 p. m. (IST)** or such extended time as permitted by the Stock Exchanges, in case of Applications by Retail Individual Applicants after taking into account the total number of applications received up to the closure of timings and reported by the Lead Manager to the Stock Exchanges. It is clarified that Applications not uploaded on the electronic system would be rejected. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

Due to limitation of time available for uploading the Applications on the Offer Closing Date, the Applicants are advised to submit their Applications one day prior to the Offer Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Offer Closing Date. All times mentioned in this Draft Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Offer Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Offer. Applications will be accepted only on Business Days. Neither our Company nor the Lead Manager is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

In accordance with the SEBI Regulations, QIBs and Non-Institutional Applicants are not allowed to withdraw or lower the size of their Applications (in terms of the quantity of the Equity Shares or the Applications Amount) at any stage. Retail Individual Applicants can revise or withdraw their Applications prior to the Offer Closing Date. Except Allocation to Retail Individual Investors, Allocation in the Offer will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Application Form, for a particular Applicant, the details as per the file received from the Stock Exchange 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 Application Form, for a particular ASBA Applicant, the Registrar to the Offer shall ask the relevant SCSBs / RTAs / DPs / Stock Brokers, as the case may be, for rectified data.

### Minimum Subscription

The requirement for 90% minimum subscription in terms of Regulation 14 of the ICDR Regulations is not applicable to the Offer. In terms of Regulation 106P(1) of the ICDR Regulations, the Offer is not restricted to any minimum subscription level and is 100% underwritten. Further, pursuant to Regulation 106R of the ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted shall not be less than 50.



If we do not receive the subscription of 100% of the Offer through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Offer, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest prescribed under the applicable provisions of the Companies Act, 2013.

### **Arrangements for Disposal of Odd Lots**

The trading of the Equity Shares will happen in the minimum contract size of 1,000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the EMERGE platform of NSE.

### **Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer the section titled “*Main Provisions of the Articles of Association*” beginning on page no. 248 of this Draft Prospectus.

### **New Financial Instruments**

Our Company is not issuing any new financial instruments through this Offer.

### **Option to receive Equity Shares in Dematerialized Form**

As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares will be made only in dematerialized form.

As per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the EMERGE Platform of NSE.

### **Migration to Main Board**

In accordance with the NSE Circular dated March 10, 2014, our Company will have to be mandatorily listed and traded on the EMERGE Platform of the NSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the NSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of NSE from the EMERGE platform on a later date subject to the following:

- If the Paid up Capital of the Company is likely to increase above ₹ 25 Crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the Company has obtained in-principal approval from the main board), we shall have to apply to NSE for listing our shares on its main board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board
- If the Paid up Capital of the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **Market Making**

The shares offered through this Offer are proposed to be listed on the EMERGE Platform of NSE (SME Exchange), wherein the Lead Manager to this Offer shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing on the EMERGE Platform of NSE.



For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker, please refer the chapter titled "*General Information - Details of the Market Making Arrangement for this Offer*" beginning on page no. 51 of this Draft Prospectus.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts / authorities in Mumbai. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## OFFER STRUCTURE

This Offer is being made in terms of Regulation 106 (M) (1) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, a Company whose post issue/Offer face value capital does not exceed ten crore rupees, shall issue/Offer shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the EMERGE Platform of NSE). For further details regarding the salient features and terms of such this Offer, please refer the chapters titled "Terms of the Offer" and "Offer Procedure" beginning on page nos. 193 and 201 respectively, of this Draft Prospectus.

### Offer Structure:

*Initial Public Offer of 8,88,000 Equity Shares of ₹10 each (the "Equity Shares") for cash at a price of ₹150 per Equity Share (including a Share premium of ₹140 per Equity Share) aggregating to ₹1332 lakhs ("the Offer") by S K S Textiles Limited ("SKS" or the "Company").*

*The Offer comprises a Net Offer to Public of 8,88,000 Equity Shares of ₹10 each ("the Net Offer"), and a reservation of 48,000 Equity Shares of ₹10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion"). The Offer and the Net Offer will constitute 27.24% and 25.77%, respectively of the post Offer paid up equity share capital of the company. The Offer is being made through the Fixed Price Process:*

| Particulars of the Offer                          | Net Offer to Public   | Market Maker Reservation Portion  |
|---|---|---|
| Number of Equity Shares available for allocation  | 8,40,000 Equity Shares  | 48,000 Equity Shares  |
| Percentage of Offer Size available for allocation | 94.60% of the Offer Size  | 5.40% of the Offer Size   |
| Basis of Allotment                                | Proportionate subject to minimum allotment of 1,000 Equity Shares and further allotment in multiples of 1,000 Equity Shares each. For further details please refer to the "Basis of Allotment" on page no. 236 of this Draft Prospectus.  | Firm Allotment  |
| Minimum Application Size                          | <i>For QIB and NII:</i><br><br>Such number of Equity Shares in multiples of 1,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000<br><br><i>For Retail Individuals:</i><br><br>1,000 Equity Shares   | 48,000 Equity Shares  |
| Maximum Application Size                          | <i>For QIB and NII:</i><br><br>Such number of Equity Shares in multiples of 1,000 Equity Shares such that the Application Size does not exceed 8,88,000 Equity Shares.<br><br><i>For Retail Individuals:</i><br><br>Such number of Equity Shares in multiples of 1,000 Equity Shares such that the Application Value does not exceed ₹ 2,00,000 | 48,000 Equity Shares  |
| Mode of Allotment                                 | Dematerialized Form   | Dematerialized Form   |
| Trading Lot                                       | 1,000 Equity Shares   | 1,000 Equity Shares, However the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009. |
| Terms of Payment                                  | The entire Application Amount will be payable at the time of submission of the Application Form.  |   |

| Particulars of the Offer | Net Offer to Public  | Market Maker Reservation Portion |
|--------------------------|--|----------------------------------|
| Application Lot Size     | 1,000 Equity Shares and in multiples of 1,000 Equity Shares thereafter |                                  |

- 1) 50% of the Equity Share offered are reserved for allocation to Applicants below or equal to ₹ 2.00 lakhs and the balance for higher amount Applications.
- 2) In case of joint Applications, the Application Form should contain only the name of the First Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Applicant would be required in the Application Form and such First Applicant would be deemed to have signed on behalf of the joint holders.
- 3) Applicants will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders name, the Lead Manager, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares in this Offer.
- 4) SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB.

#### Lot Size

SEBI vide circular CIR/MRD/DSA/06/2012 dated February 21, 2012 (the “Circular”) standardized the lot size for Initial Public Offer proposing to list on SME exchange/platform and for the secondary market trading on such exchange/platform, as under:

| Offer Price (in `)      | Lot Size (No. of shares) |
|-------------------------|--------------------------|
| Upto 14                 | 10000                    |
| More than 14 upto 18    | 8000                     |
| More than 18 upto 25    | 6000                     |
| More than 25 upto 35    | 4000                     |
| More than 35 upto 50    | 3000                     |
| More than 50 upto 70    | 2000                     |
| More than 70 upto 90    | 1600                     |
| More than 90 upto 120   | 1200                     |
| More than 120 upto 150  | 1000                     |
| More than 150 upto 180  | 800                      |
| More than 180 upto 250  | 600                      |
| More than 250 upto 350  | 400                      |
| More than 350 upto 500  | 300                      |
| More than 500 upto 600  | 240                      |
| More than 600 upto 750  | 200                      |
| More than 750 upto 1000 | 160                      |
| Above 1000              | 100                      |

Further to the Circular, at the Initial Public Offer stage the Registrar to Offer in consultation with Lead Manager, our Company and NSE shall ensure to finalize the basis of allotment in minimum lots and in multiples of minimum lot size, as per the above given table. The secondary market trading lot size shall be the same, as shall be the IPO Lot Size at the application/allotment stage, facilitating secondary market trading.

## OFFER PROCEDURE

All Applicants 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 “**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 Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act 2013, to the extent applicable to a public issue. The General Information Document would be made available with the Lead Manager and would also be made available on the websites of the Stock Exchanges and the Lead Manager before opening of Offer. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Our Company, the Selling Shareholders and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and shall not be liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications 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 this Draft Prospectus.

Please note that all the Applicants can participate in the Offer only through the ASBA process. All Applicants shall ensure that the ASBA Account has sufficient credit balance such that the full Application Amount can be blocked by the SCSB at the time of submitting the Application. Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs.

ASBA Applicants are required to submit ASBA Applications to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants (“DP”), Registrar to an Offer and Share Transfer Agent (“RTA”) that have been notified by NSE to act as intermediaries for submitting Application Forms are provided on <http://www.nseindia.com>. For details on their designated branches for submitting Application Forms, please see the above mentioned NSE website.

Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w.e.f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept application forms.

## PART A

### FIXED PRICE OFFER PROCEDURE

The Offer is being made in compliance with the provisions of Reg. 106(M)(1) of Chapter XB of the SEBI (ICDR) Regulations, 2009 and through the Fixed Price Process wherein 50% of the Net Offer to Public is being offered to the Retail Individual Applicants and the balance shall be offered to Non Retail Category i.e. QIBs and Non-Institutional Applicants. However, if the aggregate demand from the Retail Individual Applicants is less than 50%, then the balance Equity Shares in that portion will be added to the non retail portion offered to the remaining investors including QIBs and NIIs and vice-versa subject to valid Applications being received from them at or above the Offer Price.

Subject to the valid Applications being received at or above the Offer Price, allocation to all categories in the Net Offer, shall be made on a proportionate basis, except for the Retail Portion where Allotment to each Retail Individual Applicants shall not be less than the minimum lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under subscription, if any, in any category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Lead Manager and the Stock Exchange.

Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialised form. The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchanges, do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

## APPLICATION FORM

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the NSE (www.nseindia.com), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Offer Opening Date.

All Applicants shall mandatorily participate in the Offer only through the ASBA process. ASBA Applicants must provide bank account details and authorisation to block funds in the relevant space provided in the Application Form and the Application Forms that do not contain such details are liable to be rejected.

ASBA Applicants shall ensure that the Applications are made on Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Application Forms) and the Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Application Form for various categories is as follows:

| Category  | Colour <sup>(1)</sup> |
|---|-----------------------|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis             | White                 |
| Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis | Blue                  |

<sup>(1)</sup>excluding electronic Application Form

Designated Intermediaries shall submit Application Forms to SCSBs and shall not submit it to any non-SCSB bank.

## Who Can Apply?

1. Indian nationals resident in India, who are not minors (except through their Legal Guardians), in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: —Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorised to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Offer;
6. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;

8. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Applications portion;
9. VCFs registered with SEBI;
10. FVCIs registered with SEBI;
11. Eligible QFIs;
12. Foreign Nationals and other non-residents (subject to eligibility norms specified in SEBI FPI Regulations, 2014 and other applicable provisions)
13. Multilateral and bilateral development financial institutions;
14. State Industrial Development Corporations;
15. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
16. Scientific and/or industrial research organizations authorized in India to invest in equity shares;
17. Insurance companies registered with Insurance Regulatory and Development Authority;
18. Provident Funds with a minimum corpus of ₹250 million and who are authorised under their constitution to hold and invest in equity shares;
19. Pension Funds with a minimum corpus of ₹250 million and who are authorised under their constitution to hold and invest in equity shares;
20. Limited liability partnerships;
21. National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;
22. Nominated Investor and Market Maker
23. Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India
24. Any other person eligible to Apply in this Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

***As per the existing policy of the Government of India, OCBs cannot participate in this Offer. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.***

**Applications not to be made by:**

1. Minors (except through their Legal Guardians)
2. Partnership firms or their nominations
3. Overseas Corporate Bodies

**Maximum and Minimum Application Size**

**a) For Retail Individual Applicants:**



The Application must be for a minimum of 1,000 Equity Shares and in multiples of 1,000 Equity Shares thereafter, so as to ensure that the Application Amount payable by the Applicant does not exceed ₹ 2,00,000. In case of revision of the Application, the Retail Individual Applicants have to ensure that the Application Amount does not exceed ₹ 2,00,000.

**b) For Other Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of 1,000 Equity Shares thereafter. Application cannot be submitted for more than the Offer Size. However, the maximum application size by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Applicant cannot withdraw or lower the size of their Application at any stage and are required to pay the entire Application Amount upon submission of the Application.**

The identity of QIBs applying in the Net Offer shall not be made public during the Offer Period. In case of revision in Application, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

**Information for the Applicants**

- a) Our Company shall file the Prospectus with the RoC at least three working days before the Offer Opening Date.
- b) Our Company shall, after registering the Prospectus with the RoC, make a pre-Offer advertisement, in the form prescribed under the ICDR Regulations, in English and Hindi national newspapers and one regional newspaper with wide circulation. In the pre-Offer advertisement, our Company and the Lead Manager shall advertise the Offer Opening Date, the Offer Closing Date. This advertisement, subject to the provisions of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the ICDR Regulations.
- c) Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Offer Opening Date.
- d) Applicants who are interested in subscribing to the Equity Shares should approach any of the Application Collecting Intermediaries or their authorized agent(s).
- e) Application should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and / or the Designated Branch.
- f) The Application Form can be submitted either in physical or electronic mode, to the Application Collecting Intermediaries. Further Application Collecting Intermediary may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.

**The Applicants should note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic system of the Stock Exchanges does not match with the PAN, DP ID and Client ID available in the database of Depositories, the Application Form is liable to be rejected.**

**Availability of the Prospectus and the Application Forms:**

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Offer Opening Date.



### **Participation by associates and affiliates of the Lead Manager**

The Lead Manager shall not be allowed to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Manager may subscribe to Equity Shares in the Offer in non Retail Portion, where the allocation is on a proportionate basis.

### **Applications by Mutual Funds**

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to reject the Application without assigning any reason thereof.

Applications made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made.

**In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.**

**No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.**

### **Applications by Eligible NRIs**

NRIs may obtain copies of Application Form from the offices of the Lead Manager and the Designated Intermediaries. Eligible NRI Applicants applying 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 Applicants applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Application Amount, at the time of the submission of the Application Form.

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents (white in colour).

Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

### **Applications by FPI and FIIs**

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI 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 SEBI FII Regulations. An FII or a sub-account may participate in this Offer, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a qualified foreign investor 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 qualified foreign investors who have not registered as FPIS under the SEBI FPI Regulations shall not be eligible to participate in this Offer.

In case of Applications made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Application Form, failing which our Company reserves the right to reject any application without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Applications made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Application Form, failing which our Company reserves the right to reject any Application without assigning any reason.

In terms of the SEBI FPI Regulations, the Offer 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) must be below 10.00% of our post-Offer 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 FPIs put 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 sectorial cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits 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.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

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 foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor 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 an FPI against securities held by it that are listed or proposed to be listed on any recognized 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.

FPIs who wish to participate in the Offer are advised to use the Application Form for Non-Residents (blue in colour).

#### **Applications by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus 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 1/3rd of its corpus 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 VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

**Our Company, the Selling Shareholders or the Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.**

### **Applications by Limited Liability Partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company and the Selling Shareholders reserves the right to reject any Application without assigning any reason thereof.

### **Applications by Insurance Companies**

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company and the Selling Shareholders reserves the right to reject any Application without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- 1) equity shares of a company: the least of 10.00% of the investee company's subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10.00% of investment assets in case of general insurer or reinsurer;
- 2) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- 3) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Applications by Provident Funds / Pension Funds**

In case of Applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250.00 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application, without assigning any reason thereof.

### **Applications by Banking Companies**

In case of Applications 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 Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Application without assigning any reason.

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30.00% of the paid up share capital of the investee company or 30.00% of the banks' own paid up share capital and reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 1, 2015 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

### **Applications by SCSBs**

SCSBs participating in the Offer 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 such applications.

### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form. Failing this, our Company and the Selling Shareholders reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Applications by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.
- b) With respect to Applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Application Form.
- c) With respect to Applications made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form.
- d) With respect to Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form.
- e) Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application form, subject to such terms and conditions that our Company, the Selling Shareholders and the Lead Manager may deem fit.

**The above information is given for the benefit of the Applicants. Our Company, the Selling Shareholders and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and Applicants are advised to ensure that any single Application from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.**

### **General Instructions**

#### **Do's:**

- 1) Check if you are eligible to apply as per the terms of this Draft Prospectus and under applicable law, rules, regulations, guidelines and approvals;
- 2) Read all the instructions carefully and complete the Application Form in the prescribed form;
- 3) Ensure that the details about the PAN, DP ID and Client ID are correct and the Applicants depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
- 4) Ensure that your Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary;
- 5) If the first applicant is not the account holder, ensure that the Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;

- 6) Ensure that the signature of the First Applicant in case of joint Applications, is included in the Application Forms;
- 7) Ensure that the name(s) given in the 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 Applications, the Application Form should contain only the name of the First Applicant whose name should also appear as the first holder of the beneficiary account held in joint names;
- 8) Ensure that you request for and receive a stamped acknowledgement of your Application;
- 9) Ensure that you have funds equal to the Application Amount in the ASBA Account maintained with the SCSB before submitting the Application Form under the ASBA process to the respective member of the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
- 10) Submit revised Applications to the same Designated Intermediary, through whom the original Application was placed and obtain a revised acknowledgment;
- 11) Except for Applications (i) on behalf of the Central or State Governments and the officials appointed by the 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, and (ii) Applications by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Applicants should mention their PAN allotted under the IT Act. 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. All other applications in which PAN is not mentioned will be rejected;
- 12) Ensure that the Demographic Details are updated, true and correct in all respects;
- 13) 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;
- 14) Ensure that the category and the investor status is indicated;
- 15) Ensure that in case of Applications under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
- 16) Ensure that Applications submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
- 17) Applicants should note that in case the DP ID, Client ID and the PAN mentioned in their Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Applications are liable to be rejected. Where the 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 Application Form;
- 18) Ensure that the Application Forms are delivered by the Applicants within the time prescribed as per the Application Form and the Prospectus;
- 19) Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- 20) Ensure that you have correctly signed the authorisation/undertaking box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form at the time of submission of the Application;



- 21) Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
- 22) The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

- 1) Do not apply for lower than the minimum Application size;
- 2) Do not apply at a Price different from the Price mentioned herein or in the Application Form;
- 3) Do not pay the Application Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
- 4) Do not send Application Forms by post; instead submit the same to the Designated Intermediary only;
- 5) Do not submit the Application Forms to any non-SCSB bank or our Company;
- 6) Do not apply on a Application Form that does not have the stamp of the relevant Designated Intermediary;
- 7) Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
- 8) Do not apply for a Application Amount exceeding ₹ 200,000 (for Applications by Retail Individual Applicants);
- 9) Do not fill up the Application Form such that the Equity Shares applied for exceeds the Offer 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 or under the terms of the Prospectus;
- 10) Do not submit the General Index Register number instead of the PAN;
- 11) Do not submit the Application without ensuring that funds equivalent to the entire Application Amount are blocked in the relevant ASBA Account;
- 12) Do not submit Applications on plain paper or on incomplete or illegible Application Forms or on Application Forms in a colour prescribed for another category of Applicant;
- 13) Do not submit a Application in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
- 14) Do not apply if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
- 15) Do not submit more than five Application Forms per ASBA Account;

The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Issuance of a Confirmation of Allocation Note (“CAN”) and Allotment in the Offer**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Offer shall send to the SCSBs a list of their Applicants who have been allocated Equity Shares in the Offer.
2. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

**Payment instructions**

The entire Offer price of ₹ 150 per Equity Share is payable on Application. In case of allotment of lesser number of Equity Shares than the number applied, then the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants.

SCSBs will transfer the amount as per the instruction received by the Registrar to the Public Offer Bank Account. The balance amount after transfer to the Public Offer Account shall be unblocked by the SCSBs.

The Applicants shall specify the bank account details in the Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal / rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount. However, Not Retails Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Offer shall give instruction to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Offer and consequent transfer of the Application Amount to the Public Offer Account, or until withdrawal / failure of the Offer or until rejection of the application, as the case may be.

Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w.e.f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept application forms.

### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, our Company shall, after registering the Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language daily newspaper, each with wide circulation. In the pre-Offer advertisement, we shall state the Offer Opening Date and the Offer 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 Regulations.

### **Signing of the Underwriting Agreement and the RoC Filing**

- a) Our Company, the Lead Manager and the Market Maker have entered into an Underwriting Agreement on September 12, 2017.
- b) For terms of the Underwriting Agreement please see chapter titled “*General Information*” beginning on page no. 45 of this Draft Prospectus.
- c) We will file a copy of the Prospectus with the RoC in terms of Section 26, 28 and all other provision applicable as per Companies Act.

### **Communications**

All future communications in connection with Applications made in this Offer should be addressed to the Registrar quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application Form, name and address of the SCSB / Designated Intermediary, where the Application was submitted and bank account number in which the amount equivalent to the Application Amount was blocked.

Applicants can contact the Compliance Officer or the Registrar in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Applications submitted to the Designated Branches of the SCSBs, the Applicants can contact the Designated Branches of the SCSBs.

### **Impersonation**

**Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 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.

### **Undertaking by our Company**

We undertake the following:

- 1) If our Company does not proceed with the Offer after the Offer Opening Date but before allotment, then the reason thereof shall be given as a public notice to be issued by our Company within two days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the Pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 2) If our Company withdraws the Offer after the Offer Closing Date, our Company shall be required to file a fresh offer document with the RoC / SEBI, in the event our Company subsequently decides to proceed with the Offer;
- 3) The complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- 4) 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 Offer Closing Date;
- 5) The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar and Share Transfer Agent to the Offer by our Company;
- 6) Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law for the delayed period;
- 7) The certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time;
- 8) No further Offer of Equity Shares shall be made till the Equity Shares issued through the Prospectus are listed or until the Bid monies are refunded /unblocked in ASBA Account on account of non-listing, under-subscription etc;
- 9) Adequate arrangements shall be made to collect all Application Forms and

### **Undertakings by the Selling Shareholders**

Each Selling Shareholder severally undertakes that:

- 1) it shall deposit its Equity Shares offered in the Offer in an escrow account opened with the Registrar to the Offer at least one Working Day prior to the Bid/ Offer Opening Date;
- 2) it shall not have any recourse to the proceeds of the Offer for Sale until final listing and trading approvals have been received from the Stock Exchanges;

- 3) it shall take all steps and provide all assistance to our Company and the LeadManager, as may be required for the 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 within six Working Days from the Offer Closing Date of the Offer, failing which it shall forthwith repay without interest all monies received from Bidders to the extent of the Offered Shares. In case of delay, interest as per applicable law shall be paid by the Selling Shareholder;
- 4) it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Equity Shares held by it except the Equity Shares being offered in the Offer for Sale until such time that the lock-in remains effective save and except as may be permitted under the SEBI Regulations;
- 5) it shall ensure that the Equity Shares being offered by it in the Offer, shall be transferred to the successful Bidders within the time specified under applicable law; and

it shall give appropriate instructions for dispatch of the refund orders or Allotment Advice to successful Bidders within the time specified under applicable law.

#### **Utilization of Offer Proceeds**

The Board of Directors of our Company certifies that:

- 1) All monies received out of the Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act, 2013;
- 2) Details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- 3) Details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Fresh Issue.

Our Company shall not have recourse to the Fresh Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

## PART B

### General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

#### 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, and 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 (“SEBI ICDR Regulations, 2009”).

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 Offer are set out in the Red Herring Prospectus (“RHP”) / Prospectus 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 Offer. 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 Offer 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 in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. 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, 2009. 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, 2009, 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 Offer Price through the Book Building Process (“Book Built Issue”) or undertake a Fixed Price Offer (“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-offer advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer 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).

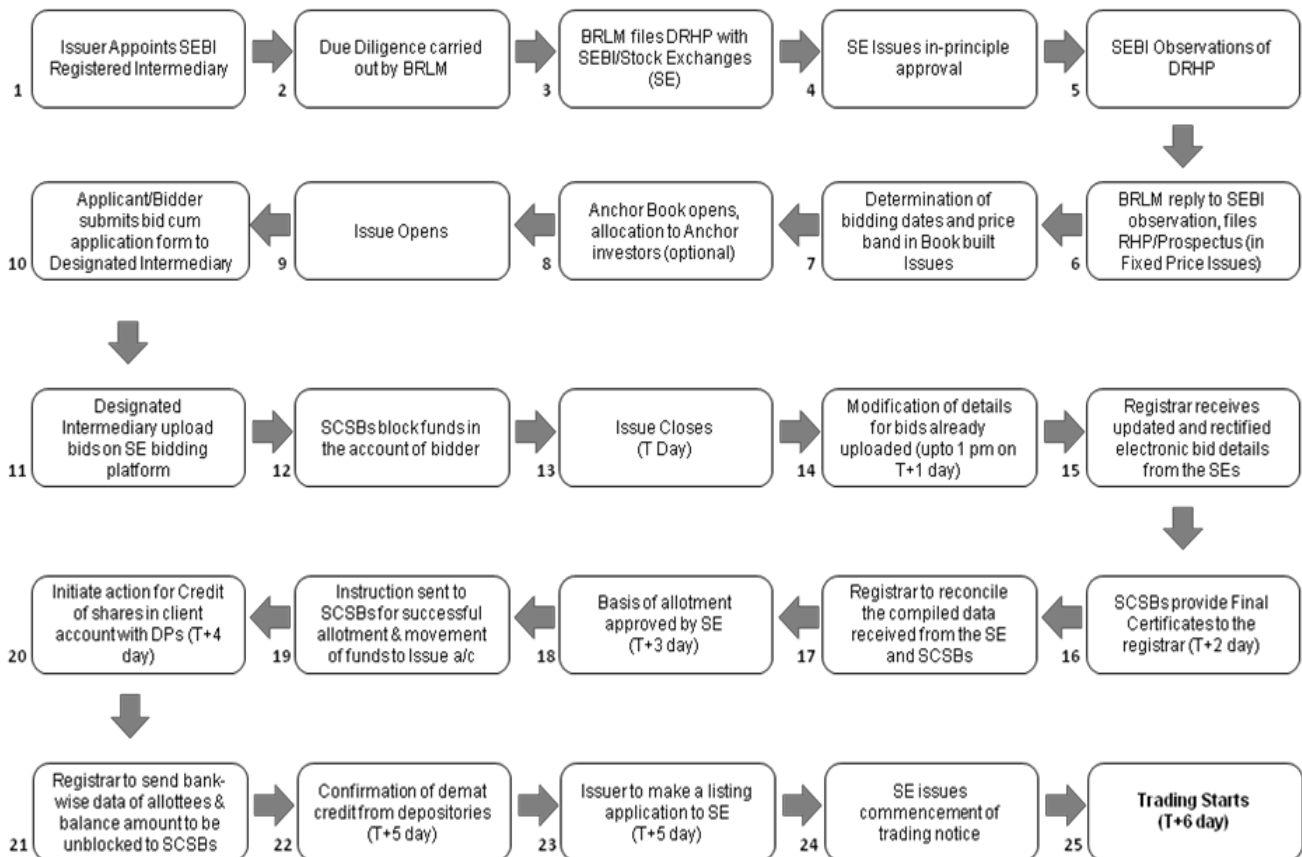
In case of a Book Built Issue, the Issuer may close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/ Issue Period may be extended by 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 BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

#### **2.6 FLOWCHART 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 Bid cum Application Form with Designated Branch of SCSB.



### 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 Bidding only under the Non Institutional Investors (“NIIs”) 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 NIIs category;
- 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; and
- 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.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

#### 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) either bearing the stamp of a member of the Syndicate or any other 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 cum Application Form bearing the stamp of an SCSB 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 color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

| Category  | Colour <sup>(1)</sup> |
|---|-----------------------|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis             | White                 |
| Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis | Blue                  |

<sup>(1)</sup>excluding electronic Application Form

Securities issued in an IPO can only be in dematerialized form in accordance 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 rematerialised subsequent to Allotment.

#### 4.1 INSTRUCTIONS FOR FILING 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/ Prospectus 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 Bid cum Application Form and sample are provided below.



A sample Bid cum Application Form is reproduced below:

**COMMON BID CUM APPLICATION FORM**

**XYZ LIMITED - INITIAL PUBLIC ISSUE - R**

**FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS**

TO,  
THE BOARD OF DIRECTORS  
XYZ LIMITED

**BOOK BUILT ISSUE**

ISIN : .....

**Bid cum Application Form No.** \_\_\_\_\_

**SYNDICATE MEMBER'S STAMP & CODE**

**BROKER/SCSB/DP/RTA STAMP & CODE**

**SUB-BROKER'S / SUB-AGENT'S STAMP & CODE**

**ESCROW BANK/SCSB BRANCH STAMP & CODE**

**BANK BRANCH SERIAL NO.**

**SCSB SERIAL NO.**

**1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER**

Mr. / Ms. \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_ Email \_\_\_\_\_

Tel. No (with STD code) / Mobile \_\_\_\_\_

**2. PAN OF SOLE / FIRST BIDDER**

\_\_\_\_\_

**3. BIDDER'S DEPOSITORY ACCOUNT DETAILS**     NSDL     CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

\_\_\_\_\_

**6. INVESTOR STATUS**

Individual(s) - IND

Hindu Undivided Family\* - HUF

Bodies Corporate - CO

Banks & Financial Institutions - FI

Mutual Funds - MF

Non-Resident Indians - NRI (Non-Repatriation basis)

National Investment Fund - NIF

Insurance Funds - IF

Insurance Companies - IC

Venture Capital Funds - VCF

Alternative Investment Funds - AIF

Others (Please specify) - OTH

\* HUF should apply only through Karza (Application by HUF would be treated on par with Individual)

**4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")**

| Bid Options   | No. of Equity Shares Bid (In Figures)<br>(Bids must be in multiples of Bid Lot as advertised) |   |   |   |   |   |   |   | Price per Equity Share (₹) / "Cut-off"<br>(Price in multiples of ₹ 1/- only) (In Figures) |                 |           | "Cut-off"<br>(Please tick) |
|---------------|---|---|---|---|---|---|---|---|---|-----------------|-----------|----------------------------|
|               | 8   | 7 | 6 | 5 | 4 | 3 | 2 | 1 | Bid Price   | Retail Discount | Net Price |                            |
| Option 1      |   |   |   |   |   |   |   |   |   |                 |           | <input type="checkbox"/>   |
| (OR) Option 2 |   |   |   |   |   |   |   |   |   |                 |           | <input type="checkbox"/>   |
| (OR) Option 3 |   |   |   |   |   |   |   |   |   |                 |           | <input type="checkbox"/>   |

**5. CATEGORY**

Retail Individual Bidder

Non-Institutional Bidder

QIB

**7. PAYMENT DETAILS**

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 ABBRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. 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 OVERLEAF.

**PAYMENT OPTION : FULL PAYMENT**        **PART PAYMENT**

**8A. SIGNATURE OF SOLE/ FIRST BIDDER**

\_\_\_\_\_

Date : \_\_\_\_\_

**8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S)  
(AS PER BANK RECORDS)**

I/We authorize the SCSB to do all acts as are necessary to make the Application in the line

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

**BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)**

\_\_\_\_\_

TEAR HERE

**XYZ LIMITED**

**INITIAL PUBLIC ISSUE - R**

**Acknowledgement Slip for Broker/SCSB/DP/RTA**

**Bid cum Application Form No.** \_\_\_\_\_

**PAN of Sole / First Bidder**

\_\_\_\_\_

DPID / CLID \_\_\_\_\_

Amount paid (₹ in figures) \_\_\_\_\_ Bank & Branch \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Received from Mr./Ms. \_\_\_\_\_

Telephone / Mobile \_\_\_\_\_ Email \_\_\_\_\_

**Stamp & Signature of SCSB Branch**

\_\_\_\_\_

TEAR HERE

**XYZ LIMITED - INITIAL PUBLIC ISSUE - R**

|                      | Option 1 | Option 2 | Option 3 |
|----------------------|----------|----------|----------|
| No. of Equity Shares |          |          |          |
| Bid Price            |          |          |          |
| Amount Paid (₹)      |          |          |          |

ASBA Bank A/c No. \_\_\_\_\_

Bank & Branch \_\_\_\_\_

**Stamp & Signature of Broker / SCSB / DP / RTA**

\_\_\_\_\_

**Name of Sole / First Bidder**

\_\_\_\_\_

**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 (including letters notifying the unblocking of the bank accounts of Bidders/Applicants) 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. All communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- 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:*

- *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- *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*
- *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 NUMBER 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(s) in whose 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 General Index Register Number instead of PAN may be rejected.
- e) Bids/Applications by Bidders 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/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 unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- 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 Investors 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 NIIs and such Bids from QIBs and NIIs may be rejected.
- d) **Minimum Application Value and Bid Lot:** The Issuer, the Selling Shareholders in consultation with the BRLMs 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 RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII 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 Investors, 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 ₹ 2,00,000.
- b) In case the Bid Amount exceeds ₹ 2,00,000 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) For NRIs, a Bid Amount of up to ₹ 2,00,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 2,00,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- d) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 2,00,000 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. Non-Institutional Investors and QIBs are not allowed to Bid at Cut-off Price.
- e) RII may revise or withdraw their bids until Bid/ Issue Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.
- f) In case the Bid Amount reduces to ₹ 2,00,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- g) 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.
- h) A Bid cannot be submitted for more than the Issue size.
- i) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- j) 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 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.

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.

- b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
- 1) 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.
  - 2) 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.
- c) The following Bids may not be treated as multiple Bids:
- 1) Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Issue portion in public category.
  - 2) 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.
  - 3) 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.
  - 4) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### **4.1.5 FIELD NUMBER 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 RIIs, NIIs 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 based on the authorisation provided in the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for 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) Bidders who Bid at Cut-off Price shall deposit the Bid Amount based on the Cap Price.
- c) All Bidders (except Anchor Investors) can participate in the Issue only through the ASBA mechanism.
- d) Bid Amount cannot be paid in cash, 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 RTGS, NEFT or cheque/ demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Anchor Investor Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- c) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.
- d) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.
- e) Anchor Investors are advised to provide the number of the Anchor Investor Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

##### **4.1.7.2 Payment instructions for Bidders (other than Anchor Investors)**

- a) Bidders may submit the Bid cum Application Form either
  - 1) in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account, or
  - 2) 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
  - 3) 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, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may 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 bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified Locations. Bidders should also note that Bid cum Application Forms submitted to the Syndicate at the Specified Locations may not be accepted by the member of the Syndicate 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 the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).
- g) Bidders bidding through a Registered Broker, RTA or CDP should note that Bid cum Application Forms submitted to them 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 the Registered Brokers, RTA or CDP, as the case may be, to deposit Bid cum Application Forms.
- h) Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- i) Upon receipt of the Bid cum Application 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 Bid cum Application 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 upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.
- l) Upon submission of a completed Bid cum Application 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 Bid cum Application 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, along with reasons for rejection and details of withdrawn or unsuccessful 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 Bid cum Application 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 RII 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 Offer may block an amount i.e. the Bid Amount less Discount (if applicable).

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 RII 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 Acknowledgement Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the Bid cum Application Form.
- b) All communications in connection with Bids/Applications made in the Issue should be addressed as under:
- 1) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.
  - 2) In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.
  - 3) In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders/Applicants should contact the relevant Syndicate Member.
  - 4) In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker
  - 5) In case of Bids submitted to the RTA, the Bidders/Applicants should contact the relevant RTA.
  - 6) In case of Bids submitted to the DP, the Bidders/Applicants should contact the relevant DP.

- 7) Bidder/Applicant may contact our Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.
- c) The following details (as applicable) should be quoted while making any queries –
- 1) full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application;
  - 2) name and address of the Designated Intermediary, where the Bid was submitted; or
  - 3) In case of Bids other than from Anchor Investors, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.
- d) In case of Anchor Investor bids cheque or draft number and the name of the issuing bank thereof.

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 NIIs, 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) RII may revise their bids or withdraw their Bids till the Bid/ Issue Close 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><br>Address : ..... Contact Details : ..... CIN No ..... | <b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b> |
|---------------------------------|---|--|

|                  |  |   |                  |              |  |
|------------------|--|---|------------------|--------------|--|
| LOGO             | TO,<br>THE BOARD OF DIRECTORS<br>XYZ LIMITED | <table border="1" style="width:100%;"> <tr><td style="text-align: center;">BOOK BUILT ISSUE</td></tr> <tr><td style="text-align: center;">ISIN : .....</td></tr> </table> | BOOK BUILT ISSUE | ISIN : ..... | Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span> |
| BOOK BUILT ISSUE |  |   |                  |              |  |
| ISIN : .....     |  |   |                  |              |  |

|   |                                      |  |
|---|--------------------------------------|--|
| SYNDICATE MEMBER'S STAMP & CODE         | BROKER/SCSB/DP/RTA STAMP & CODE      | 1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER<br>Mr./Ms. _____<br>Address _____<br>Email _____<br>Tel. No (with STD code) / Mobile _____  |
| SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE | 2. PAN OF SOLE / FIRST BIDDER _____  |
| BANK BRANCH SERIAL NO.                  | SCSB SERIAL NO.                      | 3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL<br>For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID |

| PLEASE CHANGE MY BID |   |   |   |   |   |   |   |   |   |                 |                          |                         |
|----------------------|---|---|---|---|---|---|---|---|---|-----------------|--------------------------|-------------------------|
| Bid Options          | No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) |   |   |   |   |   |   |   | Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) |                 |                          |                         |
|                      | (In Figures)  |   |   |   |   |   |   |   | (In Figures)  |                 |                          |                         |
|                      | 8   | 7 | 6 | 5 | 4 | 3 | 2 | 1 | Bid Price   | Retail Discount | Net Price                | "Cut-off" (Please tick) |
| Option 1             |   |   |   |   |   |   |   |   |   |                 | <input type="checkbox"/> |                         |
| (OR) Option 2        |   |   |   |   |   |   |   |   |   |                 | <input type="checkbox"/> |                         |
| (OR) Option 3        |   |   |   |   |   |   |   |   |   |                 | <input type="checkbox"/> |                         |

| 5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off") |   |   |   |   |   |   |   |   |   |                 |                          |                         |
|---|---|---|---|---|---|---|---|---|---|-----------------|--------------------------|-------------------------|
| Bid Options   | No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) |   |   |   |   |   |   |   | Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) |                 |                          |                         |
|   | (In Figures)  |   |   |   |   |   |   |   | (In Figures)  |                 |                          |                         |
|   | 8   | 7 | 6 | 5 | 4 | 3 | 2 | 1 | Bid Price   | Retail Discount | Net Price                | "Cut-off" (Please tick) |
| Option 1  |   |   |   |   |   |   |   |   |   |                 | <input type="checkbox"/> |                         |
| (OR) Option 2   |   |   |   |   |   |   |   |   |   |                 | <input type="checkbox"/> |                         |
| (OR) Option 3   |   |   |   |   |   |   |   |   |   |                 | <input type="checkbox"/> |                         |

|  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|
| 6. PAYMENT DETAILS   |  |  |  |  |  |  |  |  |  | PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/> |  |
| Additional 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 REVISION FORM AND THE ATTACHED ABBRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING UP THE BID REVISION FORM GIVEN OVERLEAF.

|  |   |   |
|--|---|---|
| 7A. SIGNATURE OF SOLE / FIRST BIDDER<br><br>Date : _____ | 7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s)<br>(AS PER BANK RECORDS)<br>I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue<br>1) _____<br>2) _____<br>3) _____ | BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system) |
|--|---|---|

|      |  |   |  |
|------|--|---|--|
| LOGO | <b>XYZ LIMITED</b><br>BID REVISION FORM - INITIAL PUBLIC ISSUE - R | Acknowledgement Slip for Broker/SCSB/DP/RTA | Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span> |
|------|--|---|--|

|   |  |                                  |
|---|--|----------------------------------|
| DPID / CLID   |  | PAN of Sole / First Bidder       |
| Additional Amount Paid (₹) _____ Bank & Branch _____                |  | Stamp & Signature of SCSB Branch |
| ASBA Bank A/c No. _____   |  |                                  |
| Received from Mr./Ms. _____<br>Telephone / Mobile _____ Email _____ |  |                                  |

|   |  |          |          |          |   |                             |
|---|--|----------|----------|----------|---|-----------------------------|
| <b>XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b> | No. of Equity Shares                           | Option 1 | Option 2 | Option 3 | Stamp & Signature of Broker / SCSB / DP / RTA | Name of Sole / First Bidder |
|   | Bid Price                                      |          |          |          |   |                             |
|   | Additional Amount Paid (₹)                     |          |          |          |   |                             |
|   | ASBA Bank A/c No. _____<br>Bank & Branch _____ |          |          |          |   |                             |

|  |  |
|--|--|
|  | Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span> |
|--|--|

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/APPLICANT, 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'

- a) 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 members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.
- b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 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 RIIs, 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.
- d) 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. If, however, the RII 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 RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- e) In case of a downward revision in the Price Band, RIIs 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 in case of Bidders.

#### 4.2.3 FIELD 6: PAYMENT DETAILS

- a) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount, if applicable) along with the Bid Revision Form. 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.
- b) Bidder/Applicant 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.
- c) 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. 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 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.



- d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, 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.

#### 4.2.4 FIELDS 7: 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

- a) The Issuer may mention Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- b) **Minimum Application Value and Bid Lot:** The Issuer, the Selling Shareholders in consultation with the Lead Manager to the Issue (LM) 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.
- c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.
- d) 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.
- e) An application cannot be submitted for more than the Issue size.
- f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- g) **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.
- h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  - 1) 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, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.
  - 2) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids 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.
- i) The following applications may not be treated as multiple Bids:
  - 1) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Issue portion in public category.



- 2) 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.
- 3) 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 FIELD NUMBER 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 RIIs, individual applicants other than RII'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 ASBA for applying in the Issue
- b) Application Amount cannot be paid in cash, through money order, cheque or through postal order or through stock invest.

##### **4.3.5.1 Payment instructions for Applicants**

- a) Applicants may submit the Application Form in physical mode to the Designated Intermediaries.
- b) Applicants must specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, 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) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- d) Applicants 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) Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

- i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- j) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application 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 Application, as the case may be.
- l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

#### **4.3.5.2 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 Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, 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 Application 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 Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six Working Days of the Issue Closing Date.

#### **4.3.5.3 Discount (if applicable)**

- a) The Discount is stated in absolute rupee terms.
- b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

#### **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/REVISION FORM/APPLICATION FORM**

##### **4.4.1 Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-**

| <b>Mode of Application</b>        | <b>Submission of Bid cum Application Form</b>  |
|-----------------------------------|--|
| Anchor Investors Application Form | <ul style="list-style-type: none"> <li>• To the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form</li> </ul> |
| All Applications (other than      | <ul style="list-style-type: none"> <li>• To members of the Syndicate in the Specified Locations or Registered</li> </ul>                                   |

| Mode of Application | Submission of Bid cum Application Form   |
|---------------------|--|
| Anchor Investors)   | Brokers at the Broker Centres or the RTA at the Designated RTA Location or the DP at the Designated DP Location <ul style="list-style-type: none"> <li>• To the Designated Branches of the SCSBs where the ASBA Account is maintained</li> </ul> |

- 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 NIIs 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.
- c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the 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 BRLMs 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) RIIs can withdraw their Bids until Bid/ Issue Closing Date. In case a RII 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 on the Designated Date. QIBs and NIIs 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:
- 1) the Bids accepted by the Designated Intermediaries,
  - 2) the Bids uploaded by the Designated Intermediaries, and
  - 3) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.
- b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the 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) BRLMs 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, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

##### 5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form 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, inter-alia, on the following grounds, 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; and
- 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 not being submitted along with the Bid cum application form/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 persons in the United States excluding persons who are a U.S. QIB (as defined in this Draft Red Herring Prospectus);
- g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- h) PAN not mentioned in the Bid cum Application Form/Application Form, 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;
- i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- k) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;
- l) Bids/Applications at Cut-off Price by NIIs and QIBs;
- m) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- o) Submission of more than five Bid cum Application Forms/Application Form as through a single ASBA Account;
- p) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- q) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- r) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/ Issue Opening Date advertisement and as per the instructions in the RHP/ Prospectus and the Bid cum Application Forms;
- s) Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;
- t) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- u) Where no confirmation is received from SCSB for blocking of funds;
- v) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- w) Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted 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;
- x) Bids/Applications not uploaded on the terminals of the Stock Exchanges; and
- y) 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 Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs 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/ Prospectus.
- 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 at various prices and is collated from Bids received from various investors.

| Bid Quantity | Bid Amount (₹) | Cumulative Quantity | Subscription |
|--------------|----------------|---------------------|--------------|
| 500          | 24             | 500                 | 16.67%       |
| 1,000        | 23             | 1,500               | 50.00%       |
| 1,500        | 22             | 3,000               | 100.00%      |
| 2,000        | 21             | 5,000               | 166.67%      |
| 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 and the Selling Shareholders, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Offer 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/ Prospectus 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. RIIs, NIIs 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 Issue.** As the Issue Price is mentioned in the Fixed Price Offer 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 Issue, allocation in the net Issue to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; 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 Investors 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 Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor 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 Issue (excluding any Issue 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 RIIs**

Bids received from the RIIs 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 RIIs 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 RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot (“**Maximum RII Allottees**”). The Allotment to the RIIs will then be made in the following manner:

- a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs 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 RIIs 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 RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (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 NIIs**

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs 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 NIIs 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 (iii) 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 Investor Selling Shareholder and the BRLMs, subject to compliance with the following requirements:
  - 1) not more than 60% of the QIB Category will be allocated to Anchor Investors;
  - 2) 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
  - 3) allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum Allotment of ₹ 5 crores per such Anchor Investor; and
    - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 250 crores, and an additional 10 Anchor Investors for every additional ₹ 250 crores or part thereof, subject to minimum Allotment of ₹ 5 crores per such Anchor Investor.
- b) 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 BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- c) **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.
- d) **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), NIIs 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/Prospectus. 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. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment.

## SECTION 8: INTEREST AND REFUNDS

## **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer may 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 give instructions for credit to Equity Shares the beneficiary account with CDPs, and dispatch the Allotment Advice 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 for 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 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 NON RECEIPT 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, 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 or unblock 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 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 50 failing which the entire application monies may be refunded forthwith.

### **8.2.4 IN CASE 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 Bids/Applications (other than Anchor Investors):** 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 Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.
- 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/Applicants' 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:

- a) **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;
- b) **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;
- c) **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; and

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, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers, etc. 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 where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 6 working 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 Offer to successful Bidders/Applicants   |
| Allotment Advice   | Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges  |
| Allottee   | An Bidder/Applicant to whom the Equity Shares are Allotted  |
| Anchor Investor  | A Qualified Institutional Buyer, applying under the Anchor Invest or Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009 and the Red Herring Prospectus/ Prospectus.   |
| 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 BRLMs, 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 Form   | The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue  |
| Application Supported by Blocked Amount/ASBA                           | An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB  |
| ASBA Account   | Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant   |
| Banker(s) to the Offer / Escrow Collection Bank(s) / Collecting Banker | The banks which are clearing members and registered with SEBI as Banker to the Offer 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 Offer   |
| Bid  | An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer 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 there to. 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/Applicant up on 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/Offer 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 Offer, which may be notified in an English national daily, a Hindi national daily and a regional language news paper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Closing Date   |
| Bid/Offer Opening Date   | The date on which the Designated Intermediaries may start accepting Bids for the Offer, 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. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Opening Date   |
| Bid/Offer Period   | Except in the case of Anchor Investors(if applicable),the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider  |



| Term  | Description   |
|---|---|
|   | closing the Bid/Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Period   |
| Bid cum Application Form  | An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus  |
| Bidder/Applicant  | Any prospective investor who makes a Bid 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/Applicant should be construed to mean an Bidder/Applicant   |
| Book Built Process / Book Building Process / Book Building Method | The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made  |
| Broker Centres  | Broker centres notified by the Stock Exchanges, where Bidders/Applicants 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.  |
| BRLM(s) / Book Running Lead Manager(s) / Lead Manager / LM        | The Book Running Lead Manager to the Offer 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 & 4 <sup>th</sup> Saturday of a month and public holidays)   |
| 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, above which the Offer Price and the Anchor Investor Offer 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   | Offer Price, finalised by the Issuer and the Selling Shareholders in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, 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 Investor) 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 Bid cum Application Forms to Collecting Depository Participants.<br><br>The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock |

| Term   | Description  |
|--|--|
|  | Exchanges (www.bseindia.com and www.nseindia.com)  |
| 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 / Collecting Agent                 | Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Offer   |
| Designated RTA Locations                                     | Such locations of the RTAs where Bidders can submit the Bid cum Application Forms to RTAs.<br><br>The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Bid cum Application 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 Offer 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 issue cheques or demand drafts or transfer money through NEFT or RTGS in respect of the Bid Amount when submitting a Bid  |
| Escrow Agreement   | Agreement to be entered into among the Issuer, the Selling Shareholders, the Registrar to the Offer, the Book Running Lead Manager(s), the Syndicate Member(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 Offer  |
| 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 Offer is being made   |
| Floor Price  | The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer 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  |

| Term                                | Description  |
|-------------------------------------|--|
| Issuer/Company                      | The Issuer proposing the initial public offering/further public offering as applicable   |
| Maximum RII Allottees               | The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs 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   |
| 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 Offer 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 Offer less reservation portion   |
| Non-Institutional Investors or NIIs | 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 Offer being such number of Equity Shares available for allocation to NIIs 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 Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for  |
| Offer 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 Offer Price The Offer Price may be decided by the Issuer and the Selling Shareholders 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 Offer may be decided by the Issuer and the Selling Shareholders 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/Offer 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 |

| Term   | Description   |
|--|---|
| Pricing Date                                 | The date on which the Issuer and the Selling Shareholders in consultation with the Book Running Lead Manager(s), finalise the Offer 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 Offer Price, the size of the Offer and certain other information  |
| Public Issue Account                         | An account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date  |
| QIB Category                                 | The portion of the Offer 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 Offer. The RHP may be filed with the RoC at least three working days before the Bid/Offer 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  |
| Refunds through electronic transfer of funds | Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable  |
| 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 Offer/RTO                   | The Registrar to the Offer 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 Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009  |
| Retail Individual Investors/RIIs             | Investors who applies or bids for a value of not more than ₹ 200,000 (including HUFs applying through their karta and eligible NRIs and does not include NRIs other than Eligible NRIs).  |
| 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 Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.  |
| Revision Form                                | The form used by the Bidders, including ASBA 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>  |

| Term                     | Description   |
|--------------------------|---|
| Specified Locations      | Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> and updated from time to time  |
| Stock Exchanges / SE     | The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer 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 Bid cum Application Forms by Syndicate Members  |
| Syndicate Member(s) / SM | The Syndicate Member(s) as disclosed in the RHP/Prospectus  |
| Underwriters             | 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              | Any day, other than 2 <sup>nd</sup> and 4 <sup>th</sup> Saturday of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India. |

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”), issued consolidated FDI Policy, which with effect from June 07, 2016 consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on June 7, 2016. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the Consolidation FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares by an Indian resident to a Non-Resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

**The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act, 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 Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States to persons reasonably believed to be “qualified institutional investors” (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A under the Securities Act or other applicable exemption under the Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where such offers and sales occur.**

**The above information is given for the benefit of the Applicants. Our Company, the Selling Shareholders and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them.**



## SECTION X – MAIN PROVISIONS OF ARTICLE OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Table F in Schedule I of the Companies Act, 2013 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

*These Articles of Association were adopted in substitution for and to the entire exclusion of the earlier Articles of Association at the Extra-ordinary General Meeting of the Company held on August 21, 2017.*

### **CAPITAL AND INCREASE AND REDUCTION THEREOF**

3. The Authorized Share Capital of the Company is such amount, as stated, for the time being, or may be varied, from time to time, under the provisions of the Act, in the Clause V of the Memorandum of Association of the Company, divided into such number, classes and descriptions of Shares and into such denominations, as stated therein, and further with such powers to increase the same or otherwise as stated therein.
4. The Company, in General Meeting, may, from time to time, increase the capital by the creation of new shares. Such increase in the capital shall be of such aggregate amount and to be divided into such number of Shares of such respective amounts, as the resolution, so passed in that respect, shall prescribe. Subject to the provisions of the Act, any Shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting, resolving upon the creation thereof, shall direct, and, if no direction be given, as the Directors shall determine, and, in particular, such Shares may be issued with a preferential, restricted or qualified right to dividends, and in the distribution of assets of the Company, on winding up, and with or without a right of voting at general meetings of the Company, in conformity with and only in the manner prescribed by the provisions of the Act. Whenever capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the applicable provisions of the Act.
5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions contained herein with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting or otherwise.
6. Subject to the provisions of Section 55 of the Act and the rules made thereunder, the Company shall have the power to issue preference shares, which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.
7. On the issue of Redeemable Preference Shares under the provisions of the preceding Article, the following provisions shall take effect:-
  - (a) No such Shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of the redemption.
  - (b) No such shares shall be redeemed unless they are fully paid;
  - (c) The premium, if any, payable on redemption, must have been provided for, out of the profits of the Company or the Share Premium Account of the Company before, the Shares are redeemed; and
  - (d) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund to be called "Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed and the provisions of the Act, relating to the reduction of the Share Capital of the Company, shall, except as provided in Section 80 of the Act, apply as if "Capital Redemption Reserve Account" were paid up Share capital of the Company.
8. Subject to Section 66 of the Companies Act, 2013 as and when notified the Company may by special resolution, reduce its capital and any Capital Redemption Reserve Account or Other Premium Account, for the time being,

in any manner, authorized by law, and, in particular, without prejudice to the generality of the foregoing powers, the capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power, the Company would have, if it were omitted.

9. Subject to the applicable provisions of the Act, the Company, in general meeting, may, from time to time, sub-divide, reclassify or consolidate its Shares or any of them, and the resolution whereby any Share is sub-divided, may determine that, as between the holders of the Shares resulting from such sub-division, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid, the Company, in general meeting, may also cancel shares, which have not been taken or agreed to be taken by any person, and diminish the amount of its Share capital by the amount of the Shares so cancelled.
10. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the applicable provisions of the Act, be modified, commuted, affected or abrogated, or dealt with by an agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified, in writing, by holders of at least three-fourths in nominal value of the issued Shares of the class or is confirmed by a special resolution passed at a separate general meeting of the holders of Shares of that class and all the provisions hereinafter contained as to general meetings, shall, mutatis mutandis, apply to every such meeting.

## SHARES AND CERTIFICATES

11. The Company shall keep or cause to be kept a Register and Index of Members, in accordance with the applicable Sections of the Act. The Company shall be entitled to keep, in any State or Country outside India, a Branch Register of Members, in respect of those residents in that State or Country.
12. The Shares, in the capital, shall be numbered progressively according to their several classes and denominations, and, except in the manner hereinabove mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share may continue to bear the number by which the same was originally distinguished with, or as may be otherwise, as may be decided by the Board of Directors or required by any other authority, as may be, for the time being, in force.
13.
  - (1) Where at the time, it is proposed to increase the subscribed capital of the Company by allotment of further Shares either out of the unissued or out of the increased Share capital then:
    - (a) Such further Shares shall be offered to the persons who at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those Shares at that date.
    - (b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not less than fifteen days and not exceeding thirty days from the date of the offer within which the offer if not accepted, will be deemed to have been declined.
    - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right provided that the Directors may decline, without assigning any reason to allot any Shares to any person in whose favour any member may, renounce the Shares offered to him.
    - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.
  - (2) Notwithstanding anything contained in sub-clause (1) thereof, the further Shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a Registered Valuer subject to such conditions prescribed in the rules made thereunder.

- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
  - (a) To extend the time within the offer should be accepted; or
  - (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the remuneration was first made has declined to take the Shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debenture issued or loans raised by the Company to convert such Debenture or loans into Shares in the Company. Provided that the terms of issue of such Debentures or the terms of such loans loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in general meeting
14. Subject to the provisions of Section 62 of the Companies Act, 2013 and the rules made thereunder and these Articles of the Company for the time being shares 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 part 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 any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. The Board shall cause to be filed the returns as to allotment as may be prescribed from time to time.
15. In addition to and without derogating from the powers for that purpose conferred on the Board under the preceding two Articles, the Company, in general meeting, may determine that any Shares, whether forming part of the original capital or of any increased capital of the Company, shall be offered to such persons, whether or not the members of the Company, in such proportion and on such terms and conditions and, subject to compliance with the provisions of applicable provisions of the Act, either at a premium or at par, as such general meeting shall determine and with full power to give any person, whether a member or not, the option to call for or be allotted Shares of any class of the Company either, subject to compliance with the applicable provision of the Act, at a premium or at par, such option being exercisable at such times and for such consideration as may be directed by such general meeting, or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any Shares.
16. Any application signed by or on behalf of an applicant for subscription for Shares in the Company, followed by an allotment of any Shares therein, shall be an acceptance of Shares within the meaning of these Articles, and every person, who, thus or otherwise, accepts any Shares and whose name is entered on the Registered shall, for the purpose of these Articles, be a member.
17. The money, if any, which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly, in the manner prescribed by the Board.
18. Every member or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his Share or Shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time, in accordance with the Regulations of the Company, require or fix for the payment thereof.
19. (a) Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or

more of such Shares and the Company shall complete and have ready for delivery such certificates within two (2) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one (1) month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a Share or Shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one of several joint holders shall be sufficient delivery to all Shareholders. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a power of attorney and the Secretary or some other person appointed by the Board for the purpose, and such two Directors or their attorneys, and the Secretary or other person shall sign the Share Certificates, provided that, if the composition of the Board permits, provided that, of it, at least one of the aforesaid two Directors shall be a person other than Managing Director or a Whole-time Director. Particulars of every Share certificates issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

- (b) Any two or more joint allottees, in respect of a Share, shall, for the purpose of this Article, be treated as a single member, and the certificate of any Share, which may be subject of joint ownership, may be delivered to the person named first in the order or otherwise even to any one of such joint owners, on behalf of all of them. For any further certificate, the Board shall be entitled but shall not be bound to prescribe a charge not exceeding Rupee 50(fifty) per such certificate. In this respect, the Company shall comply with the applicable provisions, for the time being, in force, of the Act.
- (c) A director may sign a Share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

20. (a) The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to receive from any member willing to advance the same, all or any part of the amount of his Shares beyond the sums actually called up and upon the monies so paid in advance or upon so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advances has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The Provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

- (b) When a new Share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Issued in lieu of Share Certificate No..... sub-divided/replaced/on consolidation of Shares".
- (c) If any certificate be worn out, defaced, mutilated, or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 50/- (Fifty) for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

- (d) When a new Share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "DUPLICATE. Issued in lieu of Share Certificate No. ...." The word "DUPLICATE" shall be stamped or punched in bold letters across the face of the Share certificate.
  - (e) Where a new Share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such Share certificate shall be entered in a Register of Renewed and Duplicate Share Certificates, indicating against the names of the person or persons to whom the certificate is issued, the number and date of issue of the Share certificate, in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" column.
  - (f) All blank forms to be issued for issue of Share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively numbered, whether by machine, hand or otherwise, and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary, where there is no Secretary, the Managing Director or Whole time Director, and where there is no such director, the Chairman of the Board, for the time being, or otherwise of such other person, as the Board may appoint for the purpose, and the Secretary, such director, Chairman or such other person shall be responsible for rendering an account of these forms to the Board.
  - (g) The Managing Director of the Company, for the time being, or, if the Company has no Managing Director, every director of the Company shall be severally responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of Share certificates except the blank forms of Share certificates referred to in Clause (f) of this Article.
  - (h) All books referred to in clause (g) of this Article shall be preserved in good order permanently, or for such period as may be prescribed by the Act or the Rules made thereunder.
21. If any Share stands in the names of two or more persons, the person first named, in the Register, shall, as regards receipt of dividends or bonus or service of notices and all or any matter connected with the Company, except voting at meetings and the transfer of the Shares, be deemed the sole holder thereof but the joint holders of a Share shall be severally as well as jointly liable for the payment of all installments of calls due in respect of such Share and for all incidents otherwise.
  22. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any Share, or, except only as is, by these presents, otherwise expressly provided, any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person, from time to time, registered as the holder thereof, but the Board shall be, at liberty, at their sole discretion, to register any Share in the joint names of any two or more persons or the survivor or survivors of them.
  23. Subject to the provisions of Sections 68 to 70 of the Act 2013 and the rules thereunder, the Company may purchase its own Shares or other specified securities out of free reserves, the securities premium account or the proceeds of issue of any Share or specified securities.
  24. Subject to the provisions contained in Sections 68 to 70 and all applicable provisions of the Act and subject to such approvals, permissions, consents and sanctions from the concerned authorities and departments, including the Securities and Exchange Board of India and the Reserve Bank of India, if any, the Company may, by passing a special resolution at a general meeting, purchase its own Shares or other specified securities (hereinafter referred to as 'buy-back') from its existing Shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots), and/or the securities issued to the employees of the Company pursuant to a scheme of stock options or sweat Equity, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms, conditions and in such manner as may be



prescribed by law from time to time; provided that the aggregate of the securities so bought back shall not exceed such number as may be prescribed under the Act or Rules made from time to time.

#### COMMISSION AND BROKERAGE

25. Subject to the provisions of Section 40 of the Act 2013 and the rules thereof, the Company may, at any time, pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Shares in or Debentures of the Company or procuring or agreeing to procure the subscribers, whether absolutely or conditional, for any Shares in or Debentures of the Company, but so that the commission shall not exceed, in the case of Shares, five per cent of the price at which the Shares are issued and, in the case of Debentures two and half per cent of the price at which the Debentures are issued, and such commission may be satisfied in any such manner, including the allotment of the Shares or Debentures, as the case may be, as the Board thinks fit and proper.
26. Subject to the provisions of the Act, the Company may pay a reasonable sum for brokerage.

#### CALLS

27. The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed only at a duly constituted meeting of the Board, make such call, as it thinks fit, upon the members in respect of all moneys unpaid on the Shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.
28. At least fifteen days' notice, in writing, of any call, shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call be paid.
29. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.
30. The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members whom owing to their residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension, save as a matter of grace and favour.
31. A call may be revoked or postponed at the discretion of Board.
32. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
33. If any members fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time, be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
34. 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 Articles, be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and, in the case of non-payment, all the relevant provisions of these Articles 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.
35. On the trial or hearing of any action or suit brought by the Company against any member or his representative for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the member, in respect of whose Shares the money is sought to be recovered, appears or is entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered, is alleged to have become due on the Shares in respect of which money is sought to be recovered, and that the resolution making the call is duly recorded in the minute book, and that notice, of which call, was duly given to the member or his representatives and used in pursuance of these Articles, and it shall



not be necessary to prove the appointment of the Directors who made such call, and not that a quorum of Directors was present at the meeting of the Board at which any call was made, and nor that the meeting, at which any call was made, has duly been convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

36. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
37. (a) The Board may, if it thinks fit, agree to and receive from any member willing to advance the same all or any part of the amounts of his respective Shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and, at any time thereafter, as exceeds the amount of the calls then made upon and due in respect of the Shares on account of which such advances are made, the Board may pay or allow interest at such rate, as the member paying the sum in advance and the Board agrees upon, subject to the provisions of the Act. The Board may agree to repay, at any time, any amount so advanced or may, at any time, repay the same upon giving to the member 3 (Three) months' notice, in writing, provided that moneys paid, in advance of calls, on any Shares may carry interest but shall not confer a right to dividend or to participate in profits.
- (b) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him, until the same would, but for such payment, become presently payable.

#### **LIEN**

38. The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Shares shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in all respect of such Shares/Debentures. Unless otherwise agreed, the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company's lien, if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this clause.
39. For the purpose of enforcing such lien, the Board may sell the Shares, subject thereto, in such manner, as it shall think fit, and, for that purpose, may cause to be issued a duplicate certificate in respect of such Shares, and may authorize one of their members to execute a transfer thereof, on behalf of and in the name of such manner. No sale shall be made until such period, as aforesaid, shall have arrived and until notice, in writing, of the intention to sell, shall have been served on such member or his representatives and the default, whether express or implied, shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements, for such further days allowed, after the service of such notice, and stated therein.
40. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount, in respect of which the lien exists, as is presently payable, and the residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the persons entitled to the Shares at the date of the sale.

#### **FORFEITURE OF SHARES**

41. If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
42. The notice shall name a day, not being less than 14 (Fourteen) days from the date of the notice, and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The

notice shall also state, that, in the event of the non-payment at or before the time and at the place appointed, the Shares, in respect of which the call was made or instalment is payable, will be liable to be forfeited.

43. If the requirements of any such notice, as aforesaid, shall not be complied with, every or any Share, in respect of which such notice has been given, may, at any time thereafter, before payment of all calls or installments, interest and expenses, as may be due in respect thereof, be forfeited by a resolution of the Board to that effect. Subject to the provisions of the Act, such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
44. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the member, in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall, forthwith, be made in the Register of Members. But no forfeiture shall be, in any manner, invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
45. Any Share, so forfeited, shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
46. Any member, whose Shares have been forfeited, shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand, all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereof, until payment, at such rate, as the Board may determine, and the Board may enforce the payment thereof, if it thinks fit.
47. The forfeiture of a Share shall involve extinction, at the time of the forfeiture, of all interests in and all claims and demands against the Company, in respect of such Share and all other rights, incidental to the Share, except only such of those rights as by these presents are expressly saved.
48. A declaration, in writing, that the declarant is a Director or Secretary of the Company and that a Share in the Company has duly been forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.
49. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold, and cause the purchaser's name to be entered in the Register, in respect of the Shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and, after his name has been entered in the Register, in respect of such Shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and exclusively against the Company and no one else.
50. Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued, in respect of the relative Shares, shall, unless the same shall, on demand by the Company, have been previously surrendered to it by the defaulting member, stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates, in respect of the said Shares, to the person or persons entitled thereto.

## **TRANSFER AND TRANSMISSION OF SHARES**

51. The Company shall keep the "Register of Transfers" and therein shall fairly and distinctly enter particulars of every transfer or transmission of any Share.
52. No transfer shall be registered, unless a proper instrument of transfer has been delivered to the Company. Every instrument of transfer shall be duly stamped, under the relevant provisions of the Law, for the time being, in force, and shall be signed by or on behalf of the transferor and the transferee, and in the case of a Share held by two or more holders or to be transferred to the joint names of two or more transferees by all such joint holders or by all such joint transferees, as the case may be, and the transferor or the transferors, as the case may be, shall be deemed to remain the holder or holders of such Share, until the name or names of the transferee or the transferees, as the case may be, is or are entered in the Register of Members in respect thereof. Several executors or administrators of a deceased member, proposing to transfer the Share registered in the name of such deceased member, or the nominee or nominees earlier appointed by the said deceased holder of Shares, in

pursuance of the Article 73, shall also sign the instrument of transfer in respect of the Share, as if they were the joint holders of the Share.

53. Shares in the Company may be transferred by an instrument, in writing, in the form, as shall, from time to time, be approved by the Directors provided that, if so required by the provisions of the Act, such instrument of Transfer shall be in the form prescribed thereunder, and shall be duly stamped and delivered to the Company within the prescribed period. All the provisions of Section 56 of the Companies Act, 2013 shall be duly complied with in respect of all transfers of Shares and registration thereof.
54. The Board shall have power, on giving 7 (Seven) days' previous notice, by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is, for the time being, situated, to close the transfer books, the Register of Members of Register of Debenture holders, at such time or times and for such periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may seem expedient.
55. Subject to the provisions of Section 58 and 59 of the Companies Act 2013, these Articles Section 22A of the Securities Contract (Regulation) Act, 1956 and any other applicable provisions of the Act or any other law for the time being in force, the Board may, refuse, whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a member in, or Debentures of the Company, the Board shall within one month from the date on which the instrument of transfer, or the intimation of such transmission as the case may be, was delivered to the Company, send to the transferee and transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal to register such transfer, giving reasons for such refusal provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the Shares. Transfer of Shares/Debentures in whatever lot shall not be refused.
56. An application for the registration of a transfer of Shares in the Company may be made either by the transferor or the transferee. Where such application is made by a transferor and relates to partly paid Shares, the Company shall give notice of the application to the transferee. The transferee may, within two weeks from the date of the receipt of the notice and not later, object to the proposed transfer. The notice to the transferee shall be deemed to have been duly given, if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time when it would have been delivered in the ordinary course of post.
57. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him jointly with any other person.
58. Subject to the provisions of Article 72 hereunder, the executors or administrators or holders of a such Succession Certificate or the legal representative of a deceased member, not being one of two or more joint holders, shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives, unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that, in cases, the Board may dispense with production of probate or letters of Administration or Succession Certificate upon such terms as to indemnify or otherwise, as the Board, in its absolute discretion, may think necessary, in the circumstances thereof, and, in pursuance of the Article 61 hereunder, register the name of any person, who claims to be absolutely entitled to the Shares standing in the name of a deceased member, as a member.
59. No Share shall, in any circumstances, be transferred to any infant, insolvent or person of unsound mind, and that no Share, partly paid up, be issued, allotted or transferred to any minor, whether alone or along with other transferees or allottees, as the case may be.
60. So long as the director having unlimited liability has not discharged all liabilities, whether present or future, in respect of the period for which he is and continues to be, so long, liable, he shall not be entitled to transfer the Shares held by him or cease to be a member of the Stock Exchange(s) to the end and intent that he shall

continue to hold such minimum number of Shares as were held by him prior to his becoming a director with unlimited liability.

61. Subject to the provisions of Articles 57, 58 and 72 hereof, any person becoming entitled to Shares in consequences of the death, lunacy, bankruptcy or insolvency or any member, or the marriage of any female member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board, which it shall not be under any obligation to give, upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person, nominated by him and approved by the Board, registered as such person, provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein to in these Articles as "The Transmission Article".
62. Subject to the provisions of the Act, a person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividend or money as hereinafter provided, be entitled to receive and may be given a discharge for, any dividends or other moneys payable in respect of the Share.
63. No fees shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar document.
64. The Company shall incur no liability or responsibility whatever in consequence of its 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 said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting of such transfer, and may have entered such notice, referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.
- 64A Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its Securities and to offer Securities in a dematerialized form pursuant to the Depositories Act, 1996.
- 64B Every holder of or subscriber to Securities of the Company shall have the option to receive Security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issued to the beneficial owner the required Certificates for the Securities. If a person opts to hold its Security with a Depository, the Company shall intimate such Depository the details of allotment of the Security.
- 64C All Securities of the Company held by the Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 89 and 186 of the Act 2013 shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.
- 64D (i) Notwithstanding anything to the contrary contained in the Act, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) 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.
- (iii) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the record 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 Depository.

## CONVERSION OF SHARES INTO STOCK AND RECONVERSION

65. The Company, by resolution in general meeting, may convert any paid up Shares into stock, or may, at any time, reconvert any stock into paid up Shares of any denomination. When any Shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interests therein, or any part of such interest, in the same manner and, subject to the same regulations as to which Shares in the Company may be transferred or as near thereto as circumstances will admit. But the Directors may, from time to time, if they think fit, fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, but with full power nevertheless, at their discretion, to waive such rules in any particular case. The notice of such conversion of Shares into stock or reconversion of stock into Shares shall be filed with the Registrar of Companies as provided in the Act.
66. The Stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at meetings of the Company and, for other purposes, as would have been conferred by Shares of equal amount in the capital of the Company of the same class as the Shares from which such stock was converted but no such privilege or advantage, except the participation in profits of the Company, or in the assets of the Company on a winding up, shall be conferred by any such aliquot part or, consolidated stock as would not, if existing in Shares, have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special privilege attached to the Shares so converted. Save as aforesaid, all the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to Shares and the words "Share" and "Shareholder" in these presents shall include "stock" and "stock-holder".
67. The Company may issue Share warrants in the manner provided by the said Act and accordingly the Directors may, in their discretion, with respect to any fully paid up Share or stock, on application, in writing, signed by the person or all persons registered as holder or holders of the Share or stock, and authenticated by such evidence, if any, as the Directors may, from time to time, require as to the identity of the person or persons signing the application, and on receiving the certificate, if any, of the Share or stock and the amount of the stamp duty on the warrant and such fee as the Directors may, from time to time, prescribe, issue, under the Seal of the Company, a warrant, duly stamped, stating that the bearer of the warrant is entitled to the Shares or stock therein specified, and may provide by coupons or otherwise for the payment of future dividends, or other moneys, on the Shares or stock included in the warrant. On the issue of a Share warrant the names of the persons then entered in the Register of Members as the holder of the Shares or stock specified in the warrant shall be struck off the Register of Members and the following particulars shall be entered therein.
- (i) fact of the issue of the warrant.
  - (ii) a statement of the Shares or stock included in the warrant distinguishing each Share by its number, and
  - (iii) the date of the issue of the warrant.
68. A Share warrant shall entitle the bearer to the Shares or stock included in it, and, notwithstanding anything contained in these articles, the Shares or stock shall be transferred by the delivery of the Share-warrant, and the provisions of the regulations of the Company with respect to transfer and transmission of Shares shall not apply thereto.
69. The bearer of a Share-warrant shall, on surrender of the warrant to the Company for cancellation, and on payment of such fees, as the Directors may, from time to time, prescribe, be entitled, subject to the discretion of the Directors, to have his name entered as a member in the Register of Members in respect of the Shares or stock included in the warrant.
70. The bearer of a Share-warrant shall not be considered to be a member of the Company and accordingly save as herein otherwise expressly provided, no person shall, as the bearer of Share-warrant, sign a requisition for calling a meeting of the Company, or attend or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company of meetings or otherwise, or qualified in respect of the Shares or stock specified in the warrant for being a director of the Company, or have or exercise any other rights of a member of the Company.
71. The Directors may, from time to time, make rules as to the terms on which, if they shall think fit, a new Share warrant or coupon may be issued by way of renewal in case of defacement, loss, or destruction.



## NOMINATION BY SECURITY HOLDER

72. (1) Every holder of Securities in the Company may, at any time, nominate, in the prescribed manner, a person to whom his Securities in the Company, shall vest in the event of his death.
- (2) Where the Securities in the Company are held by more than one person jointly, the joint-holders may together nominate, in the prescribed manner, a person to whom all the rights in the Securities in the Company shall vest in the event of death of all joint holders.
- (3) Notwithstanding anything contained in these Articles or any other law, for the time being, in force, or in any disposition, whether testamentary or otherwise, in respect of such Securities in the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Securities in the Company, the nominee shall, on the death of the Shareholders of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the Securities of the Company or, as the case may be, all the joint holders, in relation to such securities in the Company, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (4) In the case of fully paid up Securities in the Company, where the nominee is a minor, it shall be lawful for the holder of the Securities, to make the nomination to appoint in the prescribed manner any person, being a guardian, to become entitled to Securities in the Company, in the event of his death, during the minority.
73. (1) Any person who becomes a nominee by virtue of the provisions of the preceding Article, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either –
- (a) to be registered himself as holder of the Share(s); or
- (b) to make such transfer of the Share(s) as the deceased Shareholder could have made.
- (2) If the person being a nominee, so becoming entitled, elects to be registered as holder of the Share(s), himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder.
- (3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of Securities shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer has been signed by that Shareholder.
- (4) A person, being a nominee, becoming entitled to a Share by reason of the death of the holder, shall be entitled to the same dividends and other advantages which he would be entitled if he were the registered holder of the Share except that he shall not, before being registered a member in respect of his 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(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share(s) or until the requirements of the notice have been complied with.

## MEETING OF MEMBERS

75. The Company shall, in each year, hold a general meeting as its Annual General Meeting. Any meeting, other than Annual General Meeting, shall be called Extra-ordinary General Meeting.

Not more than 15 (Fifteen) months or such other period, as may be prescribed, from time to time, under the Act, shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of the Act to extend time within which any Annual General Meeting may be held.



Every Annual General Meeting shall be called for a time during business hours i.e., between 9 a.m. and 6 p.m., on a day that is not a National Holiday, and shall be held at the Office of the Company or at some other place within the city, in which the Office of the Company is situated, as the Board may think fit and determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

Every member of the Company shall be entitled to attend, either in person or by proxy, and by way of a postal ballot whenever and in the manner as may permitted or prescribed under the provisions of the Act, and the Auditors to the Company, who shall have a right to attend and to be heard, at any general meeting which he attends, on any part of the business, which concerns him as the Auditors to the Company, further, the Directors, for the time being, of the Company shall have a right to attend and to be heard, at any general meeting, on any part of the business, which concerns them as the Directors of the Company or generally the management of the Company.

At every Annual General Meeting of the Company, there shall be laid, on the table, the Directors' Report and Audited Statements of Account, Auditors' Report, the proxy Register with forms of proxies, as received by the Company, and the Register of Directors' Share holdings, which Register shall remain open and accessible during the continuance of the meeting, and therefore in terms of the provisions of Section 96 of the Act, the Annual General Meeting shall be held within six months after the expiry of such financial year. The Board of Directors shall prepare the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with the applicable provisions of the Act.

76. The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting and it shall do so upon a requisition, in writing, by any member or members holding, in aggregate not less than one-tenth or such other proportion or value, as may be prescribed, from time to time, under the Act, of such of the paid-up capital as at that date carries the right of voting in regard to the matter, in respect of which the requisition has been made.
77. Any valid requisition so made by the members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office, provided that such requisition may consist of several documents, in like form, each of which has been signed by one or more requisitionists.
78. Upon receipt of any such requisition, the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within 21 (Twenty-one) days or such other lessor period, as may be prescribed, from time to time, under the Act, from the date of the requisition, being deposited at the office, to cause a meeting to be called on a day not later than 45 (Forty-five) days or such other lessor period, as may be prescribed, from time to time, under the Act, from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid up Share capital held by all of them or not less than one-tenth of such of the paid up Share Capital of the Company as is referred to in Section 100(4) of the Act, whichever is less, may themselves call the meeting, but, in either case, any meeting so called shall be held within 3 (Three) months or such other period, as may be prescribed, from time to time, under the Act, from the date of the delivery of the requisition as aforesaid.
79. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible as that in which such meetings are to be called by the Board.
80. At least 21 (Twenty-one) days' notice, of every General Meeting, Annual or Extra-ordinary, and by whomsoever called, specifying the day, date, place and hour of meeting, and the general nature of the business to be transacted there at, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company, provided that in the case of an General Meeting, with the consent of members holding not less than 95 per cent of such part of the paid up Share Capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting of the Shareholders of the Company, if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board and the Auditors thereon, (ii) the declaration of dividend, (iii) appointment of directors in place of those retiring, (iv) the appointment of, and fixing the remuneration of, the Auditors, is to be transacted, and in the case of any other meeting, in respect of any item of business, a statement setting out all material facts concerning each such item of business, including, in particular, the nature and extent of the interest, if any, therein of every director and manager, if any, where any such item of special business relates to, or affects any other company, the extent of shareholding interest in that other company or

every director and manager, if any, of the Company shall also be set out in the statement if the extent of such Share-holding interest is not less than such percent, as may be prescribed, from time to time, under the Act, of the paid-up Share Capital of that other Company.

Where any item of business consists of the according of approval of the members to any document at the meeting, the time and place, where such document can be inspected, shall be specified in the statement aforesaid.

81. The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof shall not invalidate any resolution passed at any such meeting.
82. No General Meeting, whether Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
83. Subject to the provisions of the Act and these Articles, five(5) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is not more than One Thousand; Fifteen (15) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is more than One Thousand but not more than Five Thousand; Thirty (30) shareholders shall constitute quorum in Shareholders' Meetings of the Company if number of shareholders as on date of meeting exceeds five thousand.
84. A body corporate, being a member, shall be deemed to be personally present, if it is represented in accordance with and in the manner as may be prescribed by, the applicable provisions of the Act.
85. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, then the meeting, if convened by or upon the requisition of members, shall stand dissolved, but in any other case, it shall stand adjourned to such time on the following day or such other day and to such place, as the Board may determine, and, if no such time and place be determined, to the same day in the next week, at the same time and place in the city or town in which the office of the Company is, for the time being, situate, as the Board may determine, and, if at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.
86. The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, whether Annual or Extra-ordinary. If there be no such Chairman, or, if, at any meeting, he shall not be present within 15 (Fifteen) minutes of the time appointed for holding such meeting, then the members present shall elect another director as the Chairman of that meeting, and, if no Director be present, or if all the Directors present decline to take the Chair, then the members present shall elect one among them to be the Chairman.
87. No business shall be discussed at any general meeting, except the election of a Chairman, whilst the Chair is vacant.
88. The Chairman, with the consent of the meeting, may adjourn any meeting, from time to time, and from place to place, in the city or town, in which the office of the Company is, for the time being, situate, but no business shall be transacted at any adjourned meeting, other than the business left unfinished, at the meeting, from which the adjournment took place.
89. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is demanded, before or on the declaration of the result of the show of hands, by any member or members present in person or by proxy and holding Shares in the Company, which confer a power to vote on the resolution not being less than one-tenth or such other proportion as may statutorily be prescribed, from time to time, under the Act, of the total voting power, in respect of the resolution or on which an aggregate sum of not less than Rs. 500,000/- or such other sum as may statutorily be prescribed, from time to time, under the Act, has been paid up, and unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority, or has been lost and an entry to that effect in the minutes book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

90. In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll, if any, have a casting vote in addition to the vote of votes, if any, to which he may be entitled as a member, if he is.
91. If a poll is demanded as aforesaid, the same shall, subject to Article 93 hereinunder, be taken at Mumbai or, if not desired, then at such other place as may be decided by the Board, at such time not later than 48 (Forty-eight) hours from the time when the demand was made and place in the city or town in which the office of the Company is, for the time being, situate, and, either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the persons, who made the demand.
92. Where a poll is to be taken, the Chairman of the meeting shall appoint one or, at his discretion, two scrutinizers, who may or may not be members of the Company to scrutinize the votes given on the poll and to report thereon to him, subject to that one of the scrutinizers so appointed shall always be a member, not being an officer or employee of the Company, present at the meeting, provided that such a member is available and willing to be appointed. The Chairman shall have power, at any time, before the result of the poll is declared, to remove a scrutinizer from office and fill the vacancy so caused in the office of a scrutinizer arising from such removal or from any other cause.
93. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment of the meeting shall be taken forthwith at the same meeting.
94. The demand for a poll, except on questions of the election of the Chairman and of an adjournment thereof, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

#### **VOTES OF MEMBERS**

95. No member shall be entitled to vote either personally or by proxy at any general meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, or has exercised, any right of lien.
96. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions so to voting, for the time being, attached to any class of Shares, for the time being, forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present, speak and vote at such meeting, and, on a show of hands, every member, present in person, shall have one vote and, upon a poll, the voting right of every member present in person or by proxy shall be in proportion to his Share of the paid-up Equity Share Capital of the Company. Provided, however, if any preference Shareholder be present at any meeting of the Company, subject to the provision of Section 47, he shall have a right to vote only on resolutions, placed before the meeting, which directly affect the rights attached to his Preference Shares.
97. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes, he uses.
98. A Member of unsound mind or in respect of whom an order has been made by a court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian; and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote, in respect of his Share or Shares, be used by his guardian, or any one of his guardians, if more than one, to be selected, in the case of dispute, by the Chairman of the meeting.
99. If there be joint registered holders of any Shares, any one of such persons may vote at any meeting or may appoint another person, whether a member or not, as his proxy, in respect of such Shares, as if he were solely entitled thereto, but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting, then one of the said persons so present, whose name stands higher on the Register, shall alone be entitled to speak and to vote in respect of such Shares, but the other of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name Shares stand shall, for the purpose of these Articles, be deemed joint holders thereof.

100. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate, being a member, may vote either by a proxy or by a representative, duly authorized, in accordance with the applicable provisions, if any, of the Act, and such representative shall be entitled to exercise the same rights and powers, including the right to vote by proxy, on behalf of the body corporate, which he represents, as that body corporate could exercise, if it were an individual member.
101. Any person entitled, under the Article 61 hereinabove, to transfer any Share, may vote, at any general meeting, in respect thereof, in the same manner, as if he were the registered holder of such Shares provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such Shares and give such indemnity, if any, as the Directors may require or the Directors shall have provisionally admitted his right to vote at such meeting in respect thereof.
102. Every proxy, whether a member or not, shall be appointed, in writing, under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal of such corporate, or be signed by an officer or officers or any attorney duly authorized by it or them, and, for a member of unsound mind or in respect of whom an order has been made by a court having jurisdiction in lunacy, any committee or guardian may appoint such proxy. The proxy so appointed shall not have a right to speak on any matter at the meeting.
103. An instrument of Proxy may state the appointment of a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.
104. A member, present by proxy, shall be entitled to vote only on a poll.
105. The instrument appointing a proxy and a Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Office not later than 48 (Forty-eight) hours before the time for holding the meeting at which the person named in the Instrument proposes to vote, and, in default, the Instrument of Proxy shall not be treated as valid. No instrument appointing a proxy shall be a valid after the expiration of 12 (Twelve) months or such other period as may be prescribed under the Laws, for the time being, in force, or if there shall be no law, then as may be decided by the Directors, from the date of its execution.
106. Every Instrument of proxy, whether for a specified meeting or otherwise, shall, as nearly as circumstances thereto will admit, be in any of the forms as may be prescribed from time to time.
107. A vote, given in accordance with the terms of an Instrument of Proxy, shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of Attorney under which such proxy was signed or the transfer of the Share in respect of which the vote is given, provided that no intimation, in writing, of the death or insanity, revocation or transfer shall have been received at the Office before the meeting.
108. No objections shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, or not disallowed at such meeting or on a poll, shall be deemed as valid for all purposes of such meeting or a poll whatsoever.
109. The Chairman, present at the time of taking of a poll, shall be the sole judge of the validity of every vote tendered at such poll.
110. (a) The Company shall cause minutes of all proceeding of every general meeting to be kept by making, within 30 (Thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept, whether manually in the registers or by way of loose leaves bound together, as may be decided by the Board of Directors, for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the

aforsaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a director duly authorized by the Board for that purpose.

- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings there at.
- (e) All appointments made at any meeting aforesaid shall be included in the minutes of the meeting.
- (f) Nothing herein contained shall require or to be deemed to require the inclusion, in any such minutes, of any matter, which, in the opinion of the Chairman of the meeting, (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.
- (g) Any such minutes shall be conclusive evidence of the proceedings recorded therein.
- (h) The book containing the minutes of proceedings of general meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than 2 (Two) hours, in each day, as the Directors determine, to the inspection of any member without charge.

## DIRECTORS

111. Until otherwise determined by a general meeting of the Company and, subject to the applicable provisions of the Act, the number of Directors) shall not be less than three.

The First Directors of the Company are:

1. **SHRI SUKANRAJ BHABHUTMAL SHAH**
2. **SHRI VICKY SUKANRAJ SHAH**
3. **SMT. LALITA KUMARI SUKANRAJ SHAH**
4. **KUMARI SHEETAL SUKANRAJ SHAH**

112. (a) Whenever, Directors enter into a contract with any Government, whether central, state or local, bank or financial institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever or in case of Promoters of the Company (hereinafter referred as "Promoters"), the Directors shall have, subject to the provisions of Section 152 and other applicable provisions, if any, of the Act, the power to agree that such appointer or Promoters shall have the right to appoint or nominate by a notice, in writing, addressed to the Company, one or more Directors on the Board (hereinafter referred to as "Special Director") for such period and upon such terms and conditions, as may be mentioned in the agreement if any, and that such Director or Directors may or may not be liable to retire by rotation, nor be required to hold any qualification Shares. The Directors may also agree that any such Director or Directors may be removed, from time to time, by the appointer or Promoter, entitled to appoint or nominate them and the appointer or Promoter may appoint another or others in his or their place and also fill in vacancy, which may occur as a result of any such director or directors ceasing to hold that office for any reasons whatsoever. The Directors appointed or nominated under this Article, shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the directors of the Company including payment of remuneration, sitting fees and travelling expenses to such director or directors, as may be agreed by the Company with the appointer.
- (b) The Special Directors, appointed under the preceding Article, shall be entitled to hold Office until required by the Government, person, firm, body corporate promoters or financial institution/s who may have appointed them, and will not be bound to retire by rotation or be subject to the Articles hereof. A



Special Director shall not be required to hold any qualification Share(s) in the Company. As and when a Special Director vacates Office, whether upon request as aforesaid or by death, resignation or otherwise, the Government, person, firm or body corporate promoters or financial institution, who appointed such Special Director, may appoint another director in his place. Every nomination, appointment or removal of a Special Director or other notification, under this Article, shall be in writing and shall, in the case of the Government, be under the hand of a Secretary or some other responsible and authorized official to such Government, and in the case of a company or financial institution, under the hand of director of such company or institution duly authorized in that behalf by a resolution of the Board of Directors. Subject as aforesaid, a Special Director shall be entitled to the same rights and privileges and be subject to the same of obligations as any other director of the Company.

113. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any person or persons shall have power to nominate a director of the Company, then in the case of any and every such issue of Debentures, the person or persons having such power may exercise such power, from time to time, and appoint a director accordingly. Any director so appointed is hereinafter referred to as "the Debenture Director". A Debenture Director may be removed from Office, at any time, by the person or persons in whom, for the time being, is vested the power, under which he was appointed, and another director may be appointed in his place. A Debenture Director shall not be required to hold any qualification Share(s) in the Company.
114. Subject to the provisions of Section 161(2) of the Act, 2013, The Board may appoint an alternate director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than 3 (Three) months or such other period as may be, from time to time, prescribed under the Act, from the India, in which the meetings of Board are ordinarily held. An alternate director appointed, under this Article, shall not hold Office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate Office, if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic re-appointment of a retiring director, in default of another appointment, shall apply to the original director and not to the alternate director.
115. Subject to the provisions of Section 161(1) of the Act, 2013, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not, at any time, exceed the maximum fixed under these Articles. Any such Additional Director shall hold Office only up to the date of the next Annual General Meeting.
116. Subject to the provisions of section 152 and 162 of the Act, 2013, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be a director to fill a casual vacancy. Any person so appointed shall hold Office only up to the date, up to which the Director in whose place he is appointed would have held Office if it had not been vacated by him.
117. A Director shall not be required to hold any qualification Share(s) in the Company.
118. (i) Subject to the provisions of section 196, 197 and read with Schedule V of the Companies Act, 2013, a Managing Director or Director who is in the Whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, or in any other manner, as may be, from time to time, permitted under the Act or as may be thought fit and proper by the Board or, if prescribed under the Act, by the Company in general meeting.
- (ii) Subject generally to the provisions of the Act, and, in the case of the Managing Director, subject to the provisions of the Articles hereinbelow, as may be applicable, the Board shall have power to pay such remuneration to a director for his services, Whole-time or otherwise, rendered to the Company or for services of professional or other nature rendered by him, as may be determined by the Board. If any director, being willing, shall be called upon to perform extra services or make any special exception in going to or residing at a place other than the place where the director usually resides, or otherwise in or for the Company's business or for any of the purpose of the Company, then, subject to the provisions of the Act, the Board shall have power to pay to such director such remuneration, as may be determined by the Board.



- (iii) Subject to the provisions of the Act, a Director, who is neither in the Whole-time employment nor a Managing Director, may be paid remuneration either;
    - (a) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
    - (b) by way of commission, if the Company, by a special resolution, authorizes such payment.
  - (iv) The fee payable to a director, excluding a Managing or Whole time Director, if any, for attending a meeting of the Board or Committee thereof shall be such sum, as the Board may, from time to time, determine, but within and subject to the limit prescribed by the Central Government pursuant to the provisions, for the time being, under the Act.
119. The Board may allow and pay to any director such sum, as the Board may consider fair compensation, for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any director be called upon to go or reside out of the ordinary place of his residence for the Company's business, he shall be entitled to be repaid and reimbursed of any travelling or other expenses incurred in connection with business of the Company. The Board may also permit the use of the Company's car or other vehicle, telephone(s) or any such other facility, by the director, only for the business of the Company.
  120. The continuing Directors may act, notwithstanding, any vacancy in their body but if, and so long as their number is not reduced below the minimum number fixed by Article 111 hereof. the continuing Directors, not being less than two, may only act, for the purpose of increasing the number of Directors to that prescribed minimum number or of summoning a general meeting but for no other purpose.
  121. The office of director shall be vacated, pursuant to the provisions of section 164 and section 167 of the Companies Act, 2013. Further, the Director may resign his office by giving notice to the Company pursuant to section 168 of the Companies Act, 2013
  122. The Company shall keep a Register, in accordance with Section 189(1) of the Act, and within the time as may be prescribed, enter therein such of the particulars, as may be relevant having regard to the application thereto of Section 184 or Section 188 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each director of the Company, names of the bodies corporate and firms of which notice has been given by him, under the preceding two Articles. The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and the extracts may be taken therefrom and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 189(3) of the Act shall apply accordingly.
  123. A Director may be or become a director of any other Company promoted by the Company or in which it may be interested as a vendor, Shareholder or otherwise, and no such director shall be accountable for any benefits received as director or Shareholder of such Company except in so far as the provisions of the Act may be applicable.
  124. (a) At every Annual General Meeting of the Company, one-third of such of the Directors, for the time being, as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from Office. The Independent, Nominee, Special and Debenture Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of directors to retire, subject to Section 152 and other applicable provisions, if any, of the Act.
    - (b) Subject to Section 152 of the Act, the directors, liable to retire by rotation, at every annual general meeting, shall be those, who have been longest in Office since their last appointment, but as between the persons, who became Directors on the same day, and those who are liable to retire by rotation, shall, in default of and subject to any agreement among themselves, be determined by lot.
  125. A retiring Director shall be eligible for re-election and shall act as a director throughout the meeting at which he retires.

126. Subject to Section 152 of the Act, the Company, at the general meeting at which a director retires in manner aforesaid, may fill up the vacated Office by electing a person thereto.
127. (a) If the place of retiring director is not so filled up and further the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day, which is not a public holiday, at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meetings, unless:-
- (i) at that meeting or at the previous meeting, resolution for the re-appointment of such director has been put to the meeting and lost;
  - (ii) the retiring director has, by a notice, in writing, addressed to the Company or its Board, expressed his unwillingness to be so re-appointed;
  - (iii) he is not qualified, or is disqualified, for appointment.
  - (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or
  - (v) Section 162 of the Act is applicable to the case.
128. Subject to the provisions of Section 149 of the Act, the Company may, by special resolution, from time to time, increase or reduce the number of directors, and may alter their qualifications and the Company may, subject to the provisions of Section 169 of the Act, remove any director before the expiration of his period of Office and appoint another qualified person in his stead. The person so appointed shall hold Office during such time as the director, in whose place he is appointed, would have held, had he not been removed.
129. (a) No person, not being a retiring director, shall be eligible for appointment to the office of director at any general meeting unless he or some member, intending to propose him, has, not less than 14 (Fourteen) days or such other period, as may be prescribed, from time to time, under the Act, before the meeting, left at the Office of the Company, a notice, in writing, under his hand, signifying his candidature for the Office of director or an intention of such member to propose him as a candidate for that office, along with a deposit of Rupees One lakh or such other amount as may be prescribed, from time to time, under the Act, 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 twenty-five per cent of total valid votes cast either on show of hands or on poll on such resolution.
- (b) Every person, other than a director retiring by rotation or otherwise or a person who has left at the Office of the Company a notice under Section 160 of the Act signifying his candidature for the Office of a director, proposed as a candidate for the Office of a director shall sign and file with the Company, the consent, in writing, to act as a director, if appointed.
- (c) A person, other than a director re-appointed after retirement by rotation immediately on the expiry of his term of Office, or an Additional or Alternate Director, or a person filling a casual vacancy in the Office of a director under Section 161 of the Act, appointed as a director or reappointed as a director immediately on the expiry of his term of Office, shall not act as a director of the Company, unless he has, within thirty days of his appointment, signed and filed with the Registrar his consent, in writing, to act as such director.
130. The Company shall keep at its Office a Register containing the particulars of its directors and key managerial personnel and their shareholding as mentioned in Section 170 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.

131. Every director and Key Managerial Personnel within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the company the particulars specified in sub-section (1) of Section 184 relating to his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association which are required to be included in the register under that Section 189 of the Companies Act, 2013.

## MANAGING DIRECTOR

- 132.
- (1) Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint, from time to time, any of its member as a Managing Director or Managing Directors of the Company for a fixed term, not exceeding 5 (Five) years at a time, and upon such terms and conditions as the Board thinks fit, and subject to the provisions of the succeeding Article hereof, the Board may, by resolution, vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally, as it thinks fit, and such powers may be made exercisable for such period or periods; and upon such conditions and subject to such restrictions, as it may determine. The remuneration of a Managing Director may be by way of salary and/or allowances, commission or participation in profits or perquisites of any kind, nature or description, or by any or all of these modes, or by any other mode(s) not expressly prohibited by the Act or the Rules made thereunder, or any notification or circular issued under the Act.
  - (2) The Board shall have power to appoint an individual as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company at the same time.
133. Subject to the superintendence, directions and control of the Board, the Managing Director or Managing Directors, as the case may be, shall exercise the powers, except to the extent mentioned in the matters, in respect of which resolutions are required to be passed only at the meeting of the Board, under Section 179 of the Act and the rules made thereunder
134. Subject also to the other applicable provisions, if any, of the Act, the Company shall not appoint or employ, or continue the appointment or employment of, a person as its Managing or Whole-time Director who :-
- (a) is below the age of twenty-one years or has attained the age of seventy years
  - (b) is an undischarged insolvent, or has any time been adjudged an insolvent;
  - (c) suspends, or has at any time suspended, payment to his creditors, or makes or has, at any time, made, a composition with them; or
  - (d) is or has, at any time, been convicted by a Court and sentenced for a period of more than six months.

## PROCEEDINGS OF THE BOARD OF DIRECTORS

135. Unless decided by the Board to the contrary, depending upon the circumstances of the case, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, in accordance with the Article 124 hereof. If he ceases to hold the office of director, he shall ipso-facto and forthwith ceases to hold the office of Managing Director.
136. The Directors may meet together as a Board for the dispatch of business, from time to time, and shall so meet at least once in every 3 (Three) months and at least 4 (Four) such meetings shall be held in every year in such a manner that not more than one hundred and twenty days (120) days shall intervene between two consecutive meetings of the Board. The Directors may adjourn and otherwise regulate their meetings as they think fit, subject to the provisions of the Act. The Board of directors may participate in a meeting of the Board either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognizing the participation of the directors and of recording and storing the proceedings of such meetings along with date and time subject to the rules as may be prescribed.
137. Not less than seven (7) days Notice of every meeting of the Board may be given, in writing to 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. However, subject to the provisions of Section 173(3) meeting may be called at shorter notice.

138. Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength, excluding Directors, if any, whose places may be vacant at the time and 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 exceeds or is equal to 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.
139. If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned for 30 minutes in the same day and at same place.
140. A director may, at any time, or Secretary shall, as and when directed by the any of the Directors to do so, convene a meeting of the Board, by giving a notice, in writing, to every other director.
141. The Board may, from time to time, elect one of their members to be the Chairman of the Board and determine the period for which he is to hold the office. If at any meeting of the Board, the Chairman is not present at a time appointed for holding the same, the directors present shall choose one of them, being present, to be the Chairman of such meeting.
142. Subject to the restrictive provisions of any agreement or understanding as entered into by the Company with any other person(s) such as the collaborators, financial institutions, etc., the questions arising at any meeting of the Board shall be decided by a majority of the votes of the directors present there at and, also subject to the foregoing, in the case of an equality of votes, the Chairman shall have a second or casting vote.
143. A meeting of the Board, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions, which, by or under the Act or the Articles of the Company, are, for the time being, vested in or exercisable by the Board generally.
144. Subject to the restrictions contained in Section 179 of the Act 2013 and the rules made thereunder, the Board may delegate any of their powers to the committee of the Board, consisting of such number of its body, as it thinks fit, and it may, from time to time, revoke and discharge any such committee of the Board, either wholly or in part and either as to persons or purposes, but every committee of the Board, so formed, shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such committee of the Board, in conformity with such regulations, and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if were done by the Board.
145. The meetings and proceedings of any meeting of such Committee of the Board, consisting of two or more members, shall be governed by the provisions contained herein for regulating the meetings and proceedings of the meetings of the directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.
146. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors or to all the members of the Committee, then in India, not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be, and to all the directors or to all the members of the Committee, at their usual addresses in India and has been approved, in writing, by such of the directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.
147. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a director shall notwithstanding that it shall, afterwards, be discovered that there was some defect in the appointment of such director or persons acting as aforesaid or that they or any of them were or was, as the case may be, disqualified or had vacated office or that the appointment of any of them was disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had duly been appointed and was qualified to be a director and had not vacated his office or his appointed had not been terminated, provided that nothing in this Article shall be deemed to give validity to any act or acts done by a director or directors after his or their appointment(s) has or have been shown to the Company to be invalid or to have terminated.

148. (a) The Company shall cause minutes of all proceedings of every meeting of the Board and the Committee thereof to be kept by making, within 30 (Thirty) days of the conclusion of each such meeting, entries thereof in books kept, whether manually in the registers or by way of loose leaves bound together, as may be decided by the Board of Directors, for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (c) In no case, the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointment made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) The minutes shall also contain:-
- (i) the names of the Directors present at the meeting; and
  - (ii) in the case of each resolution passed at the meeting, the names of the directors, if any dissenting from or not concurring in the resolution.
- (g) Nothing contained in sub-clauses (a) to (f) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting –
- (i) is, or could reasonably be regarded as, defamatory of any person;
  - (ii) is irrelevant or immaterial to the proceedings; or
  - (iii) is detrimental to the interests of the Company;.
- and that the Chairman shall exercise an absolute discretion with regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.
- (h) Minutes of the meetings kept in accordance with the aforesaid provisions shall be an evidence of the proceedings recorded therein.
149. Without prejudice to the general powers as well as those under the Act, and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles or otherwise, it is hereby declared that the Directors shall have, inter alia, the following powers, that is to say, power –
- (a) to pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company;
  - (b) to pay and charge, to the account of the Company, any commission or interest lawfully payable thereon under the provision of the Act;
  - (c) subject to the provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges, which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and being in the interests of the Company, and in any such purchase or other acquisition to accept such title or to obtain such right as the directors may believe or may be advised to be reasonably satisfactory;
  - (d) at their discretion and subject to the provisions of the Act, to pay for any property, right or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in Shares, Bonds, Debentures, mortgages, or other securities of the Company, and any such Shares may be issued either as fully paid up, with such amount credited as paid up thereon, as may be agreed upon, and any such



bonds, Debentures, mortgages or other securities may either be specifically charged upon all or any part of the properties of the Company and its uncalled capital or not so charged;

- (e) to secure the fulfillment of any contracts or engagement entered into by the Company or, in the interests or for the purposes of this Company, by, with or against any other Company, firm or person, by mortgage or charge of all or any of the properties of the Company and its uncalled capital, for the time being, or in such manner and to such extent as they may think fit;
- (f) to accept from any member, as far as may be permissible by law, a surrender of his Shares or any part thereof, whether under buy-back or otherwise, on such terms and conditions as shall be agreed mutually, and as may be permitted, from time to time, under the Act or any other Law or the Regulations, for the time being, in force,
- (g) to appoint any person to accept and hold in trust, for the Company, any property belonging to the Company, in which it is interested, or for any other purposes, and execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- (h) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts, due and of any differences to arbitration and observe and perform any awards made thereon;
- (i) to act on behalf of the Company in all matters relating to bankruptcy and insolvents;
- (j) to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (k) subject to the applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security, not being Shares of this Company, or without security and in such manner, as they may think fit, and from time to time, to vary or realize such investments, save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
- (l) to execute, in the name and on behalf of the Company, in favour of any director or other person, who may incur or be about to incur any personal liability whether as principal or surety, for the benefit or purposes of the Company, such mortgages of the Company's property, present and future, as they may think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (m) to determine from time to time, who shall be entitled to sign, on behalf of the Company, bills, invoices, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and or any other document or documents and to give the necessary authority for such purpose, and further to operate the banking or any other kinds of accounts, maintained in the name of and for the business of the Company;
- (n) to distribute, by way of bonus, incentive or otherwise, amongst the employees of the Company, a Share or Shares in the profits of the Company, and to give to any staff, officer or others employed by the Company a commission on the profits of any particular business or transaction, and to charge any such bonus, incentive or commission paid by the Company as a part of the operational expenditure of the Company;
- (o) to provide for the welfare of directors or ex-Directors, shareholders, for the time being, or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses or dwellings, or grants of moneys, whether as a gift or otherwise, pension, gratuities, allowances, bonus, loyalty bonuses or other payments, also whether by way of monetary payments or otherwise, or by creating and from time to time, subscribing or contributing to provident and other association, institutions, funds or trusts and by providing or subscribing or contributing towards places of worship, instructions and recreation, hospitals



and dispensaries, medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects, which shall have any moral or other claim to support or aid by the Company, either by reason of locality or place of operations, or of public and general utility or otherwise;

- (p) before recommending any dividend, to set aside out of the profits of the Company such sums, as the Board may think proper, for depreciation or to a Depreciation Fund, or to an Insurance Fund, a Reserve Fund, Capital Redemption Fund, Dividend Equalization Fund, Sinking Fund or any Special Fund to meet contingencies or to repay debentures or debenture-stock, or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes, including the purposes referred to in the preceding clause, as the Board may, in their absolute discretion, think conducive to the interests of the Company and, subject to the provisions of the Act, to invest the several sums so set aside or so much thereof, as required to be invested, upon such investments, other than shares of the Company, as they may think fit, and from time to time, to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes, as the Board, in their absolute discretion, think conducive to the interests of the Company, notwithstanding, that the matter, to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the Reserve Fund into such special funds, as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or divisions of a Reserve Fund and with full powers to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase of or repayment of debentures or debenture stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, subject to the provisions of the applicable laws, for the time being, in force.
- (q) to appoint and at their discretion, remove or suspend such general managers, secretaries, assistants, supervisors, clerks, agents and servants or other employees, in or for permanent, temporary or special services, as they may, from time to time, think fit, and to determine their powers and duties and to fix their salaries, emoluments or remuneration of such amount, as they may think fit.
- (r) to comply with the requirements of any local laws, Rules or Regulations, which, in their opinion, it shall, in the interests of the Company, be necessary or expedient to comply with.
- (s) at any time, and from time to time, by power of attorney, under the Seal of the Company, to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions, not exceeding those vested in or exercisable by the Board under these presents and excluding the powers to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow moneys, and for such period and subject to such conditions as the Board may, from time to time, think fit, and any such appointment may, if the Board thinks fit, be made in favour of the members or in favour of any Company, or the Share-holders, directors, nominees, or managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection of convenience of person dealing with such Attorneys, as the Board may think fit, and may contain powers enabling any such delegates all or any of the powers, authorities and discretions, for the time being, vested in them;
- (t) Subject to the provisions of the Act, for or in relation to any of the matters, aforesaid or otherwise, for the purposes of the Company, to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company, as they may consider expedient;
- (u) from time to time, make, vary and repeal bylaws for the regulation of the business of the Company, its Officers and Servants.

## MANAGEMENT

150. The Company shall not appoint or employ, at the same time, more than one of the following categories of managerial personnel, namely

- (a) Managing Director, and
- (b) Manager

#### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

151. Subject to the provisions of the Act,—

- (i) A chief executive officer, manager, company secretary, 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, 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, chief financial officer.

152. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary, 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, chief financial officer.

#### **COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

153. Copies of the Memorandum and Articles of Association of the Company and other documents, referred to in Section 17 of the Act, shall be sent by the Company to every member, at his request, within 7 (Seven) days of the request, on payment, if required by the Board, of the sum of Re.1/- (Rupee One Only) or such other higher sum, as may be prescribed, from time to time, under the Act and further decided, from time to time, by the Board, for each such copy.

#### **SEAL**

154.

- (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal, for the time being, and that the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. The Common Seal of the Company shall be kept at its office or at such other place, in India, as the Board thinks fit.
- (b) The Common Seal of the Company shall be used by or under the authority of the Directors or by a Committee of the Board of Directors authorized by it in that behalf in the presence of at least one director, or Secretary or any other responsible officer of the Company as may be expressly authorized by the Board by way of a resolution passed at their duly constituted meeting, who shall sign every instrument to which the seal is affixed. Such instruments may also be counter-signed by other officer or officers, if any, appointed for the purpose. However, the certificates, relating to Shares or Debentures in or of the Company, shall be signed in such manner as may be prescribed in the Act and/or any Rules thereunder.

#### **DIVIDEND**

155. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles, and further subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up to the Shares held by them respectively.

156. The Company, in general meeting, may declare that dividends be paid to the members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company may, in general meeting, declare a smaller dividend than was recommended by the Board.

157. Subject to the applicable provisions of the Act, no dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that:-
- (a) if the Company has not provided for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
  - (b) if the Company has incurred any loss in any previous financial year or years the amount of loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid as against the profits of the Company for any financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of schedule II of the Act
158. The Board may, from time to time, pay to the members such interim dividend, as in their judgment, the position of the Company justifies.
159. Where capital is paid in advance of calls, such capital may carry interest as may be decided, from time to time, by the Board, but shall not, in respect thereof, confer a right to dividend or to participate in profits.
160. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during which any portion or portions of the period in respect of which the dividend is paid up; but if any Share is issued on the terms providing that it shall rank for dividend as from a particular date or on such preferred rights, such Share shall rank for dividend accordingly.
161. The Board may retain the dividends payable upon Shares in respect of which any person is, under the Article 61 hereinabove, entitled to become a member, or which any person under that article is entitled to transfer until such person shall become a member in respect of such Shares, or shall duly transfer the same and until such transfer of Shares has been registered by the Company, notwithstanding anything contained in any other provision of the Act or these Articles, the provisions of Section 206A of the Act or the corresponding section of Act, 2013 as and when notified shall apply.
162. Any one of several persons, who are registered as joint holders of any Share, may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such Shares.
163. No member shall be entitled to receive payment of any interest or dividend in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct, from the interest or dividend payable to any member, all sums of money so due from him to the Company.
164. Subject to the applicable provisions, if any, of the Act, a transfer of Shares shall not pass the right to any dividend declared thereon and made effective from the date prior to the registration of the transfer.
165. Unless otherwise directed, any dividend may be paid up by cheque or warrant or electronic means or by a pay-slip sent through the post to the registered address of the member or person entitled, or, in the case of joint holders, to that one of them first named in the Register in respect of the joint holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip lost in transmission or for any dividend lost to the member or person entitled thereto due to or by the forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.
166. (a) If the Company has declared a dividend but which has not been paid or claimed within 30 (Thirty) days from the date of declaration the Company shall transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 (Thirty) days a special account to be opened by the Company in that behalf in any scheduled Bank called "the Unpaid Dividend Account of S K S Textiles Limited". The Company shall within a period of ninety days of making any transfer of an amount to the

Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the website of the Company and also on any other website approved by the Central Government, for this purpose. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (Seven) years, from the date of such transfer shall be transferred by the Company to the Fund known as the Investor Education and Protection Fund established under Section 205C of the Act 1956 or the corresponding section of Act, 2013 as and when notified shall apply.

167. Subject to the provisions of the Act, no unpaid dividend shall bear interest as against the Company.

168. Any general meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting decides, but so that the call on each member shall not exceed the dividend 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 the members, be set off against the calls.

## CAPITALISATION

169. (a) The Company, in general meeting, may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account or in the hands of the Company and available for dividend, or representing premium received on the issue of Shares and standing to the credit of the Share Premium Account, be capitalised and distributed amongst such of the Shareholders as would be entitled to receive the same, if distributed by way of dividend, and in the same proportion on the footing that they become entitled thereto as capital, and that all or any part of such capitalised fund be applied, on behalf of such Shareholders, in paying up in full either at par or at such premium, as the resolution may provide, any unissued Shares or Debentures or Debenture stock of the Company which shall be distributed accordingly on or towards payment of the uncalled liability on any issued Shares or Debentures, stock and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied for the paying of any unissued Shares to be issued to members of the Company as, fully paid up, bonus Shares.

(b) A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company, not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty, which may arise, in regard to the distribution, as it thinks expedient, and, in particular, may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of value less than Rs.10/- (Rupees Ten Only) may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalised funds, as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act and the Board may appoint any person to sign such contract, on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

## ACCOUNTS

170. The Company shall keep at the Office or at such other place in India, as the Board thinks fit and proper, books of account, in accordance with the provisions of the Act with respect to :-

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;

- (b) all sales and purchases of goods by the Company;
- (c) the assets and liabilities of the Company;
- (d) such particulars, if applicable to this Company, relating to utilisation of material and/or labour or to other items of cost, as may be prescribed by the Central Government.

Where the Board decides to keep all or any of the books of account at any place, other than the Office of the Company, the Company shall, within 7 (Seven) days, or such other period, as may be fixed, from time to time, by the Act, of the decision, file with the Registrar, a notice, in writing, giving the full address of that other place.

The Company shall preserve, in good order, the books of account, relating to the period of not less than 8 (Eight) years or such other period, as may be prescribed, from time to time, under the Act, preceding the current year, together with the vouchers relevant to any entry in such books.

Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article, if proper books of account, relating to the transaction effected at the branch office, are kept at the branch office, and the proper summarised returns, made up to day at intervals of not more than 3 (Three) months or such other period, as may be prescribed, from time to time, by the Act, are sent by the branch office to the Company at its Office or other place in India, at which the books of account of the Company are kept as aforesaid.

The books of account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain the transactions represented by it. The books of account and other books and papers shall be open to inspection by any director, during business hours, on a working day, after a prior notice, in writing, is given to the Accounts or Finance department of the Company.

- 171. The Board shall, from time to time, determine, whether, and to what extent, and at what times and places, and under what conditions or regulations, the accounts and books of the Company or any of them shall be open to the inspection of members, not being the directors, and no member, not being a director, shall have any right of inspecting any account or books or document of the Company, except as conferred by law or authorised by the Board.
- 172. The Directors shall, from time to time, in accordance with Sections 129 and 134 of the Act, cause to be prepared and to be laid before the Company in Annual General Meeting of the Shareholders of the Company, such Balance Sheets, Profit and Loss Accounts, if any, and the Reports as are required by those Sections of the Act.
- 173. A copy of every such Profit & Loss Accounts and Balance Sheets, including the Directors' Report, the Auditors' Report and every other document(s) required by law to be annexed or attached to the Balance Sheet, shall at least 21 (Twenty-one) days, before the meeting, at which the same are to be laid before the members, be sent to the members of the Company, to every trustee for the holders of any Debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such member or trustees being persons so entitled.
- 174. The Auditors, whether statutory, branch or internal, shall be appointed and their rights and duties shall be regulated in accordance with the provisions of the Act and the Rules made thereunder.

## DOCUMENTS AND NOTICES

- 175. (a) A document or notice may be served or given by the Company on any member either personally or by sending it, by post or by such other means such as fax, e-mail, if permitted under the Act, to him at his registered address or, if he has no registered address in India, to the address, if any, in India, supplied by him to the Company for serving documents or notices on him.
- (b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, pre-paying, wherever required, and posting a letter containing the document or notice, provided that where a member has intimated to the Company, in advance, that



documents or notices should be sent to him under a certificate of posting or by registered post, with or without the acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner and, such service shall be deemed to have been effected, in the case of a notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted, and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

176. A document or notice, whether in brief or otherwise, advertised, if thought fit by the Board, in a newspaper circulating in the neighbourhood of the Office shall be deemed to be duly served or sent on the day, on which the advertisement appears, on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.
177. A document or notice may be served or given by the Company on or to the joint holders of a Share by serving or giving the document or notice on or to the joint holder named first in the Register of Members in respect of the Share.
178. A document or notice may be served or given by the Company on or to the person entitled to a Share, including the person nominated in the manner prescribed hereinabove, in consequence of the death or insolvency of a member by sending it through the post as a prepaid letter addressed to them by name or by the title or representatives of the deceased, or assigned of the insolvent or by any like description, at the address, if any, in India, supplied for the purpose by the persons claiming to be entitled, or, until such an address has been so supplied, by serving the document or notice, in any manner in which the same might have been given, if the death or insolvency had not occurred.
179. Documents or notices of every general meeting shall be served or given in some manner hereinafter authorised on or to (a) every member, (b) every person entitled to a Share in consequence of the death or insolvency of member, (c) the Auditor or Auditors of the Company, and (d) the directors of the Company.
180. Every person who, by operation of law, transfer or by other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which, previously to his name and address being entered on the Register of Members, shall have duly served on or given to the person from whom he derives his title to such Shares.
181. Any document or notice to be served or given by the Company may be signed by a director or some person duly authorized by the Board for such purpose and the signature thereto may be written, printed or lithographed.
182. All documents or notices to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Office by post, under a certificate of posting or by registered post, or by leaving it at the Office, or by such other means such as fax, e-mail, if permitted under the Act.

## **WINDING UP**

183. The Liquidator, on any winding up, whether voluntary or under supervision or compulsory, may, with the sanction of a special resolution, but subject to the rights attached to any Preference Share Capital, divide among the contributories, in specie, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, as the liquidators, with the like sanction, shall think fit.

## **INDEMNITY AND RESPONSIBILITY**

184. 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.

## **SECRECY**



185. (a) Every director, manager, auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with the individuals and in matters relating thereto, and shall, by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by Law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these presents or the Memorandum of Association of the Company.
- (b) No member shall be entitled to visit or inspect any works of the Company, without the permission of the Directors, or to require discovery of or any information respecting any details of the Company's trading or business or any matter which is or may be in the nature of a trade secret, mystery of trade, secret or patented process or any other matter, which may relate to the conduct of the business of the Company and, which in the opinion of the Directors, it would be inexpedient in the interests of the Company to disclose.

#### **REGISTERS, INSPECTION AND COPIES THEREOF**

186.

- a. Any Director or Member or person can inspect the statutory registers maintained by the company, which may be available for inspection of such Director or Member or person under provisions of the act by the company, provided he gives fifteen days' notice to the company about his intention to do so.
- b. Any, Director or Member or person can take copies of such registers of the company by paying ₹ 10 per page to the company. The company will take steps to provide the copies of registers to such person within Fifteen days of receipt of money.

## SECTION XI – 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 the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been attached to the copy of the Draft Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from Application/Offer Opening Date until the Application/Offer Closing Date.

#### A. Material Contracts

1. Memorandum of Understanding dated September 12, 2017 between our Company, the Selling Shareholder and the Lead Manager.
2. Memorandum of Understanding dated September 04, 2017 between our Company, the Selling Shareholders and the Registrar to the Offer.
3. Escrow Agreement [●] between our Company, the Selling Shareholders, the Lead Manager, Banker to the Offer and the Registrar to the Offer.
4. Market Making Agreement dated September 12, 2017 between our Company, the Lead Manager and the Market Maker.
5. Underwriting Agreement dated September 12, 2017 between our Company, the Selling Shareholder, the Lead Manager and the Market Maker.
6. Share Escrow Agreement dated [●] between the Selling Shareholders, our Company, the Lead Manager and the Escrow Agent.
7. Tripartite agreement between the NSDL, our Company and the Registrar dated [●].
8. Tripartite agreement between the CDSL, our Company and the Registrar dated [●].

#### B. Material Documents

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Copy of Certificates of Incorporation of S K S Textiles Limited
3. Resolution of the Board of Directors meeting dated September 11, 2017 authorizing the Offer.
4. Shareholders' resolution passed at the Extra-Ordinary General Meeting dated September 12, 2017 authorizing the Offer.
5. Peer Review Auditor's report for Restated Financials dated September 11, 2017 included in this Draft Prospectus.
6. The Statement of Tax Benefits dated September 11, 2017 from our Statutory Auditor.
7. Consent of our Directors, CFO, CS, the Selling Shareholder, Statutory Auditor, Banker to the Company<sup>(1)</sup>, Banker to the Offer<sup>(1)</sup>, Lead Manager, Legal Advisor to the Offer, Registrar to the Offer, Market Maker and Underwriters as referred to in their specific capacities.

<sup>(1)</sup> Will be provided before filing of Prospectus

8. Due Diligence Certificate(s) dated [●] of the Lead Manager to be submitted to SEBI along with the filing of the Prospectus.
9. Approval from NSE vide letter dated [●] to use the name of NSE in this Offer Document for listing of Equity Shares on the EMERGE Platform of the NSE.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We, hereby declare that, all the relevant provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified) and the guidelines issued by the Government of India or the regulations or guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Draft Prospectus is contrary to the provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified), the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY:

Sd/-

\_\_\_\_\_  
**Mr. Vicky Shah**  
Managing Director

Sd/-

\_\_\_\_\_  
**Mr. Sukanraj Shah**  
Whole-time Director

Sd/-

\_\_\_\_\_  
**Mr. Sahil Shah**  
Whole-time Director

Sd/-

\_\_\_\_\_  
**Mrs. Sapna Shah**  
Non-Executive Non-Independent Director

Sd/-

\_\_\_\_\_  
**Mr. Mihir Manek**  
Independent Director

Sd/-

\_\_\_\_\_  
**Mr. Satish Anand Sharma**  
Independent Director

### SIGNED BY THE CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Sd/-

\_\_\_\_\_  
**Mr. Vicky Shah**  
Chief Financial Officer

### SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Sd/-

\_\_\_\_\_  
**Mrs. Naveena Singh**  
Company Secretary

Date: September 16, 2017  
Place: Mumbai

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**DECLARATION**

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made in this Draft Prospectus about or in relation to himself and the Equity Shares being offered by him in the Offer are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements or undertakings made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Prospectus.

**SIGNED BY THE SELLING SHAREHOLDER**

Sd/-

\_\_\_\_\_  
**Mr. Sukanraj Shah**

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**DECLARATION**

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**SIGNED BY THE SELLING SHAREHOLDER**

Sd/-

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**Mr. Vicky Shah**



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**DECLARATION**

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**SIGNED BY THE SELLING SHAREHOLDER**

Sd/-

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**Mr. Sahil Shah**

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**DECLARATION**

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**SIGNED BY THE SELLING SHAREHOLDER**

Sd/-

\_\_\_\_\_  
**Mrs. Lalita Kumari Shah**

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**DECLARATION**

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**SIGNED BY THE SELLING SHAREHOLDER**

Sd/-

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**Mrs. Sapna Shah**

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## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made in this Draft Prospectus about or in relation to himself and the Equity Shares being offered by him in the Offer are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements or undertakings made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Prospectus.

## SIGNED BY THE SELLING SHAREHOLDER

Sd/-

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**Sukanraj Shah**  
**Karta, Sukanraj Bhabhutmal Shah HUF**