



PAVNA INDUSTRIES LIMITED

Our Company was incorporated as Pavna Locks Private Limited on April 19, 1994 under the Companies Act, 1956 with the Registrar of Companies, Kanpur bearing Registration number 016359. The status of the Company was changed to public limited and the name of our Company was changed to Pavna Locks Limited vide Special Resolution dated October 30, 2000. The fresh certificate of incorporation consequent to conversion was issued on November 13, 2000 by the Registrar of Companies, Kanpur. Further name of our company was changed to Pavna Zadi Security Systems Limited vide Special Resolution dated October 30, 2000. The fresh certificate of incorporation consequent of name change was issued on November 17, 2000 by the Registrar of Companies, Kanpur. Further name of our company was changed to Pavna Industries Limited vide a Special Resolution dated April 30, 2019. The fresh certificate of incorporation was issued on May 21, 2019 by the Registrar of Companies, Kanpur. The Corporate Identification Number of our Company is U34109UP1994PLC016359. For further details pertaining to the change of name of our Company and the change in Registered Office, please refer the chapter “History and Certain Corporate Matters” on page no. 122 of this Draft Prospectus.

Registered Office: Vimlanchal, Hari Nagar, Aligarh Uttar Pradesh - 202001.
Tel No.: +91 8006409332; **Email:** info@pavnagroup.com; **Website:** www.pavanagroup.com
Contact Person: Ms. Geetika Varshney, Company Secretary and Compliance Officer.
Our Promoter: Mr. Swapnil Jain, Mrs. Asha Jain

THE ISSUE

INITIAL PUBLIC ISSUE OF UP TO 18,00,000 EQUITY SHARES OF ₹10 EACH (“EQUITY SHARES”) OF PAVNA INDUSTRIES LIMITED (“PIL” OR THE “COMPANY”) FOR CASH AT A PRICE OF ₹ [●] PER SHARE (THE “ISSUE PRICE”), AGGREGATING TO ₹ [●] LAKHS (“THE ISSUE”), CONSISTING OF FRESH ISSUE OF UP TO 9,02,400 EQUITY SHARES AGGREGATING TO ₹ [●] LAKHS AND AN OFFER FOR SALE OF UP TO 8,97,600 EQUITY SHARES BY THE PROMOTER SELLING SHAREHOLDER AGGREGATING TO ₹ [●] LAKHS (“OFFER FOR SALE”), OF WHICH UP TO 96,000 EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THAN THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF UP TO 17,04,000 EQUITY SHARES OF ₹10 EACH IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 29.55% AND 27.98%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARE IS ₹10 AND THE ISSUE PRICE IS [●]TIMES OF THE FACE VALUE

In terms of Rule 19(2)(b)(i) of the SCRR this Issue is being made for at least 25% of the post-issue paid-up Equity Share capital of our Company. This issue is being made through Fixed Price process in accordance and compliance with Chapter IX and other applicable provisions of SEBI ICDR Regulations wherein a minimum 50% of the Net Issue is allocated for Retail Individual Applicants and the balance shall be offered to individual applicants other than Retail Individual Applicants and other investors including corporate bodies or institutions, 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 Issue Price. Additionally, if the Retail Individual Applicants category is entitled to more than fifty per cent on proportionate basis, the Retail Individual Applicants shall be allocated that higher percentage. For further details please refer the section titled “Issue Information” beginning on page no. 242 of this Draft Prospectus.

All potential investors shall participate in the Issue only through an Application Supported by Blocked Amount (“ASBA”) process including through UPI mode (as applicable) by providing details of the irrespective bank accounts and / or UPI IDs, in case of RIIs, if applicable, which will be blocked by the Self Certified Syndicate Banks (“SCSBs”) for the same. For details in this regard, specific attention is invited to “Issue Procedure” on page no.251 of this Draft Prospectus. A copy will be delivered for registration to the Registrar of Companies as under Section 26 and Section 28 of the Companies Act, 2013.

RISK IN RELATION TO THE FIRST ISSUE

This being the first Public Issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹10 each and the Issue Price is [●] times the face value. The Issue Price (determined and justified by our Company and the Selling Shareholder in consultation with the Lead Manager) as stated under “Basis for Issue Price” beginning on page no. 71 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 or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Prospectus. Specific attention of the investors is invited to “Risk Factors” beginning on page no. 21 of this Draft Prospectus.

COMPANY’S AND SELLING SHAREHOLDER’S ABSOLUTE RESPONSIBILITY

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 Issue, which is material in the context of the Issue, that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholder assumes responsibility that this Draft Prospectus contains all information about herself as a Selling Shareholder in the context of the Offer for Sale and further assumes responsibility for statements in relation to him included in this Draft Prospectus

LISTING

The Equity Shares Issued through this Draft Prospectus are proposed to be listed on the Emerge Platform of National Stock Exchange of India Limited. Our Company has received an in-principle approval letter dated [●] from NSE for using its name in this offer document for listing our shares on the Emerge Platform of the National Stock Exchange of India Limited. For the purpose of this Issue, the Designated Stock Exchange will be National Stock Exchange of India Limited (“NSE”).

LEAD MANAGER TO THE ISSUE



ARYAMAN FINANCIAL SERVICES LIMITED

60, Khatau Building, Ground Floor, Alkesh Dinesh Modi Marg, Fort, Mumbai – 400 001.

Tel: +91 – 22 – 6216 6999

Email: ipo@afsl.co.in

Website: www.afsl.co.in

Investor Grievance Email: feedback@afsl.co.in

Contact Person: Shweta Kothari / Hiral Motani

SEBI Registration No.: INM000011344

REGISTRAR TO THE ISSUE



LINK INTIME INDIA PRIVATE LIMITED

C-101, 1 Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai, Maharashtra, India, 400083

Tel: +91 22 4918 6200

Email: pavna.ipo@linkintime.co.in

Website: www.linkintime.co.in

Investor Grievance Email: pavna.ipo@linkintime.co.in

Contact Person: Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

ISSUE OPENS ON

[●]

ISSUE CLOSES ON

[●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
“The Company”, “Our Company” or “The Issuer”	Pavna Industries Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Vimlanchalhari Nagar, Aligarh, Uttar Pradesh 202001

Company related Terms

Term	Description
AoA/ Articles / Articles of Association	The articles of association of our Company, as amended from time to time
Auditors / Statutory Auditors	The Statutory Auditors of our Company, being M/s Das Maheshwari & Company, Chartered Accountants (FRN: 007259C) having their office at 58, Avas Vikas Colony, Sasni Gate, Agra road, Aligarh , Uttar Pradesh - 202001
Audit Committee	The audit committee of our Company, constituted on dated June 15, 2019 and re-constituted on June 25, 2020 Section 177 of the Companies Act, 2013, as described in “ <i>Our Management</i> ” on page no. 131 of this Draft Prospectus
Board of Directors / Board	The Board of Directors of Pavna Industries Limited, including all duly constituted Committees thereof.
Chief Financial Officer	Chief Financial Officer of our Company is Mr. Makarand Mahajan
Company Secretary and Compliance Officer	The Company Secretary and Compliance officer of our Company is Miss. Geetika Varshney
Director(s)	Director(s) of Pavna Industries 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	In terms of SEBI ICDR Regulations, the term “ <i>Group Companies</i> ” includes companies (other than our Promoter) with which there were related party transactions as disclosed in the Restated Financial Statements as covered under the applicable accounting standards, and any other companies as considered material by our Board, in accordance with the Materiality Policy, as described in “ <i>Our Group Companies</i> ” on page no. 149 of this Draft Prospectus.
Independent Director(s)	The Independent Director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013
ISIN	International Securities Identification Number. In this case being INE07S101020
Joint Venture Agreement	A Joint Venture Agreement dated November 28, 2018 entered between our Company, Our Promoter Mr. Swapnil Jain, our Subsidiaries Pavna Auto Engineering Limited (PAEPL) and Pavna Sunworld Autotech Private Limited (PSAPL), Sunworld Moto Industrial Co., Limited and Mr. Hsing-Cheng Yh (Ryan) and Chi-Hsien Chen (Vivien)
Key Management Personnel / KMP	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI (ICDR) Regulations, together with the Key Managerial Personnel of our Company in terms of Section 2(51) of the Companies Act, 2013 and as disclosed in the chapter titled “ <i>Our Management</i> ” on page no. 131 of this Draft Prospectus
Materiality Policy	The policy adopted by our Board on July 1, 2020 for identification of Group Companies, material outstanding litigation and outstanding dues to material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations
MOA / Memorandum of Association	The memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, constituted on dated June 15, 2019 and re-constituted on June 25, 2020 in accordance with Section 178 of the Companies Act, 2013, the details of which are provided in “ <i>Our Management</i> ” on page no. 131 of this Draft Prospectus

Term	Description
Pavna Group / The Group / Group	Pavna Group shall comprise of: 1. Pavna Industries Limited (PIL) 2. Pavna Auto Engineering Private Limited (PAEPL) 3. Swapnil Switches Private Limited (SSPL) 4. Pavna Marketing Private Limited (PMPL) 5. Pavna Sunworld Autotech Private Limited (PSAPL)
Promoter(s) / Core Promoter	The Promoter of our Company, namely, Mr Swapnil Jain and Mrs. Asha Jain
Promoter Group	Such persons, entities and companies constituting our promoter group pursuant to Regulation 2(1)(pp) of the SEBI (ICDR) Regulations as disclosed in the Chapter titled “ <i>Our Promoter and Promoter Group</i> ” on page no. 145 of this Draft Prospectus
Registered Office	The Registered Office of our Company situated at Vimlanchalhari Nagar, Aligarh, Uttar Pradesh 202001
Registrar of Companies / RoC	Registrar of Companies, Kanpur situated at 37/17, Westcott Building, The Mall, Kanpur-208001
Restated Financial Statements	The restated Standalone Financial Statements of our Company for the Financial Years ended March 31, 2020, March 31, 2019 and March 31, 2018, which comprises the restated standalone balance sheet, the restated standalone statement of profit and loss and the restated standalone 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 and Restated Consolidated Financial Statements of our Company for the Financial Year ended March 31, 2020, which comprises the restated consolidated balance sheet, the restated consolidated statement of profit and loss and the restated consolidated 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
Selling Shareholder	Mrs. Asha Jain
Stakeholders’ Relationship Committee	The stakeholder’s relationship committee of our Company, constituted on dated June 25, 2020 in accordance with Section 178 of the Companies Act, 2013, the details of which are provided in “ <i>Our Management</i> ” on page no. 131 on this Draft Prospectus
Subsidiary Companies	1. Pavna Auto Engineering Private Limited (PAEPL) 2. Swapnil Switches Private Limited (SSPL) 3. Pavna Marketing Private Limited (PMPL) 4. Pavna Sunworld Autotech Private Limited (PSAPL)
Unit 1	A unit operated by Our Subsidiary Company Pavna Auto Engineering Private Limited situated at Aligarh Factory No. 1 located at Palasahibad Road, Gopalpuri, Aligarh. For further details please refer chapter titled “ <i>Our Business</i> ” beginning on page 91 of this Draft Prospectus
Unit 2	A unit operated by Our Subsidiary Company Swapnil Switches Private Limited situated at Aligarh Factory No. 2 located at 19/17, Gopalpuri, Hari Nagar, Aligarh. For further details please refer chapter titled “ <i>Our Business</i> ” beginning on page 91 of this Draft Prospectus
Unit 3	A unit operated by Our Company situated at Aligarh Factory No. 3, Located at 9KM Delhi Road, Bhankri, G.T. Road, Bhankari, Aligarh. For further details please refer chapter titled “ <i>Our Business</i> ” beginning on page 91 of this Draft Prospectus
Unit 4	A unit operated by Our Company situated at Aligarh Factory No. 4 located at Khasra No. 29, Chauwali, Lane Bhankhari Khas, Bhankari, Aligarh. For further details please refer chapter titled “ <i>Our Business</i> ” beginning on page 91 of this Draft Prospectus
Unit 5	A unit operated by Our Subsidiary Company Pavna Auto Engineering Private Limited situated at Aligarh Factory No. 3 located at, Located at 9KM Delhi Road, Bhankri, G.T. Road, Bhankari, Aligarh. For further details please refer chapter titled “ <i>Our Business</i> ” beginning on page 91 of this Draft Prospectus
Unit 6	A unit operated by Our Subsidiary Company Pavna Auto Engineering Private Limited situated at Aurangabad Factory No. 1 located at Gut No 41, Ramrai, Gangapur, Aurangabad, Maharashtra. For further details please refer chapter titled “ <i>Our Business</i> ” beginning on page 91 of this Draft Prospectus

Term	Description
Unit 7	A unit operated by Our Company situated at Auranagabad Factory No. 2, located at Gut No 41P,Ramrai, Gangapur, Aurangabad, Maharashtra. For further details please refer chapter titled “Our Business” beginning on page 91 of this Draft Prospectus
Unit 8	A unit operated by Our Company situated at Uttarakhand Factory No. 1 located at 19B, 20, 21 Sector 12, IIE Pantnagar, Uttarakhand. For further details please refer chapter titled “Our Business” beginning on page 91 of this Draft Prospectus
Willful Defaulter(s)	Willful defaulter as defined under Regulation 2(III) of the SEBI ICDR Regulations

Issue Related Term

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allot / Allotment / Allotted	Unless the context otherwise requires, allotment of the Equity Shares to successful Applicants pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholder to the successful Applicants, pursuant to the Issue
Allotment Advice	A note or 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
Allotees	The successful applicant to whom the Equity Shares are being/have been allotted
Applicant / Investor	Any prospective investor who makes an application pursuant to the terms of the Prospectus
Application Amount	The amount at which the prospective investors shall apply for Equity Shares of our Company in terms of this Draft Prospectus
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 and will include applications made by RIIs using the UPI Mechanism, where the Application Amount shall be blocked upon acceptance of UPI Mandate Request by RIIs using UPI Mechanism
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB or the account of the RII blocked upon acceptance of UPI Mandate Request by RIIs using the UPI Mechanism to the extent of the Application Amount of the Applicant
ASBA Applicant(s)	Any prospective investors in the Issue who intend to submit the Application through the ASBA process
ASBA Application / Application	An application form, whether physical or electronic, used by ASBA Applicants which will be considered as the application for Allotment in terms of the Prospectus
ASBA Form	An application form (with and without the use of UPI, as may be applicable), whether physical or electronic, used by the ASBA Applicants and which will be considered as an application for Allotment in terms of the Prospectus
Banker(s) to the Company	Such banks which are disclosed as Bankers to our Company in the chapter titled “General Information” on page no. 50 of this Draft Prospectus
Banker(s) to the Issue	The banks which are Clearing Members and registered with SEBI as Banker to an Issue with whom the Escrow Agreement is entered and in this case being [●]
Banker(s) to the Issue Agreement	Agreement dated [●], entered into between our Company, Selling Shareholder, Lead Manager, the Registrar to the Issue, Banker to the Issue and Sponsor Bank for collection of the Application Amount on the terms and conditions thereof
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue and which is described in the chapter titled “Issue Procedure” beginning on page no. 251 of this Draft Prospectus
Broker Centres	Broker centres notified by the Stock Exchanges, where the Applicants can submit the 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 website of the NSE
CAN or 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
Client ID	Client identification number maintained with one of the Depositories in relation to demat account

Term	Description
Controlling Branches	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange and a list of which is available at www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Collection Centers	Centers at which the Designated intermediaries shall accept the Application Forms, being the Designated SCSB Branch for SCSBs, specified locations for syndicate, broker center for registered brokers, designated RTA Locations for RTAs and designated CDP locations for CDPs
Collecting Depository Participant” or “CDP	A depository participant registered with SEBI and who is eligible to procure Application at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Demographic Details	Details of the Applicants including the Applicants’ address, name of the Applicants’ father/husband, investor status, occupation and bank account details and UPI ID wherever applicable
Depository/ Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time, being NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act, 1966
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms and in case of RIIs only ASBA Forms with UPI The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the website of the Stock Exchange
Designated Date	The date on which relevant amounts are transferred from the ASBA Accounts to the Public Issue Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIIs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Issue Account or the Refund Account, as the case may be, in terms of the Prospectus following which Equity Shares will be Allotted in the Issue
Designated Intermediaries / Collecting Agent	In relation to ASBA Forms submitted by RIIs authorising an SCSB to block the Application Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs In relation to ASBA Forms submitted by RIIs where the Application Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean syndicate members, sub-syndicate members, Registered Brokers, CDPs and RTAs In relation to ASBA Forms submitted by QIBs and NIBs, Designated Intermediaries shall mean SCSBs, syndicate members, sub-syndicate members, Registered Brokers, CDPs and RTAs
Designated Market Maker	[●] 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 RTA Locations	Such locations of the RTAs where Applicants can submit the ASBA Forms to RTAs and in case of RIIs only ASBA Forms with UPI. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the website of the Stock Exchange
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms (other than ASBA Forms submitted by RIIs where the Application Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism), a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes Intermediaries or at such other website as may be prescribed by SEBI from time to time
Designated Exchange	Stock National Stock Exchange of India Limited (“NSE”)
Draft Prospectus	This Draft Prospectus dated August 18, 2020 issued in accordance with the SEBI (ICDR) Regulations.

Term	Description
Eligible NRI(s)	An NRI(s) from jurisdictions outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom the ASBA Form and the Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares of the Issuer.
First/ Sole Applicant	The Applicant whose name appears first in the Application Form or the Revision Form and in case of joint Applicants, whose name appears as the first holder of the beneficiary account held in joint names
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered to with SEBI under applicable laws in India.
Foreign Portfolio Investor / FPIs	Foreign Portfolio Investor as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014
Fresh Issue	The Fresh Issue of up to 9,02,400 Equity Shares aggregating up to ₹ [●] lakhs by our Company
Fresh Issue Proceeds	The proceeds of the Fresh Issue as stipulated by the Company. For further information about use of the Fresh Issue Proceeds please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page no. 67 of this Draft Prospectus
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
General Information Document or GID	The General Information Document for investing in public issues prepared and issued in accordance with the circular circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 notified by SEBI and the circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 issued by SEBI. The General Information Document is available on the websites of the Stock Exchanges, the Lead Manager
Issue	The initial public Issue of up to 18,00,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each, aggregating up to Rs. [●] lakhs, consisting of a Fresh Issue and an Offer for Sale
Issue Agreement	The Memorandum of Understanding (MoU) dated July 24, 2020, entered amongst our Company, the Selling Shareholder and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	The date on which the Issue closes for subscription being [●]
Issue Opening Date	The date on which the Issue opens for subscription being [●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants can submit their Applications
Issue Price	The Price at which the Equity Shares are being Issued by our Company and the Selling Shareholder in consultation with the Lead Manager under this Draft Prospectus being Rs. [●] per equity share
Issue Proceeds	Proceeds to be raised by our Company through this Issue, for further details please refer chapter titled “ <i>Objects of the Issue</i> ” page no. 67 of this Draft Prospectus
Issue Size	The Public Issue up to 18,00,000 of Equity shares of Rs. 10 each at price of ₹ [●] per Equity share, aggregating to ₹ [●] lakhs by our Company and the Selling Shareholder
Lead Manager / LM	Lead Manager to the Issue, being Aryaman Financial Services Limited.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and National Stock Exchange of India Limited
Lot Size	The Market lot and Trading lot for the Equity Share is [●] and in multiples of [●] thereafter; subject to a minimum allotment of [●] Equity Shares to the successful applicants
Market Maker	Member Brokers registered as Market Makers with the NSE’s Emerge Platform
Market Making Agreement	The Market Making Agreement dated [●] between our Company, Lead Manager and Market Maker
Market Maker Reservation Portion	The reserved portion up to 1,08,000 Equity Shares of face value of ₹10 each fully paid for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] for the Market Maker in this Issue.
Minimum Promoters’ Contribution	Aggregate of 20% of the fully diluted post-Issue Equity Share capital of our Company held by our Promoters which shall be provided towards minimum promoters of 20% and locked-in for a period of three years from the date of Allotment
Mobile App(s)	The mobile applications listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be updated from time to time, which may be used by RIIs to submit Applications using the UPI Mechanism

Term	Description
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Issue	The Net Issue of up to 17,04,000 Equity Shares of ₹ 10 each at price of ₹ [●] per Equity Shares aggregating to ₹ [●] lakhs by our Company and the Selling Shareholder
Net Proceeds	The Gross Proceeds less our Company's share of the Issue expenses. For further details regarding the use of the Net Proceeds and the Issue expenses, see "Objects of the Issue" beginning on page no. 67 of this Draft Prospectus
Non - Institutional Investors	All Applicants 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)
Non-Resident or NR	A person resident outside India, as defined under FEMA and includes Eligible non-resident Indian, Eligible QFIs, FIIs registered with SEBI, FVCIs and FPIs
NSE Emerge Platform	SME Platform of NSE i.e, NSE Emerge Platform, approved by SEBI as an SME Exchange for listing of equity shares Offered under Chapter IX of the SEBI ICDR Regulations
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
Offer for Sale	An offer for sale of up to 8,97,600 Equity Shares aggregating up to ₹ [●] by the Selling Shareholder
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, the Issue opening and Closing date and other information.
Public Issue Account	A bank account to be opened under section 40(3) of the Companies Act, 2013 to receive monies from the ASBA Accounts on the Designated Date
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Refund Account	The account to be opened with the Refund Bank, from which refunds, if any, of the whole or part of the Application Amount to the Applicants shall be made
Refund Bank(s)	The Bank which is a clearing member and registered with SEBI as a Banker to an Issue and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 04, 2012 issued by SEBI.
Registrar Agreement	The agreement dated July 24, 2020 entered amongst our Company, the Selling Shareholder and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue
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 to the Issue / Registrar	The Registrar to the Issue being Link Intime India Private Limited
Retail Individual Investor(s) / RII(s)	Individual Applicants or minors applying through their natural guardians, (including HUFs in the name of Karta and Eligible NRIs) who have applied for an amount less than or equal to Rs. 2.00 lakhs in this Issue
Revision Form	The form used by the Applicants to modify the quantity of the Equity Shares or the Application Amount in any of their ASBA Form(s) or any previous Revision Form(s) QIBs and Non-Institutional Investors are not allowed to withdraw or lower their Application Amounts (in terms of quantity of Equity Shares or the Application Amount) at any stage. Retail Individual Applicants can withdraw or revise their Application until Issue Closing Date

Term	Description
Self - Certified Syndicate Bank(s) or “SCSB(s)	Banks registered with SEBI, offering services i. in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or such other website as updated from time to time, and ii. in in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Share Escrow Agent	Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	The agreement dated [●] to be entered amongst our Company, the Selling Shareholder and the Share Escrow Agent in connection with the transfer of the shares offered under Offer for Sale by the Selling Shareholder and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Centres where the Syndicate shall accept ASBA Forms from Applicants and in case of RIIs only ASBA Forms with UPI
Sponsor Bank	A Banker to the Issue which is registered with SEBI and is eligible to act as a Sponsor Bank in a public issue in terms of applicable SEBI requirements and has been appointed by the Company and the Selling Shareholder, in consultation with the LM’s to act as a conduit between the Stock Exchanges and NPCI to push the UPI Mandate Request in respect of RIIs as per the UPI Mechanism, in this case being [●]
Systemically Important Non-Banking Financial Company	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
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.
Underwriters	The underwriters in this case are [●]
Underwriting Agreement	The agreement dated [●] entered amongst our Company, the Selling Shareholders and the Underwriters
UPI ID	ID created on UPI for single-window mobile payment system developed by the National Payments Corporation of India (NPCI)
UPI Mandate Request	A request (intimating the RII by way of a notification on the UPI application and by way of a SMS directing the RII to such UPI application) to the RII initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Application Amount and subsequent debit of funds in case of Allotment
UPI mechanism	The bidding mechanism that may be used by an RII to make an Application in the Issue in accordance with SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 01, 2018 read with SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019 and SEBI Circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 and any subsequent circulars or notifications issued by SEBI in this regard
UPI PIN	Password to authenticate UPI transaction
Working Day	The days on which commercial banks in Mumbai are open for business; provided however, with reference to (i) announcement of Price Band; and (ii) Issue Period, “Working Day” shall mean all days, excluding all Sundays, Saturdays and public holidays, on which commercial banks in Mumbai are open for business; (iii) the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI

Technical / Industry related terms

Term	Description
ACMA	Automotive Component Manufacturers Association
ARAI	Automotive Research Association of India
Auto Cad	Autodesk computer-aided design
BCG	Boston Consulting Group

Term	Description
BOPs	Bought out products
CAD-CAM	computer-aided design & computer-aided manufacturing
CFM	Centrifugal Finishing Machine
CNC	computer numerical control
CREO	Creo is a family or suite of Computer-aided design (CAD) apps supporting product design for discrete manufacturers
EDM	Electrical discharge machining
ETP	Effluent Treatment Plant
EV	electric vehicle
FCI	Food Corporation of India
GARC	Global Automotive Research Centre
GFSR	Global Financial Stability Report
IATF	The International Automotive Task Force
OEM	Original Equipment Manufacturers
OHSAS	Occupational Health and Safety Assessment Series
PDIR	Pre-Dispatch Inspection Report
PISC	Project Implementation and Sanctioning Committee
QA	Quality Assurance
VMC	Vertical Machining center
VTL	Vertical Lathe

Conventional Terms / General Terms / Abbreviations

Term	Description
A/c	Account
ACS	Associate Company Secretary
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
APAC	Asia-Pacific
AS / Accounting Standards	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
Banking Regulation Act	Banking Regulation Act, 1949
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
Category I foreign portfolio investor(s) / Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
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
CFPI	Consumer Food Price Index
CGST	Central GST
CIBIL	Credit Information Bureau (India) Limited
CIN	Company Identification Number
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.

Term	Description
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.
COVID - 19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
CST	Central Sales Tax
CY	Calendar Year
Depositories	Together, NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP	Depository Participant, as defined under the Depositories Act 1996
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India earlier known as Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant's identification
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
ECS	Electronic Clearing System
EGM/ EoGM	Extraordinary General Meeting
EMDEs	Emerging Markets and Developing Economies
EPS	Earnings Per Share
FAME	Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
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
FIPB	Foreign Investment Promotion Board
FPIs	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FTP	Foreign Trade Policy
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
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
GW	Gigawatt
HNIs	High Networth Individuals
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
IAS Rules	Indian Accounting Standards, Rules 2015
ICAI	The Institute of Chartered Accountants of India
ICAT	International Centre for Automotive Technology
ICSI	Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IGST	Integrated Goods and Services Tax Act, 2017
IIE	Indian Institute of Entrepreneurship
IIP	Index of Industrial Production
IMF	International Monetary Fund
Indian GAAP	Generally Accepted Accounting Principles in India

Term	Description
Ind AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015
IPO	Initial Public Offering
IRDAI Investment Regulations	Insurance Regulatory and Development Authority (Investment) Regulations, 2016
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
IST	Indian Standard Time
JLR	Jaguar Land Rover
JV	Joint Venture
KM / Km / km	Kilo Meter
MCA	Ministry of Corporate Affairs, Government of India
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MEIS	Merchandise Exports from India Scheme
MG	Morris Garages
MICR	Magnetic Ink Character Recognition
MMR	Maternal Mortality Ratio
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
NA / N. A.	Not Applicable
NACH	National Automated Clearing House
NATRAX	National Automotive Testing Tracks
NATRiP	National Automotive Testing and R&D Infrastructure Project
NAV	Net Asset Value
NBFC	Non Banking Financial Company
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NEIL	National Engineering Industries Ltd
NIAIMT	National Institute for Automotive Inspection, Maintenance & Training
NOC	No Objection Certificate
NPCI	National Payments Corporation of India
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	per annum
PE	private equity
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
PLR	Prime Lending Rate
PMGK	Pradhan Mantri Garib Kalyan Package
PMI	Purchasing Managers' Index
PPP	purchasing power parity
R&D	research and development
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies
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

Term	Description
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, as amended
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, 2019, as amended
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
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, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as repealed by the SEBI AIF Regulations, as amended
SEIS	Service Exports from India Scheme
Sec.	Section
Securities Act	U.S. Securities Act of 1933, as amended
SGST	State Goods and Services Tax Act, 2017
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
SUV	Sport utility vehicle
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TIN	Taxpayers Identification Number
TDS	Tax Deducted at Source
UGST	Union Territory Goods and Services Tax Act, 2017
UPI	Unified Payments Interface, a payment mechanism that allows instant transfer of money between any two persons bank account using a payment address which uniquely identifies a person's bank account.
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.
WEO	World Economic Outlook
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
WIP	Work in process
WPI	Wholesale Price Index

CERTAIN CONVENTIONS AND PRESENTATION OF FINANCIAL

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 information in this Draft Prospectus is derived from our Restated Financial Statements. Certain additional financial information pertaining to our Group Company is derived from its financial statements. The Restated Financial Statements included in this Draft Prospectus are as at and for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, and have been prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations. For further information, see please refer “*Financial Information*” beginning on page no. 152 of this Draft Prospectus.

In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year. Unless stated otherwise, or the context requires otherwise, all references to a “year” in this Draft Prospectus are to a calendar year.

There are significant differences between Indian GAAP, IFRS and US GAAP. The Company has not attempted to quantify their impact on the financial data included herein and urges you to consult your own advisors regarding such differences and their impact on the Company’s financial data. Accordingly to what extent, the 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 / Indian GAAP. Any reliance by persons not familiar with Indian Accounting Practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on page nos. 21, 91 and 201 respectively, of this Draft Prospectus, and elsewhere in this Draft Prospectus have been calculated on the basis of the Restated Financial Statements of our Company.

Currency and Units of Presentation

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, please refer 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. 270 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 industries in India in which our Company operates 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:

- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Inability to identify the new premises may adversely affect the operations, finances and profitability of the Company;
- Increased competition in Automotive Industry.
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Our inability to maintain or enhance our brand recognition;
- Inability to adequately protect our Intellectual Property Rights
- Changes in consumer demand
- Inability to identify or effectively respond to customer needs, expectations or trends in a timely manner;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects;
- Volatility of loan interest rates and inflation;
- Our failure to keep pace with rapid changes in technology;
- Our ability to meet our further capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Conflict of Interest with affiliated companies, the promoter group and other related parties;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in government policies and regulatory actions that apply to or affect our business;
- The occurrence of natural disasters or calamities; and

For further discussions of factors that could cause our actual results to differ, please refer the section titled “*Risk Factors*”, “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page nos. 21, 91 and 201 of this Draft Prospectus, respectively.

Neither our Company, our Directors, our Promoter, the Selling Shareholder, the Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company will ensure that investors in India are informed of material developments from the date of this Draft Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II – SUMMARY OF OFFER DOCUMENT

A. Summary of Business

Our Company along with its subsidiaries is engaged in the business of manufacturing of automotive parts, providing solutions for automobile applications and serving automobile & other applications worldwide. Our focus is manufacturing quality & customer oriented components, catering to Original Equipment Manufacturers (OEM) & providing automotive after-market solutions.

We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments. Our Company has varied client base and we are committed to continuing to diversify our product offerings, customer base and geographical footprint, thereby minimizing our exposure to individual geographies and industry sectors.

B. Summary of Industry

The automobile industry in India is the world's fourth largest. India was the world's fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019. Indian automotive industry (including component manufacturing) is expected to reach Rs 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026. The industry attracted Foreign Direct Investment (FDI) worth US\$ 24.21 billion during April 2000 to March 2020 according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Domestic automobile production increased at 2.36 per cent CAGR between FY16-FY20 with 26.36 million vehicles being manufactured in the country in FY20. Overall, domestic automobiles sales increased at 1.29 per cent CAGR between FY16-FY20 with 21.55 million vehicles being sold in FY20.

C. Our Promoter

Our Company is promoted by Mrs. Asha Jain and Mr. Swapnil Jain.

D. Size of the Issue

Equity Shares Issued⁽¹⁾: Present Issue of Equity Shares by our Company and the Selling Shareholder ⁽²⁾ :	Up to 18,00,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs
Consisting of:	
Fresh Issue	Up to 9,02,400 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs
Offer for Sale	Up to 8,97,600 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs.
Which Comprises:	
Market Maker Reservation Portion	Up to 96,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs.
Net Issue to Public	Up to 17,04,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs.

E. Object of the Issue

The Selling Shareholder will be entitled to the proceeds of the Offer for Sale. Our Company will not receive any proceeds from the Offer for Sale.

The Net Proceeds of the Fresh Issue are proposed to be used in accordance with the details provided in the following table:

Particulars	Amount (in ₹ lakhs)
Part Repayment of Loans	1,300.00
General Corporate Purpose ⁽¹⁾	[●]
Total	[●]

⁽¹⁾ The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds of the Issue.

F. Pre-Issue Shareholding of our Promoter and Promoter Group, Selling Shareholder(s) as a percentage of the paid-up share capital of the Company

Category of Promoter	Pre-Issue	
	No. of Shares	As a % of paid-up Equity Capital
1. Promoter ⁽¹⁾	44,86,660	86.48%
2. Promoter Group	7,01,140	13.51%

⁽¹⁾ The Selling Shareholder is also one of Our Promoters.

G. Summary of Financial Information

(₹ in lakhs)

Particulars	Restated Consolidated	Restated Standalone		
		For the year ended March 31,		
	For the year ended March 31, 2020	2020	2019	2018
Share Capital	259.40	259.40	259.40	259.40
Net Worth	2,675.53	2,542.51	2,134.06	1,547.93
Total Revenue	17,982.84	13,631.21	13,797.91	10,677.64
Profit after Tax	428.88	408.45	586.13	324.23
Earnings Per Share				
Basic & Diluted EPS	8.27	7.87	11.30	6.25
Net Asset Value Per Share (₹) - based on actual no. of equity shares at the end of the year	103.14	98.01	82.27	59.67
Net Asset Value Per Share (₹) - based on actual no. of equity shares with bonus effect at the end of the year ⁽¹⁾	51.57	49.01	41.13	29.84
Total Borrowings	4,910.99	4,125.69	1,945.55	1,800.49

⁽¹⁾ As on March 31, 2020; the Company's paid up equity capital consist of 25,94,000 fully paid up equity shares of face value of ₹ 10/- each. Our Company has after March 31, 2020 allotted an aggregate of 25,94,000 equity shares of ₹ 10 each as bonus issue.

H. Qualification of the Auditors

The Restated Financial Statements do not contain any qualification requiring adjustments by the Auditors.

I. Summary of Outstanding Litigation are as follows

There is no material Litigation Outstanding as on the date of this Draft Prospectus. For the details of litigation proceedings, please refer the chapter titled “*Outstanding Litigations and Material Developments*” on page no. 218 of this Draft Prospectus

J. Risk Factors

Investors should read chapter titled “*Risk Factors*” beginning on page no. 21 of this Draft Prospectus to get a more informed view before making any investment decisions.

K. Summary of Contingent Liabilities

Summary table of our contingent liabilities not provided for in our Restated Financial Statements is as follows:

(₹ in lakhs)

Particulars	Restated Consolidated	Restated Standalone		
		For the year ended March 31,		
	For the year ended March 31, 2020	2020	2019	2018
Contingent Liabilities	-	-	-	-
Total	-	-	-	-

For further information, please refer “Annexure XXIV of Restated Standalone Financial Statements” and “Annexure XXV of Restated Consolidated Financial Statements” under the chapter titled “Financial Information” on page 152 of this Draft Prospectus.

L. Summary of Related Party Transactions

Our Company has entered into certain transactions with our related parties including our Promoter, Promoter Group, Directors and their relatives as mentioned below:

(₹ in lakhs)

Particulars	Restated Consolidated*	Restated Standalone		
	For the year ended March 31, 2020	For the year ended March 31,		
		2020	2019	2018
1) Finance				
Loans Taken				
Opening Balance	22.04	22.04	84.74	-
Loan taken during the year	1,978.93	1,877.50	145.00	116.75
Interest (Net of TDS)	37.35	37.35	6.03	2.06
Loan repaid during the year	703.96	602.53	213.74	34.07
Outstanding at the end of the year	1,334.36	1,334.36	22.04	84.74
2) Expense				
Remuneration	299.28	108.00	97.25	93.60
Rent (including lease rentals)	27.19	8.50	9.50	11.58
Trademark royalty	79.83	68.10	68.94	26.89
Interest	41.85	41.50	6.70	2.27
Salary	54.00	36.00	26.50	22.50
Die-casting charges	11.55	-	-	-
3) Intangible Asset				
Technical Know How	12.50	-	-	-
4) Deposits				
Security Deposit	500.00	-	-	-
5) Sales/ Purchase				
Purchase	-	163.91	141.44	48.34
Sales	-	1,516.95	218.62	23.73
6) Debtors/Creditors O/s Balance				
Debtors/ Advances to suppliers	-	79.84	6.70	-
Creditors/ Advances from customers	-	27.94	28.36	20.29
7) Investment				
Investment in shares	-	781.74	-	-
Sale of Investment in shares	762.28	762.28	-	-
Advance money for shares	-	0.04	-	-

*Intercompany Transactions

On consolidation, following transactions and balances with the subsidiary companies namely (1) Pavna Marketing Private Limited (PMPL), (2) Pavna Sunworld Autotech Private Limited (PSAPL), (3) Swapnil Switches Private Limited (SSPL) and (4) Pavna Auto Engineering Private Limited (PAEPL) have been eliminated:

(Rs. in lakhs)

Particulars	As at March 31, 2020
1) Purchase & Sales	
PIL & PAEPL	112.18
PIL & SSPL	22.56
PIL & PMPL	1,382.20
PIL & PSAPL	0.00
PAEPL & PIL	63.00
PAEPL & SSPL	4.24

Particulars	As at March 31, 2020
PAEPL & PMPL	305.40
SSPL & PAEPL	0.05
SSPL & PIL	100.91
SSPL & PMPL	363.64
PSAPL & PMPL	6.86
2) Creditors & Debtors	
PIL & PAEPL	11.41
PIL & SSPL	7.59
PIL & PMPL	60.83
PIL & PSAPL	0.00
PAEPL & PIL	27.94
PAEPL & SSPL	0.30
PAEPL & PMPL	215.96
SSPL & PMPL	193.28
PSAPL & PMPL	8.78
3) Investment	
Investment by PIL in SSPL	197.76
Investment by PIL in PAEPL	499.98
Investment by PIL in PMPL	10.00
Investment by PIL in PSAPL	74.00
Share call money paid in advance by PIL to PAEPL	0.04

For details, please see “Annexure XXVI of Restated Standalone Financial Statements” and “Annexure XXVI of Restated Consolidated Financial Statements” under the chapter titled “Financial Information” on page 152 of this Draft Prospectus.

M. Financing Arrangements

There have been no financing arrangements whereby our Promoter, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Prospectus.

N. Weighted Average Price of the Equity Shares acquired by each of the Promoter and Selling Shareholder in the last one year preceding the date of this Draft Prospectus

The weighted average price of Equity Shares acquired by each of the Promoter and Selling Shareholder in the last one year preceding the date of this Draft Prospectus is as below:

Name of the Promoter & Selling Shareholder	Weighted Average Price
Mrs Asha Jain	NIL
Mr. Swapnil Jain	NIL

Note: The weighted average cost of acquisition per Equity Share in last one year is Nil as the Equity Share acquired are only pursuant to the Bonus Issue.

O. Average Cost of Acquisition

The average cost of acquisition per Equity Share to our Promoter as at the date of this Draft Prospectus is:

Promoter	Average cost (₹)
Mrs Asha Jain	4.01
Mr. Swapnil Jain	9.35

P. Our Company does not contemplate any issuance or placement of Equity Shares from the date of this Draft Prospectus till the listing of the Equity Shares.

- Q.** Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Prospectus except as mentioned in the chapter titled “*Capital Structure*” page no. 58 of this Draft Prospectus.
- R.** Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Prospectus except as mentioned in the chapter titled “*Capital Structure*” page no. 58 of this Draft Prospectus.

SECTION III – 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 91 and 201 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.

In this section, reference to “we”, “us”, “our”, “Company” or “Our Company” refers to Pavna Industries Limited, as the context requires, and any reference to the “Pavna Group” or “Group “ refers to Pavna Industries Limited and its subsidiaries on a consolidated basis.

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 as included in “Financial Information” on page 152 of this Draft Prospectus.

INTERNAL RISKS

1. *The continuing effect of the COVID-19 pandemic on our business and operations is highly uncertain and cannot be predicted.*

In the first half of 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, repercussions across local, national and global economies and financial markets. In particular, a number of governments and organizations have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession. In order to contain the spread of COVID-19 virus, the Government of India initially announced a 21-day lockdown on March 24, 2020, which, after being subject to successive extensions, is being relaxed currently. During the duration of the lockdown, there were several restrictions in place including travel restrictions and directive to all citizens to not move out of their respective houses unless essential. Whilst the lockdown required private, commercial and industrial establishments to remain closed, manufacturing units of essential commodities were permitted to be functional.

Since we are engaged in manufacturing of automotive components, our products were not categorized under the ‘essential goods’ and hence our manufacturing facilities were shut down during this pandemic. During the initial stages of the lockdown our business operations were disrupted. Since then, we have resumed operations in a phased manner as per the Government of India and state government’s directives. We have resumed our manufacturing activities after making arrangements to meet the government’s requirements on sanitization, people movement and social distancing. However, due to limited availability of labour, raw material suppliers, logistics and supply chain constraints, our plant is operating at sub-optimal capacity utilization. We also faced limitation on transportation of our products and the operation of our offices was also adversely affected amidst the lockdown and public transport restrictions. Due to the rising number of infected cases of COVID-19 in the country, there is no certainty if additional restrictions will be put back in place or if another lockdown would be re-imposed to control the spread of the pandemic. We cannot assure you that we may not face any difficulty in our operations due to such restrictions and such prolonged instances of lockdown may adversely affect our business, financial condition and results of operations.

Further, our ability to ensure the safety of our workforce and continuity of operations while confirming with measures implemented by the central and state governments in relation to the health and safety of our employees may result in increased costs. In the event a member or members of our senior management team contract COVID-19, it may potentially affect our operations. Further, in the event any of our employees contract COVID-19, we may be required to quarantine our employees and shut down a part of or the entire manufacturing facility or our offices and branches, as necessary. Risks arising on account of COVID-19 can also threaten the safe operation of our facility, offices, loss of life, injuries and impact the well-being of our employees.

The ultimate impact will depend on a number of factors, many of which are outside our control. These factors include the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity in India and globally, the eventual level of infections in India or in the regions in which we operate, and the impact of any actions taken by governmental bodies or health organisations (whether mandatory or advisory) to combat the spread of the virus. These risks could have an adverse effect on our business, results of operations, cash flows and financial condition. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section.

2. *We conduct a significant portion of our operations through our subsidiaries/ joint ventures over which we may have limited control and further deterioration in the performance of any of our subsidiaries and joint ventures may adversely affect our results of consolidated operations on group basis.*

We currently conduct a substantial part of our operations through our subsidiaries and joint ventures, and these entities generate a significant portion of our operating income and cash flow. We have made and may continue to make capital commitments to our subsidiaries and joint ventures, and if the business or operations of any of these subsidiaries, joint ventures and affiliates deteriorates, the value of our investments may decline substantially.

The ability of our subsidiaries and joint ventures to make dividend payments to us depends largely on their financial condition and ability to generate profits as well as regulatory conditions. In addition, because our subsidiaries and joint ventures are separate and distinct legal entities, they will have no obligation to pay any dividends and may be restricted from doing so by contract, including other financing arrangements, charter provisions, other shareholders or partners or the applicable laws and regulations of the various countries in which they operate. As a result, we have limited control over these entities and any differences in views with the other shareholders may result in delayed decisions or failures to reach agreement on major issues. We may, in certain instances, fail to reach agreement on significant decisions on a timely basis. We also cannot control the actions of our joint venture partners, including any non-performance, default by or bankruptcy of our partners, and we typically share liability or have joint and/or several liability with our partners for such matters. Any of these factors could potentially have a material adverse effect on our operations and the profitability of our joint ventures.

We cannot assure you that our subsidiaries and joint ventures will generate sufficient profits and cash flows. Further, in case our subsidiaries and joint ventures incur losses or are unable to match our expected levels of performance, we may divest or dilute our equity interest in such entities. Our financial condition and results of operations could be adversely affected should our equity stake in our subsidiaries or our equity interest in our joint ventures be diluted or in the event they cease to be our subsidiaries and joint ventures. Further, in the event that the value of our investment in any of our subsidiaries and joint ventures diminishes significantly, this could have a material adverse effect on our financial condition and results of operations.

3. *Our reliance on third parties for certain aspects of our business, including raw material suppliers, transporters of our raw materials and products as well as contract labour/ job work, exposes us to certain risks.*

We rely on third parties for the supply of raw materials, components, contract labour, job work and power required for the manufacture of our products, as well as for performance of certain functions and services carried out at our manufacturing and office premises including waste management and facility management functions. We also rely on transporters for transport and logistics support at some of our units including. Job work charges constituted 3.12 %, 4.13 % and 3.91 % of our total expenses for the year ended March 31, 2020, 2019 and 2018 respectively. Our reliance on third parties for certain critical outsourced job works and on transporters for transport and logistics may affect our timelines for making delivery to our customers.

Our ability to identify and build relationships with reliable vendors worldwide contributes to our growth and our successful management of our inventory as well as other aspects of our operations. Our raw material and component suppliers may fail to consistently deliver products of acceptable quality and within stipulated schedules, or the contractors to whom we have outsourced certain functions at our manufacturing or office premises may not fulfil

specified performance standards, which may adversely affect our operations. We may be required to replace a vendor if its products or services do not meet our quality or performance standards or if a vendor should unexpectedly discontinue operations due to reasons beyond its or our control (including financing constraints caused by credit market conditions).

As we rely on transport and logistics service providers for transporting a portion of our product supplies, any failure on their part to perform their services in the expected manner could result in us breaching our committed delivery timelines. Factors such as the financial instability of contractors, suppliers, vendors' non-compliance with applicable laws, labour disputes, currency fluctuations, changes in tariff or import policies, severe weather, political uncertainty, terrorist attacks and transport capacity and cost may disrupt our supply chains, which may result in increased costs or delivery delays. Further, increase in competition and / or our competitors having established operations and long-term relationships with suppliers may see us facing challenges to secure adequate supply of raw materials or may increase our overall cost of raw materials. Therefore, there is no assurance that third party suppliers or contractors will be able to meet their contractual commitments to us, or that we will not be required to incur additional costs to remedy any deficiencies in their services or to obtain alternative sources of supply in the event that our contracted suppliers should default or be delayed in their performance. A significant disruption in supply of raw material, contract labour, power or other third-party services may, in turn, disrupt our operations and adversely affect our inventory management, business and financial condition, at least until alternative sources of supply of goods and services are arranged.

4. *The discontinuation of, the loss of business with respect to, or a lack of commercial success of, a particular vehicle model for which we are a significant supplier could affect our business and results of operations.*

Our purchase contracts typically provide for the purchase of our products for a specified time period for a particular vehicle model and assembly plant. We have general purchase agreements which define the terms and conditions of purchases by the customers which are supplemented by specific open purchase orders which do not have any validity in respect of time period. Although we have purchase orders from many of our automotive customers, these purchase orders only specify the price at which the products are to be supplied with no mention of any specific quantity. The quantities supplied are based on delivery schedules provided by the customers on a daily basis, based on their own demand and supply situation. In addition, our purchase orders and purchase agreements with OEMs generally do not provide for any compensation if there is any shortfall in demand for the relevant vehicle model being manufactured leading to a consequent reduction in the demand for our products.

We may be required to make investment to adapt to the expansions plans made by our existing OEM customers to ensure continuity in business from such OEMs, however there is no assurance that such investments will be as profitable as our existing business and investments, or at all. Further, we may not be able to take on new opportunities from our existing OEM customers if such opportunities do not offer attractive value proposition or commercial viability.

As a result, the discontinuation of, loss of business with respect to, lack of commercial success of, or fluctuations in demand for, a particular vehicle model for which we are a significant supplier could reduce our sales and affect our estimates of anticipated sales, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition.

5. *There can be a potential conflict of interest owing to similar line of business between our Company, our Subsidiary Companies, Group Companies and Promoter Group Companies.*

Our Subsidiaries i.e. Pavna Auto Engineering Pvt. Ltd., Swapnil Switches Pvt. Ltd. and Pavna Sunworld Autotech Pvt. Ltd., Our Group Company i.e. PJ Wealth Management And Consultant Private Limited and Promoter Group entity i.e. Starpavna Engineers Private Limited have some of the objects similar to that of our Company's business. Our Company along with our subsidiaries, Our Group Company and Promoter Group Entity is into the business of manufacturing of automotive components. Some of our directors are on the board of directors of our Subsidiary, Group Company and Promoter Group Entity also, and have equity interest or investments in our Subsidiary, Our Group Company and Promoter Group Entity that may offer services that are related to our business. As a result, a conflict of interest may arise in addressing business opportunities and strategies and implementing new plans.

Further, we have not entered into any non-compete agreement with any of the said entity. We cannot assure that our Promoters who have common interest in said entity will not favour the interest of that entity. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company, our Subsidiaries, Our Group Company and our Promoter Group Entity in circumstances where our respective interests conflict. There can be no

assurance that our Promoters or our Subsidiaries or our Group Company or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours or they will not float any new company. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition. For details regarding our Subsidiaries and Group Company, please see “*Our Subsidiaries*”, “*Our Group Companies*” and “*Our Promoter and Promoter Group*”, on page 122, 149 and 145 of this Draft Prospectus.

6. *Some of the premises used by our Company including our Registered Office and manufacturing units are not owned by our Company and further in case of unavailability of these properties, it would impact our operations, results and financial condition adversely.*

The premises used by our Company as its Registered Office is taken on leave and license basis from our Director(s), which is also operated by our subsidiaries i.e. Pavna Auto Engineering Private Limited and Swapnil Switches Pvt. Ltd., Pavna Marketing Pvt. Ltd., Pavna Sunworld Autotech Pvt. Ltd. on sharing basis. Also, one of the manufacturing unit i.e. Unit 3 located at Aligarh is taken on leave and license basis from our Director(s). Further, manufacturing units located at Aurangabad and Uttarakhand i.e. Unit 7 and Unit 8 respectively of our company are also taken on leave and license basis from third party. Additionally manufacturing units wherein our subsidiaries operate from are also taken on leave and license basis from our Director(s).

In the event such arrangements are ceased or terminated, it could adversely affect our operation unless we arrange for similar premises. Any termination of such arrangement and upon favorable conditions, in a timely manner or at all and/ or our Promoter’s inability to continue the arrangement, could adversely affect our operations. We may not be able to find suitable locations in time or at all in the location required which may cease the various benefits that were reaped earlier. Also, we may have to rent or acquire office location at a rent or price which may be much higher than the prevailing market rates, which would require an immediate cash outflow. This may result in additional cost, disruption of day-to-day activities and increased rent burden which would adversely affect our financial condition. For details regarding properties taken on leave and license refer the Section titled “*Our Business - Properties*” on page 108 of this Draft Prospectus.

7. *Our Company and our subsidiary companies have incurred substantial indebtedness in form of borrowings with a fixed repayment schedule as well as borrowings which are repayable on demand. This could expose us to various risks which may have an adverse effect on our business and results of operations.*

As on March 31, 2020, our company had ₹ 4,910.99 lakhs and ₹ 4,125.69 lakhs of outstanding debt (including current maturities) as per our Consolidated Financial Statements and Standalone Financial Statements respectively in relation to various facilities from the bank(s) as well as other borrowings. This indebtedness includes unsecured loans of Rs. 1,334.36 lakhs. These of the unsecured loans are taken from Director/ Promoters which may be recalled / repayable on demand. For details, please see “*Financial Indebtedness*” on page 201 of this Draft Prospectus. Sudden recall for the repayment may disrupt our group level operations and also may force the Group to opt for funding at higher interest rates, resulting in higher financial burden.

Further, in the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lender(s) could declare us to be in default, accelerate the maturity of our obligations 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 our Company, 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, since almost all of our debt bears interest at floating rates.

If any of these risks were to materialise, our business and results of operations may be adversely affected.

8. *An inability to compete effectively in the competitive automotive components industry could result in the loss of customers, which could have an adverse effect on our business, results of operations, financial condition, and future prospects.*

The automotive industry is highly competitive, and we face global competition in our business, which is based on many factors, including product quality and reliability, product range, product design and innovation, manufacturing capabilities, distribution channels, scope and quality, price, customer loyalty and brand recognition. We compete with various competitors to retain our existing business as well as winning new business for the new and redesigned existing components of our automotive. Our failure to obtain new business or to retain or increase our existing business could adversely affect our financial results. In addition, we may incur significant expense in preparing to meet anticipated customer requirements which may not be recovered. Our primary competitors include a broad range of regional and local companies with diverse characteristics. Some of our competitors are focused on sub-markets within targeted industries, while others have greater financial, technical and/or marketing resources than we have along with longer operating histories and greater market penetration, which could enhance their ability to finance acquisitions, fund international growth and/or respond more quickly to technological changes.

We also encounter competition from similar and alternative products. Additionally, as we further expand our presence in emerging markets we face competitive price pressures from low-cost producers in these markets, and we expect such price pressures to increase as our customers continue to expand their manufacturing footprints in these markets, thereby providing opportunities for local manufacturers to compete.

If our competitors outperform our business and develop superior products at a lesser cost in a timely manner, our growth and financial results could be adversely affected. In addition, manufacturers that do not currently compete with us could expand their product portfolios to include products that would compete directly with ours. Changes in the product focus of larger manufacturers could also result in such manufacturers establishing relationships with our customers that reduce or replace entirely our business with those customers. Larger manufacturers could also encourage price competition or acquire small manufacturers in an effort to displace smaller manufacturers. In addition, certain large customers to whom we currently sell certain products could decide to compete with us as manufacturers of these products. Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

9. *We intend to prepay / repay certain loan facilities availed from our Directors/ Promoters/ Group Companies from the IPO Proceeds.*

One of the objects of the Issue is the prepayment / repayment of certain loan facilities, in full or in part, availed by our Company. We intend to use the proceeds from the Fresh Issue to repay loans from our Promoters / Directors/ Group Companies. As of March 31, 2020, we have availed an aggregate of ₹ 1,334.36 lakhs of unsecured loans from them and these loans were utilized (1) working capital needs & other funding requirements of the Company from time to time and (2) towards investment in our Subsidiaries Companies namely (a) Pavna Auto Engineering Private Limited (PAEPL) & (b) Swapnil Switched Private Limited (SSPL). We intend to repay an aggregate of ₹ 1300 lakhs of the said outstanding loan. We believe that the proposed repayment will enable us to improve our debt-equity ratio and reduce the total unsecured loans. For details of the outstanding loans proposed for repayment or prepayment, in full or in part from the Net Proceeds, refer the chapter “*Objects of the Issue*” on page 67 of this Draft Prospectus. The amount utilized to prepay / repay these loans will, therefore, not be available for investment in our business and will not result in any immediate increase in the value of your investment in our Equity Shares.

10. *We appoint contract labour for carrying out certain of our ancillary operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.*

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition.

11. Substantial portion of our revenues has been dependent upon limited number of customers and we do not have firm commitment supply agreements with our customers. If our customers choose not to source their requirements from us, our business and results of operations may be adversely affected.

Consistent with the automotive industry practice, we do not have firm commitment supply agreements with most of our customers and instead rely on purchase orders to govern the volume and other terms of our sales of products. Revenue from our top 10 customers constituted 81.49% and 92.06% of our revenue from operations for year ending March 31, 2020 based on consolidated operations and standalone operations respectively. 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 or that we will be able to replace these clients in case we lose any of them. While we are constantly striving to increase our customer base and reduce dependence on any particular customer, there is no assurance that we will be able to broaden our customer base in any future periods or that our business or results of operations will not be adversely affected by a reduction in demand or cessation of our relationship with any of our major customers.

Many of the purchase orders we receive from customers specify per unit price and delivery schedule and the quantities to be delivered are determined at a later date. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, we may be unable to seek compensation for any surplus unpurchased products that we manufacture. Our customers do not, typically, place firm purchase orders until a short time before the products are required from us as a result of which, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production or sales.

In cases where we have agreements with our customers, they are general terms contracts which do not bind customers to any specific products or specification or purchase volumes. Further, such general terms contracts provide flexibility to our customers to place order for a lesser quantity of products in the purchase orders in spite of a higher number being specified in the contract. Customers may also place order for products with specifications that are in variance to those mentioned in the contract. Accordingly, we are unable to forecast our production, sales or revenue even in cases where we enter into general term contracts. Consequently, there is no commitment on the part of the customer to continue to pass on new work orders to us and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences.

Additionally, our customers have high and exacting standards for product quantity and quality as well as delivery schedules. Any failure to meet our customers' expectations could result in the cancellation of orders. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a customer. Customers may demand price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition.

12. Our Company has reported certain negative cash flows from its investing and financing activities on the basis of Restated Standalone Financial Statements, 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 and as per the Restated standalone financial statements and the same are summarized as under:

(₹ in lakhs)

Particulars	Restated Consolidated	Restated Standalone		
	For the Year Ended March 31, 2020	For the Year Ended March 31,		
		2020	2019	2018
Net Cash Generated from Operating Activities	(536.70)	503.47	1,236.12	886.63
Net Cash Generated from Investing Activities	(2,307.60)	(2,258.98)	(1,173.25)	(679.08)
Net Cash Generated from Financing Activities	2,791.02	1,734.54	(39.39)	(241.39)

For details, please see "Management's Discussion and Analysis of Financial Conditions and Results of Operations of our company" on page 201 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.

13. One of our subsidiary company had incurred losses in the year of incorporation.

Our Subsidiary company i.e. Pavna Sunworld Autotech Private Limited had incurred losses in FY 17-18 being the year of incorporation and the details of the same is as under:

(₹ in lakhs)

Name of the Company	Profit after Tax (PAT)		
	2020	2019	2018
Pavna Sunworld Autotech Private Limited	0.02	0.07	(0.08)

14. Due to multiple base raw material and multiple end products it is not possible to ascertain our installed capacity & capacity utilization.

We are in the business of manufacturing of various steel & metal based products which are meant for its application in automotive industries. Our Company also manufacture various engineering products, metal and base metal products like Locks, Fuel cock, Petrol Tank, Knob, Handles, Coupling, Switches etc. Due to multiple base raw material and multiple end products and the nature of business and industry in which our Company operates it is difficult to ascertain the exact installed capacity & capacity utilization.

15. We are involved in high volume – low margin business. Any disruption in our turnover or failure to regularly grow the same may have a material adverse effect on our business, results of operations and financial condition.

Our inability to regularly grow our turnover and effectively execute our key business processes could lead to lower profitability and hence adversely affect our operating results and financial conditions. Due to the nature and varied types of the products we sell, we may not be able to charge higher margins for our products. Hence, our business model is heavily reliant on our ability to effectively increase sale of value business products and / or grow our turnover and manage our key processes including but not limited to order procurement, timely order execution, effectively delivery monitoring and continuous cost control of non-core activities. The table below gives details of our operating margins and net profit margin based on restated standalone financials.

Particulars	For the Year Ended March 31,		
	2020	2019	2018
Total Income (₹ in lakhs)	13,631.21	13,797.91	10,677.64
PAT as a % of Total Income	3.00%	4.25%	3.04%

We operate in a dynamic industry, and on account of changes in market conditions, industry dynamics 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. For further details regarding the discussions and explanations of our results, please refer “Management’s Discussions and Analysis of Financial Condition and Results of Operations” on page 201 of this Draft Prospectus.

16. 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 in timely manner or comply with such rules and regulations or at all may adversely affect our operations.

We require several statutory and regulatory permits, licenses and approvals to operate our business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. The Company and its subsidiaries are in the process of applying for approvals before the competent authorities such as (i) Fire No – objection Certificate in respect Factory No.2 (Unit 7) situated at 41P, Ramrai, Aurangabad and Fire No – objection Certificate of our subsidiary Pavna Auto Engineering Private Limited in respect of Factory No.3 (Unit 6) situated at 41, Ramrai, Aurangabad; (ii) Shops and Establishment certificate in respect of its shop at Delhi in respect of the Company’s subsidiary Pavna Marketing Private Limited; and (iii) Registration under Factories Act, 1948 in respect of the Company’s Factory no. 4 (Unit 4) situated at Khasra No. 29, Bhankari, Aligarh. The Company is in process of renewing the Consent to Operate under Water (Prevention & Control of Pollution) Act, 1974 & Air (Prevention & Control of Pollution) Act, 1981 from the Uttarakhand Environment Protection and Pollution Control Board which was valid till 31st March 2020 in respect of its Uttarakhand Factory No.1 (Unit 8). 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 approvals such as registrations under Employees Provident Fund and Miscellaneous Provisions Act, 1952, Employees State Insurance Act, 1948, Certificate of Registration under Uttar Pradesh Value Added Tax Act, 2007, Consent under Air (Prevention and Control of Pollution) Act, 1981 (in respect of Factory No.1 (Unit 3) of the Company) issued by the Uttar Pradesh Pollution Control Board, Consent under Water (Prevention and Control of Pollution) Act, 1974 (in respect of Factory No.1 (Unit 3) of the Company) issued by the Uttar Pradesh Pollution Control Board and the Fire and Life Safety Certificate issued by the Chief Fire Officer, Aligarh are held in the erstwhile name of the Company and our Company is in the process of applying to the concerned authorities to complete the name change formalities. 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 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. For further details, please see chapters titled “Key Regulations and Policies” and “Government and Other Key Approvals” at page nos. 111 and 224 respectively of this Draft Prospectus.

- 17. *Our Promoters play key role in our functioning and we heavily rely on their knowledge and experience in operating our business and therefore, it is critical for our business that our Promoters remain associated with us. Our success also depends on our key managerial personnel and our ability to attract and retain them. Any loss of our key person could adversely affect our business, operations and financial condition.***

The success of our business operations is attributable to our Promoters, Directors and the technical team. We believe that our relation with our Promoters, who have rich experience in markets, managing customers and handling overall businesses, has enabled us to experience growth and profitability. Our Promoters have been actively involved in the day to day operations and management since the incorporation of the Company. 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.

We also depend significantly on the expertise, experience and continued efforts of our technical and servicing team, hence, our performance and success substantially depends on the ability to attract and retain our key employees, including our management team and experienced personnel. There can be no assurance that any member of our senior management or other experienced personnel will not leave us in the future. The lack of or loss of the services of such key persons in the organization could seriously impair our ability to continue to manage and expand our business. Our success is also dependent on our continuous ability to identify, hire, train retain and motivate R&D team, technical team, servicing team and sales and marketing personnel. Competition for personnel in our industry is intense, and the availability of suitable and qualified candidates is limited. If we fail to hire and retain our employees, the loss of their services could harm our business operations and financial condition could be adversely affected.

- 18. *Our Company alongwith our subsidiary Companies have in the past entered into related party transactions in the past and may continue to enter into related party transactions in the future, which may potentially involve conflicts of interest with the equity shareholders.***

Our Company alongwith our subsidiary Companies have entered into certain related party transactions with our Promoters, Directors and our Group Entities in the past. For details, please see “Annexure XXVI of Restated Standalone Financial Statements” and “Annexure XXVI of Restated Consolidated Financial Statements” under the chapter titled “Financial Information” on page 152 of this Draft Prospectus. While our Company believes that all such transactions have been conducted on the arms length basis, there can be no assurance that it could not have been achieved on more favourable terms had such transactions not been entered into with unrelated parties. Furthermore, it is likely that our Company will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation.

19. *Our failure to keep our technical knowledge confidential could erode our competitive advantage.*

We possess certain technical knowledge about our products. Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run.

Even if all reasonable precautions, whether contractual or otherwise, are taken to protect our confidential technical knowledge of our products and business, there is still a danger that certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. Although we may seek to enforce non-disclosure agreements in respect of research and development and certain other key employees, we cannot guarantee that we will be able to successfully enforce such agreements. We also have non-disclosure arrangements with a number of our customers and suppliers, as part of the general supply or purchase agreements, but we cannot assure you that such agreements will be successful in protecting our technical knowledge. Further, We have entered into non-compete agreement with Mr. Mukesh Jain, erstwhile director but we cannot assure you that such agreements will be in hold. The potential damage from such disclosure is increased as many of our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages. In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage that we may have over other companies in the automotive components sector could be harmed. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

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

Some of our Promoters (including our Directors) 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 or benefits and reimbursement of expenses. We cannot assure you that our Directors/ Promoters 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 and Promoters 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.

21. *If we are unable to accurately forecast demand for our products and plan production schedules in advance, our business, cash flows, financial condition, results of operations, and prospects may be adversely affected.*

The volume and timing of sales to our customers may vary due to variation in demand for our customers' products, our customers' attempts to manage their inventory, design changes, changes in their product mix, manufacturing strategy and growth strategy, and macroeconomic factors affecting the economy in general, and our customers in particular. Further, decline in demand for existing products or insufficient demand for new products launched by our OEMs may affect demand for our products from such OEMs. Our inability to forecast the level of customer demand for our products, process innovation, and value engineering costs as well as our inability to accurately schedule our raw material purchases and production and manage our inventory may adversely affect our business and cash flows from operations. In particular, our inability to accurately forecast demand for products in our emerging product verticals may hinder our planned growth in these verticals.

For some of our customers, we have general purchase agreements which define the terms and conditions of purchases by the customers. These are supplemented by specific open purchase orders which do not have any validity in respect of time period. These purchase orders only specify the price at which the products are to be supplied with no mention of any specific quantity. The quantities supplied are based on delivery schedules provided

by the customers based on their own demand and supply situation. Although our customers provide us with forecasts of annual business volumes, which enable us to predict our income for a portion of our business, the actual orders are only placed by way of on-going purchase orders. Our customers do not provide a firm commitment for any specific product quantity and purchase orders may be amended or cancelled prior to finalisation. Product quantities are typically based on delivery schedules received from the customers in short intervals and multiple times in a day, in certain cases. Typically, our customers do not place firm purchase orders until a short time before the products are required from us as a result of which, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production or sales.

Actual production volumes may vary from these estimates due to variations in consumer demand for the related vehicles leading to underutilized capacity or incurring additional expenditure to deploy additional resources to meet delivery timelines. In addition, in the event of significant cuts in production schedules announced by customers with little advance notice, we may be unable to respond with corresponding production and inventory reductions. Significant reduction in demand for our products from a major customer may have an adverse effect on our business, financial condition, results of operations, and prospects.

- 22. *We have significant employee benefit expenses, such as salary & wages, workers' compensation, staff welfare expenses and contribution to provident and other funds as our industry is labour intensive and non-availability of technical, skilled, semi-skilled and un-skilled manpower could negatively affect our ability to operate efficiently and may result in disruptions to our operations. Also, our business operations may be adversely affected by strikes, work stoppages or increased wage demands by our employees.***

We incur various employee benefit expenses, including workers' compensation, staff welfare expenses and contribution to provident and other funds. Workers' compensation costs may increase in the future if states raise benefit levels and liberalize allowable claims. Our employees benefit expenses for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 amounted to ₹ 1,637.85 lakhs, ₹ 928.47 lakhs and ₹ 543.64 lakhs respectively, which represents 12.43 %, 7.14 % and 5.34 % of the total expenses for the respective year and such increase in labour cost may have an adverse impact on our profit margins.

Our operations are dependent on access to a large pool of technical, skilled, semi-skilled and un-skilled manpower. Our dependence on such technical, skilled, semi-skilled and un-skilled manpower may result in significant risks for our operations, relating to the availability of such manpower. We believe that the industry in which we operate face competitive pressures in recruiting and retaining skilled and unskilled labour. We have not experienced any major disruptions to our business operations due to disputes or other problems with our work force in the past; there can be no assurance that we will not experience such disruptions in the future and that we will have adequate access to the required manpower at reasonable rates, as and when required, or at all. As a result, we may be required to incur additional costs to ensure smooth running of our operations.

Further, our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

- 23. *Our Company is dependent on the continuing operation of our manufacturing facilities.***

Any significant interruption in manufacturing at our facilities could have a material adverse effect on our business, results of operations and financial condition. Our Company manufactures substantially all of the products at our manufacturing facilities located at Aligarh and Aurangabad, which are subject to the normal risks of industrial production, including equipment breakdowns, labour stoppages, natural disasters, industrial accidents, power interruptions etc. In case of any disruption at such facilities, it may adversely affect the manufacturing cycle, and may lead to time over-run in the execution of the project. All of these manufacturing facilities require a significant amount and continuous supply of electricity and any shortage or non-availability of electricity may adversely affect our operations. The manufacturing process of our products requires significant electricity. For further information, refer "Government and Other Approvals" on page 224 of this Draft Prospectus.

24. *Product liability and other civil claims and costs incurred as a result of product recalls could harm our business, results of operations and financial condition.*

We face an inherent business risk of exposure to product liability or recall claims, in the event that our products fail to perform as expected or such failure results, we may be subject to claims resulting from our manufacturing defects or failure to satisfy the requirements of our customers. These claims may include payment for the replacement of a product. Even unsuccessful product liability claims would likely require us to incur substantial expenses on litigation, divert management's time, adversely affect our goodwill and impair the marketability of our products. Although, we undergo complete testing in-house and we are liable for the quality of the products manufactured by us. However, till date our company has not incurred such cost, but we cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims.

Vehicle manufacturers have their own policies regarding product recalls and other product liability actions relating to their suppliers. Vehicle manufacturers are also increasingly requiring their outside suppliers to provide warranties for their products and bear the costs of repair and replacement of such products under new vehicle warranties. Depending on the terms under which we supply products, our customers may hold us responsible for some or all of the repair or replacement costs of defective products, when the product supplied does not perform as expected. Such warranties may be enforced against us even in cases where the underlying sales contract has expired. A successful warranty or product liability claim or costs incurred for a product recall, would have an adverse effect on our business, results of operations and financial condition.

We do not carry insurance for product liability or recall. Whilst there have been no product liability claims against us in the past, we cannot assure you that such claims will not be brought against us in the future, and any adverse determination may have an adverse effect on our business, results of operations and financial condition. Further, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity regarding our Company, brand, or products or mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations.

25. *Our manufacturing activities are dependent upon availability of skilled and unskilled labour.*

We have entered into an agreement/ arrangement with contract labourer for provision of skilled and unskilled labour. Our manufacturing activities are dependent on availability of skilled and unskilled labour. Non-availability of labour at any time or any disputes with them may affect our production schedule and timely delivery of our products to customers which may adversely affect our business and result of operations.

26. *We are exposed to foreign currency exchange rate fluctuations and exchange control risks, which may adversely affect our results of operations.*

Our operating expenses are denominated substantially in Indian Rupees. However, a meagre percentage of our revenue from sales (net of excise), was denominated in other currencies, including the U.S. Dollar and Euros i.e. 3.52 % total sales for the year ended March 31, 2020. In addition, we also import certain of our equipment and machineries. A significant fluctuation in the Indian Rupee and U.S. Dollar rates and/or other foreign currency exchange rates could therefore have an impact on our results of operations. The exchange rates between the Indian Rupee and these currencies, primarily the U.S. Dollar, have fluctuated in the past and any appreciation or depreciation of the Indian Rupee against these currencies can impact our profitability and results of operations.

27. *An interruption in the supply or significant increase in the price of raw materials may adversely affect our business, prospects, results of operations and financial condition.*

We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles. Principal raw materials that we use in our production are zinc, aluminium, plastics, brass, sheet metal parts and nickel among others. We also purchase products which we use directly as input materials, including materials which do not require any processing. Such materials are referred as 'bought-out materials / parts'. These raw materials are purchased from the authorized vendors from the market. Our Company faces stiff competition from larger and well-established players for procuring these raw materials. In case our Company is unable to procure the requisite quantities of raw materials well in time and at competitive prices, the performance of our company may be affected, thus adversely affecting our business, prospects, results of operations and financial condition.

28. We have not made any provisions for decline in value of our Investments.

As on March 31, 2020, we hold investments in Unquoted Equity Instruments aggregating to ₹ 781.74 lakhs as per Restated Standalone Financial Statements. We have not made any provision for the decline in value of these investments and hence as and when these investments are liquidated, we may book losses based on the actual value we can recover for these investments and if lower than the cost, the same could adversely affect our results of operations.


29. We have undertaken and may continue to undertake strategic investments, joint ventures, and alliances, acquisitions and mergers in the future, which may be difficult to integrate and manage.


We have pursued and may continue to pursue acquisitions, mergers and strategic investments, joint ventures, and alliances as a mode of expanding our operations. For example, we currently have joint venture between our company, our subsidiaries- Pavna Sunworld Autotech Pvt. Ltd. and Pavna Auto Engineering Pvt. Ltd. with Sunworld Moto Industrial Co and technical collaboration with Hella. Going forward, we may continue to pursue further acquisitions, mergers, investments and expansions to enhance our operations. However, there can be no assurance that we will be able to identify suitable acquisition targets or investment opportunities on commercially reasonable terms or be able to raise sufficient funds to finance such growth strategies. Expansion and acquisitions may require us to incur or assume new debt, expose us to future funding obligations, or integration risks, and we cannot assure you that such expansion or acquisitions will contribute to our profitability. In addition, there can be no assurance that we will be able to consummate our expansions, acquisitions, mergers or alliances in the future on terms acceptable to us, or at all. Further, there is no assurance that our products manufactured through technical collaborations and alliances will generate the expected levels of interest amongst our OEM customers or that our new ventures will generate return on investment at expected levels or at all. Our failure to successfully integrate an acquired business or our inability to realise the anticipated benefits of such expansion or acquisitions could adversely affect our business, results of operations and financial condition.


30. Industrial accidents at our manufacturing facility may adversely affect our operation.

Our manufacturing facilities are subject to operating risk resulting in fatal accidents which can cause injury to the labour and employees of the company and this could also cause damage to the property and plant and machinery situated at the factory which could have an adverse affect on our operations. Though, we have taken adequate safety measures in order to avoid such mishaps, but in case of any such happening of the event out of our control, we cannot assure you whether it will be sufficient or not. Further occurrence of such accidents could impact our production schedules, costs, revenue and ability to meet customer demand.

31. Failure to protect our intellectual property may adversely affect our reputation, goodwill and business operations.

Our corporate logo  is registered in the name of Mrs. Asha Jain and Mr. Pawan Jain respectively. As on the date of the Draft Prospectus, we own 2 (Two) registered trademarks. Our Company is currently using the registered trademarks under contractual arrangements with Mrs. Asha Jain and Mr. Pawan Jain wherein the Company is using the trademarks in consideration of royalty paid to Mrs. Asha Jain and Mr. Pawan Jain respectively. We cannot guarantee that the trademarks will be subject to perpetual use by our Company. Our inability to protect our usage rights in relation to the aforementioned trademarks may adversely affect our Company's business.

Further, our Company has made an application for registering its mark "Pavna"  and its subsidiary

Pavna Sunworld Autotech Private Limited has made an application for registering its mark "Pavna"  as per the provisions of the Trademarks Act, 1999 both of which are objected as on date of this Draft Prospectus.

Additionally, our Company has 4 (Four) designs registered under relevant provisions of the Designs Act, 2000. We use the intellectual property rights to promote and protect the goodwill of our brand, enhance our competitiveness and otherwise support our business goals and objectives. Our Company is in the process of applying to the relevant authorities to change the name of the registered proprietor of the designs owned by the Company. Our inability to protect our existing and future intellectual property rights may adversely affect our Company's business. Further, any delay or refusal to accept our justifications towards the aforementioned objected trademarks and conduct the name change process in respect of the aforementioned designs could adversely affect our Company's business. We cannot guarantee that the objected trademarks or name change applications to be made by us will be granted by the

relevant authorities in favour of the Company or that third parties would not infringe upon our intellectual property or any order restraining or prohibiting us from using the trademarks and designs would not be imposed upon us. If any of our objected trademarks are not registered it can allow any person to use a deceptively similar mark and market its product which could be similar to the products offered by us. We cannot provide any assurance that third parties will not infringe upon our trademark, trade names, logos or brand names or designs and thereby cause damage to our business prospects, reputation or goodwill. For more details, please refer to the chapter titled “Government and Other Key Approvals” beginning on page no. 224 of this Draft Prospectus.

32. *There have been instances of non compliance of the Companies Act, 2013 and non-filing / delays / incorrect filings in the past with certain Regulatory Authorities. If the Regulatory Authorities impose monetary penalties on us or take certain punitive actions against our Company in relation to the same, our business, financial condition and results of operations could be adversely affected.*

There have been instances of non compliance of the Companies Act, 2013 and non-filing / delays / incorrect filings in the past with certain Regulatory Authorities. There are certain forms which have been subsequently filed with additional fees, as specified by Registrar of Companies / Ministry of Corporate Affairs.

Except as mentioned in this Draft Prospectus, till date, there has been no penalty levied on the company for such delays / defaults. However, it cannot be assured that even in future no such penalty will be levied. Therefore, if the Regulatory Authorities impose monetary penalties on us or take certain punitive actions against our Company in relation to the same, our business, financial condition and results of operations could be adversely affected.

33. *Penalty for time overrun in execution of the contracts may adversely affect our business, prospects, results of operations and financial condition.*

We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles. The Company typically enters into high value contracts for the aforesaid activities, which may expose us to the risk of cost overruns, since we are under increasing pressure to absorb more costs related to product design, engineering and tooling. In case the Company is unable to meet the performance criteria as prescribed by the respective client and if penalties are levied, it may adversely affect our business, prospects, results of operations and financial condition. However, till date company has not been levied with such penalty, but in the future if the company is exposed to such penalties, it may adversely affect our business, prospects, results of operations and financial condition.

34. *We are subject to risks arising from interest rate fluctuations, which could adversely affect our results of operations, planned expenditures and cash flows.*

As of March 31, 2020, all of our indebtedness was at floating interest rates. If the interest rates of our existing or future borrowings increase significantly, our cost of funds will increase. A further increase in interest rates (or the current high interest rate environment not changing) may have an adverse effect on our results of operations and financial condition. While we could consider refinancing the loan or hedging interest rate risks in appropriate cases, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks. Further, if such arrangements do not protect us adequately against interest rate risks, they would result in higher costs.

35. *We are subject to stringent labour laws and our workmen are unionised under a number of trade unions.*

Labour disputes could lead to lost production and increased costs. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition and results of operations. Additional labour unrest could result due to the operative labour union within our workforce. We cannot assure you that there will not be any face, strikes or work stoppages in the future, which could have an adverse impact on our operations, particularly given our dependence on a large workforce. For further details, please see “Key Industrial Regulations and Policies” on page 111 of this Draft Prospectus.

36. *We have not identified any alternate source of raising the funds mentioned as our ‘Objects of the Issue’. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.*

Our Company has not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds can adversely affect our growth plan and profitability. The delay/shortfall in receiving these proceeds could result in inadequacy of funds for setting up the denim processing unit or may result in us borrowing funds on unfavourable terms, both of which scenarios may affect the business operation and financial performance of the company.

37. *We rely upon the success of our dealers and retailers network for our aftermarket sales.*

We provide aftermarket sales and service for various vehicle segments including two-wheelers, three-wheelers, passenger vehicles, tractors, commercial vehicles and off-road vehicles. We rely on our distribution network to facilitate our aftermarket sales operations and as of on date of this Draft Prospectus, we have a network of approx 50 distributors spread across India.

Certain portion of our net sales comprises replacement or aftermarket sales for which we rely on our dealers and retailer network. Not all our dealers and retailers are contractually required to sell our products on an exclusive basis. In addition, no assurance can be given that our current dealers and retailers will continue to do business with us or that we can continue to attract new dealers and retailers to our network. Our business to an extent is dependent on our ability to attract and retain third-party dealers and retailers and such parties’ ability to promote sell and market our products effectively. Maintaining good relations with the dealers and retailers is vital to our business. An inability to maintain stability of our dealers and retailers network and to attract new distributors to our dealers and retailers network in the future could adversely affect our business, results of operations and financial condition.

38. *Our financing agreements contain covenants that limit our flexibility in operating our business. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition.*

As of March 31, 2020 our total outstanding indebtedness on consolidated basis was ₹ 4910.99 lakhs. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our businesses. Further, our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition.

We are required to obtain prior approval from our lenders for, among other things:

- undertaking all future borrowings;
- Effecting any transfer, sell, lease, grant on license or create any third party interest of any nature whatsoever on the Security;
- making any investment in shares, debentures, advances and intercorporate loans / deposits to other companies;
- Issuing personal guarantee obligations for any other loans except for Car Loans, Personal loans, Home loans, Education loans to be obtained for self and family members; and
- Diversion of Funds to any purpose or launch any new scheme of expansion

We are required to obtain the required consents of the lenders under our financing agreements before undertaking these 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 financing agreements are secured by our movable, immovable or intangible assets (whether existing or future), goods and work-in-progress (whether existing or future) and by personal guarantees of our Promoters/ Directors. Such financing agreements 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, ownership interest of the existing shareholders 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.

- 39. *Our management will have broad discretion in how we apply the Net Proceeds, including interim use of the Net Proceeds, and there is no assurance that the objects of the Issue will be achieved within the time frame expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Further, the funding plan has not been appraised by any bank or financial institution and is not subject to any monitoring by any independent agency. Our Company's management will have flexibility in utilizing the Net Proceeds from the Issue. Any variation in the utilization of our Net Proceeds as disclosed in this Draft Prospectus would be subject to certain compliance requirements, including prior shareholders' approval.***

Our Company intends to use the Net Proceeds from the Fresh Issue for the purposes described in “*Objects of the Issue*” on page 67 of this Draft Prospectus. In terms of Regulation 262 of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency since the Issue size is not in excess of ₹ 10,000 lakhs. The management of our Company will have discretion to use the Net Proceeds from the Issue, and investors will be relying on the judgment of our Company's management regarding the application of the Net Proceeds from the Issue. The funding plans are in accordance with our own estimates and have not been appraised by any bank, financial institution or any other external agency. Our Company may have to revise its management estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment and consequently its requirements may change. Additionally, various risks and uncertainties, including those set forth in this section may limit or delay our Company's efforts to use the Net Proceeds from the Issue to achieve profitable growth in its business. Our Board will have significant flexibility in temporarily investing the Net Proceeds of the Issue. Accordingly, the use of the Net Proceeds for purposes identified by our management may not result in actual growth of its business, increased profitability or an increase in the value of your investment.

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 Issue, at a price and manner as specified in the SEBI ICDR Regulations. 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 this 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.

- 40. *Any delay or defaults in receipt of payments or dues from our customers could result in a reduction of our profits.***

We regularly commit resources prior to receiving payments from our customer. We may be subject to working capital shortages due to delays or defaults in receipt of payments or dues from such customers. If our customers default in their payments or if any order/ assignment in which we have invested significant resources is delayed, cancelled or curtailed, it could have a material adverse effect on our business, financial condition and results of operations.

- 41. *Our insurance coverage may not adequately protect us against all material hazards and the policies do not cover all risks, specifically risks like liability risk, loss of profits etc. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.***

Our business could suffer damage from fire, natural calamities, misappropriation or other causes, resulting in losses, which may not be fully compensated by insurance. Currently we do not have any insurance policy for any of our business or assets or properties. Thus any of the aforementioned losses will not be compensated to any extent. If we are required to take new coverage, there can be no assurance that a suitable coverage will be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims. Presently, if we suffer a large uninsured loss our business, financial condition and results of operations may be adversely affected.

We take workman compensation policy for the team members, who will be sent on site for the said work, however there can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the

insurance had been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

42. *Our Promoters and members of the Promoter Group will continue to jointly retain majority control over our Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.*

After the completion of this IPO, our Promoters and Promoter Group will beneficially own approximately 70.44 % of our post-Issue equity share capital. As a result, the Promoter and 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.

43. *Our inability to manage our growth may disrupt our business and reduce our profitability.*

A principal component of our strategy is to broaden the product mix and increase penetration in markets, also expand our global sales. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous upgradation increases the challenges involved in retaining high quality human resources, technology upgradation for manufacturing automotive components, financial management, and developing and improving our internal administrative infrastructure. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

44. *Our Company will not receive any proceeds from the Offer for Sale portion.*

This Issue comprises of an offer for sale of upto 8,97,600 Equity Shares by our Promoter Selling Shareholder, Mrs. Asha Jain. The proceeds from the Offer pertaining to the above sale shares will be paid to the aforesaid person and our Company will not receive any proceeds from the Offer for sale portion. For further details, please refer the chapter titled "*Objects of the Issue*" on page 67 of this Draft Prospectus.

45. *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 Issue which would in turn affect our revenues and results of operations.*

The funds that we receive would be utilized for the Objects of the Issue as has been stated in the Chapter "*Objects of the Issue*" on page 67 of this Draft Prospectus. The proposed schedule of implementation of the objects of the Issue 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 Issue, we may have to revise our business strategies, development and other plans resulting in unprecedented financial mismatch and this may adversely affect our revenues and results of operations.

46. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and there can be no assurance that we will be able to pay dividends in the future.*

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. Hence, there can be no assurance that we will be able to pay dividends in the future

47. *The requirements of being a listed company may strain our resources.*

We are not a listed Company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company,

we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing agreements with the Stock Exchanges and compliances of SEBI Listing Regulations which will require us to file audited annual and unaudited quarterly and limited review reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies which may adversely affect the financial position of the Company.

As a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures, internal control over financial reporting and additional compliance requirements under the Companies Act, 2013. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge and we cannot assure you that we will be able to do so in a timely manner.

RISKS RELATING TO THE EQUITY SHARES AND THE ISSUE

48. Investors can be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of equity shares within 12 months in an Indian company are classified as short term capital gains and generally taxable. Any gain realized on the sale of listed equity shares on a stock exchange that are held for more than 12 months is considered as long-term capital gains and is taxable at 10%, in excess of ₹ 1,00,000. Any long-term gain realized on the sale of equity shares, which are sold other than on a recognized stock exchange and on which no STT has been paid, is also subject to tax in India. Capital gains arising from the sale of equity shares are exempt from taxation in India where an exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.

49. Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoters or other significant shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising debt or equity financing. In addition, any perception by investors that such issuances or sales might occur may also affect the trading price of our Equity Shares. We cannot assure you that we will not offer Equity Shares or that our shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

50. The Equity Shares have never been publicly traded, and, after the Issue, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Issue Price, or at all.

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Issue Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

51. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.*

Under the foreign exchange regulations currently in force in India, transfer of shares between non- residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

EXTERNAL RISK FACTORS

52. *Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.*

Our business and industry is regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended/ changed on a short notice at the discretion of the Government. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change adversely, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

53. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.*

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

54. *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 neighbouring countries 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.

55. *A decline in economic growth or political instability nationally or internationally or changes in the Government in India could adversely affect our business.*

Our performance and the growth of our business are necessarily dependent on the health and performance of the overall Indian economy. In the recent past, Indian economy has been affected by global economic uncertainties and liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors. Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn

in the macroeconomic environment in India could adversely affect our business, financial condition, results of operation and the trading price of our Equity Shares. Volatility, negativity, or uncertain economic conditions could undermine the business confidence and could have a significant impact on our results of operations. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on our results of operations.

Further, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, the market price and liquidity of the Equity Shares may be affected by changes in GoI policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

56. *We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.*

We are incorporated in and our operations are in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include: political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;

- occurrence of natural or man-made disasters;
- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing for our expansions;
- changes in India's tax, trade, fiscal or monetary policies;
- prevailing regional conditions,
- any downgrading of India's debt rating by a domestic or international rating agency;
- financial instability in financial markets; and
- Other significant regulatory or economic developments in or affecting India.

In addition, any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

57. *If there is any change in tax laws or regulations, or their interpretation, such changes may significantly affect our financial statements for the current and future years, which may have a material adverse effect on our financial position, business and results of operations.*

Having our business operations in multiple jurisdictions, we are subject to varying central and state tax regimes. The applicable categories of taxes and tax rates also vary significantly from jurisdiction to jurisdiction, which may be amended from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each country as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned, and expenditure incurred. Our business and financial performance may be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business or the regulator enforcing them in any one of those countries may adversely affect our results of operations.

To the extent that we are entitled to certain tax benefits in India which are available for a limited period of time, our profitability will be affected if such benefits will no longer be available, or are reduced or withdrawn prematurely or if we are subject to any dispute with the tax authorities in relation to these benefits or in the event we are unable to comply with the conditions required to be complied with in order to avail ourselves of each of these benefits. Please see "*Statement of Special Tax Benefits*" on page 74 of this Draft Prospectus for details in relation to possible tax benefits available to our Company. In the event that any adverse development in the law or the manner of its implementation affects our ability to benefit from these tax incentives, our business, results of operations, financial condition and prospects may be adversely affected.

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time and any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

58. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.*

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

59. *The ability of Indian companies to raise foreign capital may be constrained by Indian law.*

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

SECTION IV: INTRODUCTION

THE ISSUE

Equity Shares Issued⁽¹⁾: Present Issue of Equity Shares by our Company and the Selling Shareholder ⁽²⁾ :	Up to 18,00,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs
Consisting of:	
Fresh Issue	Up to 9,02,400 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs
Offer for Sale	Up to 8,97,600 Equity Shares of face value of ₹10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs.
Which Comprises:	
Market Maker Reservation Portion	Up to 96,000 Equity Shares of face value of ₹10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs.
Net Issue to Public	Up to 17,04,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating ₹ [●] lakhs.
	Of which⁽³⁾:
	Up to 8,52,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lakhs
	Up to 8,52,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share will be available for allocation for Investors of above ₹ 2.00 lakhs
Equity shares outstanding prior to the Issue	51,88,000 Equity Shares of face value of ₹10 each
Equity shares outstanding after the Issue	Up to 60,90,400 Equity Shares of face value of ₹10 each
Use of Net Proceeds	Please refer to the section titled "Objects of the Issue" beginning on page no. 67 of this Draft Prospectus.

⁽¹⁾ This Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. For further details, please see the section titled "Issue Information" beginning on page no. 242 of this Draft Prospectus.

⁽²⁾ The present Issue has been authorized pursuant to a resolution of our Board dated June 27, 2020 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 June 30, 2020.

The Offer for Sale has been authorised by the Selling Shareholder by their consent letter dated June 27, 2020 and the No. of Equity Shares offered are as follows:

Sr. No.	Name of the Selling Shareholder	No. of Equity Shares Offered
1	Mrs. Asha Jain	Up to 8,97,600
	Total	Up to 8,97,600

The Selling Shareholder has 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 Shareholder has also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.

⁽³⁾ The allocation' is the net Issue to the public category shall be made as per the requirements of Regulation 253(2) of SEBI (ICDR) Regulations, as amended from time to time:

a) Minimum fifty percent to retail individual investors; and

b) Remaining to

(i) Individual applicants other than retail individual investors; and

(ii) Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for

The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.

For further details please refer to the chapter titled “Issue Structure” beginning on page no.248 of this Draft Prospectus.

SUMMARY OF FINANCIAL INFORMATION

Annexure I

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹. in lakhs)

Particulars	As at March 31, 2020
EQUITY AND LIABILITIES	
1.Shareholder's fund	
va) Share Capital	259.40
b) Reserves and surplus	2,418.23
Total Shareholder's Fund(1)	2,677.63
2. Minority Interest	814.69
3. Non-Current liabilities	
a) Long Term Borrowings	2,084.54
b) Deferred Tax Liabilities (Net)	27.03
c) Other Long Term Liabilities	55.00
d) Long Term Provisions	254.67
Total(3)	2,421.24
4.Current liabilities	
a) Short Term Borrowings	2,530.91
b) Trade payables	2,338.29
c) Other Current liabilities	1,045.32
d) Short Term Provisions	207.53
Total(4)	6,122.05
TOTAL(1+2+3+4)	12,035.61
ASSETS	
1.Non - Current Assets	
a) Property, plant & equipment	
i.) Tangible assets	4,499.42
ii.) Intangible assets	25.00
b) Long Term Loans and Advances	805.78
c) Other Non-current Assets	2.09
Total (1)	5,332.28
2.Current Assets	
a) Inventories	2,789.22
b) Trade Receivables	2,958.77
c) Cash and Bank Balances	146.33
d) Short Term Loans & Advances	696.43
e) Other current assets	112.56
Total(2)	6,703.32
TOTAL(1+2)	12,035.61

Annexure II
RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020
INCOME:	
Revenue from operations	17,969.47
Other Income	13.38
Total Income	17,982.84
EXPENSES:	
Cost of Materials consumed	12,024.51
Change in inventories	(1,388.80)
Employee benefit expenses	2,216.62
Financial cost	381.13
Depreciation & Amortization expense	436.82
Other Expenses	3,260.47
Total expenses	16,930.76
Profit before Prior period item, exceptional item, extraordinary items and tax	1,052.09
Extraordinary items:	
Loss on sale of Fixed Asset	15.30
Loss on sale of Investment	118.53
Net Profit /(Loss) before tax	918.26
Less: Tax expense	
Current tax	261.62
Deferred tax (assets)/ liabilities	22.90
Total tax expense	284.52
Net profit / (loss) after tax	633.74
Add/(Less): Pre Acquisition Profit/(Loss)	204.86
Net Profit transferred to Reserves	428.88

Annexure III
RESTATED CONSOLIDATED CASH FLOW STATEMENT

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020
Cash Flow From Operating Activities	
Consolidated Net Profit before tax and after extra-ordinary items	918.26
Adjustments for items:	
Depreciation and amortisation expense	436.82
Loss on sale of asset	15.30
Loss on sale of shares	118.53
Interest Income	(1.50)
Finance Cost	381.13
Operating Profit Before Working Capital Adjustments	1,868.54
Adjustment for Changes in Working Capital	
Increase / (decrease) in trade payables	642.00
Increase / (decrease) in Long term Provisions	9.59
Increase / (decrease) in Short term Provisions	521.81
Increase / (decrease) in other long term liabilities	55.00
Increase / (decrease) in other current liabilities	77.13
(Increase) / decrease in trade receivables	(443.29)
(Increase) / decrease in Long Term Loans and advances	(682.83)
(Increase) / decrease in Short Term Loans and advances	(319.87)
Increase / (decrease) in non-other current assets	(0.07)
Increase / (decrease) in other current assets	(101.28)
Increase / (decrease) in Inventories	(1,900.89)
Cash Flow Generated from Operations	(274.15)
Taxes paid	262.54
Net Cash flow from Operating Activities (A)	(536.70)
Cash Flow From Investing Activities	
(Purchase)/ Sale of Property, plant & equipment	(2,499.58)
(Purchase) of Technical know how	(25.00)
Sale of Investment	349.31
Loss on sale of asset	(15.30)
Loss on sale of shares	(118.53)
Interest received	1.50
Net Cash Flow from Investing Activities (B)	(2,307.60)
Cash Flow From Financing Activities	
Issue of Share Capital	162.46
Securities Premium	644.27
Proceeds from/ (Repayment of) Borrowings	2,365.43
Finance cost	(381.13)
Net Cash Flow from Financing Activities (C)	2,791.02
Net Cash Flow during the year (A + B + C)	(53.28)
Cash & Cash equivalent at the beginning of the year	199.61
Cash & Cash Equivalent at the end of the year	146.33

Cash & Cash Equivalents comprises of:

(₹. in lakhs)

Particulars	As at March 31, 2020
Cash on hand	30.87
Balance with Banks	90.26
Balance in Fixed Deposits	25.21
Total	146.33

Annexure I
RESTATED STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
EQUITY AND LIABILITIES			
1.Shareholder's fund			
a)Share Capital	259.40	259.40	259.40
b)Reserves and surplus	2,283.11	1,874.66	1,288.53
Total Shareholder's Fund(1)	2,542.51	2,134.06	1,547.93
2. Non-Current liabilities			
a)Long Term Borrowings	2,076.30	271.88	364.41
b)Deferred Tax Liabilities (Net)	33.80	9.26	22.57
c)Long Term Provisions	124.74	96.25	80.09
Total(2)	2,234.84	377.39	467.07
3.Current liabilities			
a) Short Term Borrowings	1,761.29	1,509.85	1,293.97
b) Trade payables	1,866.06	1,766.22	944.72
c) Other Current liabilities	888.24	412.02	226.38
d) Short Term Provisions	143.39	154.41	95.93
Total(3)	4,658.99	3,842.51	2,560.99
TOTAL(1+2+3)	9,436.34	6,353.96	4,575.99
ASSETS			
1.Non - Current Assets			
a) Property, plant & equipment			
i.) Tangible assets	4,356.83	2,297.28	1,373.86
ii.) Intangible assets	-	-	-
b) Non-current Investment	781.74	1,131.05	1,131.05
c) Long Term Loans and Advances	101.72	122.44	2.44
Total (1)	5,240.30	3,550.77	2,507.35
2.Current Assets			
a) Inventories	1,811.66	505.25	196.16
b) Trade Receivables	1,922.94	1,884.45	1,530.87
c) Cash and Bank Balances	31.55	52.53	29.06
d)Short Term Loans & Advances	349.86	349.47	288.17
e) Other current assets	80.03	11.50	24.39
Total(2)	4,196.04	2,803.19	2,068.64
TOTAL(1+2)	9,436.34	6,353.96	4,575.99

Annexure II
RESTATED STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
INCOME:			
Revenue from operations	13,620.11	13,787.66	10,663.08
Other Income	11.11	10.25	14.56
Total Income	13,631.21	13,797.91	10,677.64
EXPENSES:			
Cost of Materials consumed	8,987.57	9,629.27	7,583.84
Change in inventories	(847.06)	(198.22)	(34.97)
Employee benefit expenses	1,637.85	928.47	543.64
Financial cost	321.32	162.75	190.21
Depreciation & Amortization expense	415.88	250.73	206.61
Other Expenses	2,369.33	2,228.99	1,698.52
Total expenses	12,884.88	13,001.99	10,187.84
Profit before Prior period item, exceptional item, extraordinary items and tax	746.33	795.93	489.80
Prior period items	-	-	-
Profit before exceptional item, extraordinary items and tax	746.33	795.93	489.80
Exceptional items	-	-	-
Profit before extraordinary items and tax	746.33	795.93	489.80
Extraordinary items:			
Loss on sale of Fixed Asset	15.30	-	-
Loss on sale of Investment	118.53	-	-
Net Profit /(Loss) before tax	612.51	795.93	489.80
Less: Tax expense			
Current tax	179.52	223.10	166.04
Deferred tax (assets)/ liabilities	24.54	(13.30)	(0.47)
Total tax expense	204.06	209.80	165.57
Net profit / (loss) after tax	408.45	586.13	324.23

Annexure III
RESTATED STANDALONE CASH FLOW STATEMENT

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Cash Flow From Operating Activities			
Net Profit before tax and after extra-ordinary items	612.51	795.93	489.80
Adjustments for items:			
Depreciation and amortisation expense	415.88	250.73	206.61
Loss on sale of asset	15.30	-	-
Loss on sale of shares	118.53	-	-
Interest Income	(0.97)	(0.90)	(0.78)
Finance Cost	321.32	162.75	190.21
Operating Profit Before Working Capital Adjustments	1,482.55	1,208.50	885.84
Adjustment for Changes in Working Capital			
Increase / (decrease) in trade payables	99.84	821.51	197.53
Increase / (decrease) in Long term Provisions	28.49	16.15	9.46
Increase / (decrease) in Short term Provisions	476.22	185.65	(32.85)
Increase / (decrease) in other current liabilities	(11.02)	58.49	46.27
(Increase) / decrease in trade receivables	(38.49)	(353.59)	258.70
(Increase) / decrease in Long Term Loans and advances	20.72	(120.00)	(0.41)
(Increase) / decrease in Short Term Loans and advances	(0.39)	(61.29)	(262.36)
Increase / (decrease) in Inventories	(1,306.41)	(309.09)	(46.20)
Increase / (decrease) in other current assets	(68.53)	12.89	(2.59)
Cash Flow Generated from Operations	682.98	1,459.22	1,053.39
Taxes paid	179.52	223.10	166.57
Net Cash flow from Operating Activities (A)	503.47	1,236.12	886.83
Cash Flow From Investing Activities			
(Purchase)/ Sale of Property, plant & equipment	(2,475.43)	(1,174.15)	(217.96)
Changes in Non-current Investment	349.31	-	(461.90)
Loss on sale of asset	(15.30)		
Loss on sale of shares	(118.53)	-	-
Interest received	0.97	0.90	0.78
Net Cash Flow from Investing Activities (B)	(2,258.98)	(1,173.25)	(679.08)
Cash Flow From Financing Activities			
Proceeds from/ (Repayment of) Borrowings	2,055.86	123.35	(51.18)
Finance cost	(321.32)	(162.75)	(190.21)
Net Cash Flow from Financing Activities (C)	1,734.54	(39.39)	(241.39)
Net Cash Flow during the year (A + B + C)	(20.97)	23.47	(33.64)
Cash & Cash equivalent at the beginning of the year	52.53	29.06	62.70
Cash & Cash Equivalent at the end of the year	31.55	52.53	29.06

Cash & Cash Equivalents comprises of:

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Cash on hand	7.85	7.90	4.04
Balance with Banks	8.97	30.59	13.27
Balance in Fixed Deposits	14.73	14.05	11.76
Total	31.55	52.53	29.06

GENERAL INFORMATION

Our Company was incorporated as Pavna Locks Private Limited on April 19, 1994 under the Companies Act, 1956 with the Registrar of Companies, Kanpur bearing Registration number 016359. The status of the Company was changed to public limited and the name of our Company was changed to Pavna Locks Limited vide Special Resolution dated October 30, 2000. The fresh certificate of incorporation consequent to conversion was issued on November 13, 2000 by the Registrar of Companies, Kanpur. Further name of our company was changed to Pavna Zadi Security Systems Limited vide Special Resolution dated October 30, 2000. The fresh certificate of incorporation consequent of name change was issued on November 17, 2000 by the Registrar of Companies, Kanpur. Further name of our company was changed to Pavna Industries Limited vide a Special Resolution dated April 30, 2019. The fresh certificate of incorporation was issued on May 21, 2019 by the Registrar of Companies, Kanpur. The Corporate Identification Number of our Company is U34109UP1994PLC016359.

For further details pertaining to the change of name of our Company and the change in Registered Office, please refer the chapter “History and Certain Corporate Matters” on page no. 122 of this Draft Prospectus.

BRIEF COMPANY AND ISSUE INFORMATION

Registered Office	Pavna Industries Limited Vimlanchalhari Nagar Aligarh Uttar Pradesh – 202001. Tel No.: +91 8006409332 Email ID: info@pavnagroup.com Website: www.pavnagroup.com
Date of Incorporation	April 19, 1994
Company Registration Number	016359
Company Identification Number	U34109UP1994PLC016359
Address of the Registrar of Companies	Registrar of Companies, Kanpur 37/17, Westcott Buidling, The Mall, Kanpur-208001 Tel No.: 0512-2310443, 2310227, 2310323 Email ID: roc.kanpur@mca.gov.in Website: www.mca.gov.in
Issue Programme	Issue Opens on: [●] Issue Closes on: [●]
Designated Stock Exchange	National Stock Exchange of India Limited
Company Secretary and Compliance Officer	Ms. Geetika Varshney Address: Vimlanchalhari Nagar Aligarh Uttar Pradesh – 202001. Tel No.: +91 8006409332 Email ID: cs@pavnagroup.com Website: www.pavnagroup.com

Board of Directors

As on the date of this Draft Prospectus, the Board of Directors of our Company comprises of the following:

Name	Designation	DIN	Residential Address
Mr. Swapnil Jain	Managing Director	01542555	Vimlanchalhari Nagar Aligarh Uttar Pradesh – 202001.
Mrs. Asha Jain	Chairperson and Executive Director	00035024	Vimlanchalhari Nagar Aligarh Uttar Pradesh – 202001.
Mrs. Priya Jain	Executive Director	03355623	Vimlanchalhari Nagar Aligarh Uttar Pradesh – 202001.
Mr. Pawan jain	Non-Executive Director	00035084	Vimlanchalhari Nagar Aligarh Uttar Pradesh – 202001.
Mr. Ashwani Kumar	Non-Executive Independent Director	08759813	Taksal House, Chotta Shimla, Shimla Urban (T), Himachal Pradesh-171002.
Mr. Naozer Aibara	Non-Executive Independent Director	08759817	Flat No-1001, Tower-A, Prateek Edifice, Sector-107, Noida, Gautam Buddha Nagar, Uttar Pradesh-201304.

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. 131 of this Draft Prospectus.

Investor Grievances

Investors may contact the Company Secretary and Compliance Officer and /or the Registrar to the Issue and/or Lead Manager in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account and non-receipt of funds by electronic mode.

All grievances may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the Application Form was submitted, giving full details such as name of the sole or First Applicant, Application Form number, Applicant’s DP ID, Client ID, PAN, address of Applicant, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Application Amount through the UPI Mechanism), date of Application Form and the name and address of the relevant Designated Intermediary where the Application was submitted. Further, the Applicant shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Applicants submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Applicant whose Application has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

DETAILS OF KEY INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY

LEAD MANAGER



ARYAMAN FINANCIAL SERVICES LIMITED

60, Khatau Building, Ground Floor

Alkesh Dinesh Modi Marg

Opp. P. J. Towers (BSE Building),

Fort, Mumbai – 400 001

Tel No.: +91 – 22 – 6216 6999

Email: ipo@afsl.co.in

For Investor Grievances: feedback@afsl.co.in

Website: www.afsl.co.in

Contact Person: Shweta Kothari / Hiral Motani

SEBI Registration No.: INM000011344

REGISTRAR TO THE ISSUE



LINK INTIME INDIA PRIVATE LIMITED

C-101, 1 Floor, 247 Park, L.B.S. Marg,

Vikhroli (West), Mumbai, Maharashtra – 400083.

Tel: +91 22 4918 6200

Email: pavna.ipo@linkintime.co.in

Website: www.linkintime.co.in

Investor Grievance Email: pavna.ipo@linkintime.co.in

Contact Person: Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

LEGAL COUNSEL TO THE ISSUE



M/s. Agama Law Associates
 #273, 2nd Floor, Solaris - 1, F Wing, Saki Vihar Road
 Powai, Mumbai - 400 072, Maharashtra
Tel No.: +91 22 40229129
Email: archana@agamalaw.com
Website: www.agamalaw.com
Contact Person: Ms. Archana Balasubramanian

STATUTORY AUDITOR / PEER REVIEW AUDITOR

DAS MAHESHWARI & COMPANY,
Chartered Accountants
 58, Avas Vikas Colony, Sasni Gate,
 Agra Road, Aligarh,
 Uttar Pradesh - 202001
Tel: + 91 9837042282 / 9927020672
Email: dasmaheshwari@rediffmail.com
Contact Person: Ghanshyam Das Maheshwari
Membership No.: 076273
Firm Registration No.: 007259C
Peer Review No: 010200

CHANGES IN THE AUDITORS

Except as disclosed below, there has been no change in the statutory auditors during the three years immediately preceding the date of this Draft Prospectus:

Date	From	To	Reason for Change
March 20, 2020	M/S ARUN VARSHNEY & ASSOCIATES 13, 1 st Floor Vikramarcade Railway Road, Aligarh, Uttar Pradesh – 282001 Tel No.: 9412175533 Email ID: ca.arun@gmail.com Contact Person: Arun Varshney Membership No.: 073299 Firm Registration No.: 005560C	DAS MAHESHWARI & COMPANY, Chartered Accountants 58, Avas Vikas Colony, Sasni Gate, Agra Road, Aligarh, Uttar Pradesh - 202001 Tel: + 91 9837042282 / 9927020672 Email: dasmaheshwari@rediffmail.com Contact Person: Ghanshyam Das Maheshwari Membership No.: 076273 Firm Registration No.: 007259C Peer Review No: 010200	Appointment of Peer Review Certified Auditor

BANKERS TO OUR COMPANY



PUNJAB NATIONAL BANK LIMITED
 Railway Road, Aligarh, Uttar Pradesh- 202001.
Tel No.: 8171113364
Email ID: bo0010@pnb.co.in
Website: www.pnbindia.in
Contact Person: Anil Kumar Gupta



HDFC Bank Limited
 3-316, Ramghat Road, Aligarh,
 Uttar Pradesh- 202001
Tel No.: 8791885667
Email ID: jai.nandan@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Jai Nandan

BANKER(S) TO THE ISSUE / REFUND BANK / SPONSOR BANK

[•]

SELF-CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as the SCSBs (i) in relation to the ASBA (other than through UPI Mechanism) is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> or <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>, as applicable or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI Mechanism), a list of which is available on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> or such other website as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link or any other such website as may be prescribed by SEBI from time to time.

INVESTORS BANKS OR ISSUER BANKS FOR UPI

The list of Self Certified Syndicate Banks that have been notified by SEBI to act as Investors Bank or Issuer Bank for UPI mechanism are provide on the website of SEBI on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>. For details on Designated Branches of SCSBs collecting the Bid Cum Application Forms, please refer to the above mentioned SEBI link.

REGISTERED BROKERS

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the website of SEBI (www.sebi.gov.in) at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, respectively, as updated from time to time.

REGISTRAR AND SHARE TRANSFER AGENTS

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of SEBI (www.sebi.gov.in) at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, respectively, as updated from time to time.

COLLECTING DEPOSITORY PARTICIPANTS

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the website of SEBI (www.sebi.gov.in) at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, respectively, as updated from time to time.

INTER SE ALLOCATION OF RESPONSIBILITIES FOR THE ISSUE

Aryaman Financial Services Limited (AFSL) is the sole Lead Manager (LM) to the issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them.

MONITORING AGENCY

Since the proceeds from the Fresh Issue does not exceed ₹ 10,000 Lakhs in terms of Regulation 262 (1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

APPRAISING AUTHORITY

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

CREDIT RATING

As the Issue is of Equity Shares, the appointment of a credit rating agency is not required.

IPO GRADING

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

TRUSTEES

As this is an Issue of Equity Shares, the appointment of trustees is not 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 Das Maheshwari & Company, 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 to their (1) Report on Restated Standalone Financial Statements dated August 14, 2020, (2) Report on Restated Consolidated Financial Statements dated August 14, 2020 and (3) Report on Statement of Tax Benefits dated August 14, 2020 and 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.

FILING OF ISSUE DOCUMENT

The Draft Prospectus will not be filed with SEBI, nor will SEBI issue any observation on the Issue Document in terms of Regulation 246 (2) of SEBI ICDR Regulations. However, pursuant to sub regulation (5) of Regulation 246 of the SEBI ICDR Regulations, the copy of Draft Prospectus shall be furnished to the Board in a soft copy.

Pursuant to SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of the Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>. A copy of the Prospectus along with the documents required to be filed under Section 26 of the Companies Act, 2013 will be delivered to the Registrar of Company, Kanpur situated at 37/17, Westcott Building, The Mall, Kanpur-208001.

ISSUE PROGRAMME

Event	Dates
Issue Opening Date	[•]
Issue Closing Date	[•]
Finalization 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 Equity Shares on the Stock Exchange	[•]

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholder 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 Issue Closing Date, the timetable may change due to various factors, such as extension of the Issue 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 Issue Period (except for the Issue Closing Date). On the Issue 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 Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue 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 Issue 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 Issue. Applications will be accepted only on Business Days. Neither our Company, nor the Selling Shareholder, nor the Lead Manager are 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 Issue Closing Date. Except Allocation to Retail Individual Investors, Allocation in the Issue 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 Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

UNDERWRITING AGREEMENT

This Issue is 100% Underwritten. The Underwriting agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Details of the Underwriter	No. of Shares Underwritten	Amount Underwritten	% of total Issue size underwritten
[●]	[●]	[●]	[●]

Note: Includes Upto 96,000 Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in order to claim compliance with the requirements of Regulation 261 of the SEBI (ICDR) Regulations, as amended.

As per Regulation 260(2) of SEBI (ICDR) Regulations, 2018, the Lead Manager has agreed to underwrite to a minimum extent of 15% of the Issue 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 ISSUE

Our Company and the Selling Shareholder, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time after the Issue 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- Issue advertisements were published, within two days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Lead Manager, through the Registrar to the Issue, 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. Notwithstanding the foregoing, the Issue 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 Shareholder withdraws the Issue after the Issue Closing Date and thereafter determines that it will proceed with an IPO, our Company shall be required to file a fresh Draft Prospectus.

MARKET MAKER

[●]

Details of the Market Making Arrangement for this Issue

In accordance with Regulation 261 of the SEBI ICDR Regulations, we have entered into an agreement with the Lead Manager and the Market Maker (duly registered with NSE to fulfil the obligations of Market Making) dated [●] to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares issued in this Issued.

[●], registered with EMERGE Platform of NSE will act as the Market Maker and has agreed to receive or deliver of 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 any amendment to SEBI ICDR Regulations.

The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI ICDR Regulations, as amended from time to time and the circulars issued by NSE and SEBI in 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 EMERGE Platform of NSE from time to time.
4. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
5. There would not be more than five Market Makers for the Company's Equity Shares 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 NSE EMERGE 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, 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 one month notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker(s) 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 261 of the SEBI (ICDR) Regulations. Further the Company and the Lead Manager reserve the right to appoint other Market Maker(s) 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 5 (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. The price band shall be 20% and the market maker spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.
12. 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 (including mandatory initial inventory of 5% of the Issue Size)	Re-Entry threshold for buy quote (including mandatory initial 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 Equity Share capital of our Company, as on the date of this Draft Prospectus and after giving effect to this Issue, is set forth below:

(₹ in lakhs except share data)

Sr. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price ⁽³⁾
A.	Authorized Share Capital		
	61,00,000 Equity Shares of face value of ₹10 each	610.00	-
B.	Issued, Subscribed And Paid-Up Equity Capital before the Issue		
	51,88,000 Equity Shares of face value of ₹10 each	518.80	-
C.	Present Issue in Terms of this Draft Prospectus		
	Issue of Upto 18,00,000 Equity Shares of face value of ₹10 each ⁽¹⁾	180.00	[●]
	Consisting of:		
	Fresh Issue of up to 9,02,400 Equity Shares	90.24	[●]
	Offer for Sale of 8,97,600 Equity Shares	89.76	[●]
	Which Comprises:		
	Reservation of Market Maker of Upto 96,000 Equity Shares	10.08	[●]
	Net Issue to Public of Upto 17,04,000 Equity Shares	169.92	[●]
	<i>Of which⁽²⁾</i>		
	Allocation to Retail Individual Investors of Upto 8,52,000 Equity Shares	84.96	[●]
	Allocation to other than Retail Individual Investors of Upto 8,52,000 Equity Shares	84.96	[●]
D.	Paid-up Equity Capital after the Issue		
	Upto 60,90,400 Equity Shares of face value of ₹10 each		609.04
E.	Securities Premium Account		
	Before the Issue		NIL
	After the Issue		[●] ⁽³⁾

⁽¹⁾ The present Issue has been authorized by our Board pursuant to a resolution passed at its meeting held on June 27, 2020 and by our Shareholders pursuant to a Special Resolution passed at the Extra-Ordinary General meeting held on June 30, 2020.

The Offer for Sale has been authorised by the Selling Shareholder by his consent letter dated June 27, 2020 and the No. of Equity Shares offered are as follows:

Sr. No.	Name of the Selling Shareholder	No. of Equity Shares Offered
1.	Mrs. Asha Jain	Upto 8,97,600
	Total	Upto 8,97,600

The Selling Shareholder has confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible in term of SEBI (ICDR) Regulations and that she has not been prohibited from dealing in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholder has also confirmed that she is the legal and beneficial owner of the Equity Shares being offered by him under the Offer for Sale.

⁽²⁾ Allocation to all categories shall be made on a proportionate basis subject to valid Applications received at or above the Issue 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 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.

⁽³⁾ To be finalized upon determination of the Issue Price.

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

CHANGES IN AUTHORIZED SHARE CAPITAL

- Each Equity shares of our company of Rs. 100 was sub-divided into Ten Equity Shares of ₹ 10 each and accordingly the authorized share capital of our company was amended from ₹ 3,00,00,000 (Three Crore) divided into 3,00,000 (Three Lakh) Equity Shares of ₹ 100 each to ₹ 3,00,00,000 (Three Crore) divided into 30,00,000 (Thirty Lakh) Equity Shares of ₹ 10 each pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on March 16, 2020.
- The Authorized Share Capital of the Company was raised from ₹ 3,00,00,000 (Three Crore) divided into 30,00,000 (Thirty Lakh) Equity Shares of ₹ 10 each to ₹ 6,10,00,000 (Six crore Ten Lakhs) divided into 61,00,000 (Sixty One Lakh) Equity Shares of ₹ 10 each pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on March 16, 2020.

NOTES TO THE CAPITAL STRUCTURE

1. Equity Share Capital History of our Company

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

Year/ Date of Allotment	No. of Equity Shares allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid Up Equity Shares Capital (₹)	Cumulative Share Premium (₹)
On or before September 22, 2003 ⁽¹⁾	2,59,400	100	100	Cash	Not Available	2,59,400	2,59,40,000	-
March 16, 2020 ⁽²⁾	Sub-division of the Face Value of Equity Shares from ₹ 100 to ₹ 10 each					25,94,000	2,59,40,000	-
June 13, 2020 ⁽³⁾	25,94,000	10	N.A	Other Than Cash	Bonus Issue	51,88,000	5,18,80,000	-

- 1) As per the initial Memorandum of Association of our Company, the initial paid up capital of our Company is 600 Equity Shares of ₹ 100 each aggregating to ₹ 60,000. After incorporation and till September 22, 2003, the Company has allotted 2,58,200 Equity Shares of ₹ 100 each over the period aggregating to a cumulative paid up value of ₹ 2,58,20,000. However the exact details of dates & shares allotment are not available with the Company. The list of shareholders along with their shareholding as on September 22, 2003 is given below:

Sr. No	Name	Total Number of Shares held	Percentage Shareholding (%)
1.	Mrs. Asha Jain	59,625	22.99%
2.	Mr. Pawan Jain	51,375	19.81%
3.	Mr. Swapnil Jain	20,558	7.93%
4.	Mr. Kailash Chand Jain	29,400	11.35%
5.	Mr. Mukesh Jain	18,936	7.30%
6.	Mr. Vinay Oswal	7,400	2.85%
7.	Mr. Vivek Oswal	2,068	0.80%
8.	Zadi S.P.A	70,038	27.00%
Total		2,59,400	100%

- 2) Pursuant to EGM held on March 16, 2020, our Company has subdivided the face value of the Equity Share from ₹ 100/- to ₹ 10/- each.
- 3) Allotted 25,94,000 Equity Shares in the proportion of 1 Equity Share for every 1 Equity Share held, by capitalization of Free Reserves to Mrs. Asha Jain (19,04,290 Equity Shares), Mr. Pawan Jain (100 Equity Shares), Pawan Jain (HUF) (210 Equity Shares), Mr. Swapnil Jain (3,39,040 Equity Shares), Mrs. Priya Jain (1,01,000 Equity Shares), P.J. Wealth Management and Consultant Private Limited (2,49,260 Equity Shares), Mrs. Mamta Jain (100 Equity Shares).

2. Details of Equity Shares issued for consideration other than cash:

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

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Reasons for Allotment	Benefit accrued to Company
June 13, 2020 ⁽¹⁾	25,94,000	10	N.A	Bonus Issue	Capitalization of Free Reserves

⁽¹⁾Allotted 25,94,000 Equity Shares in the proportion of 1 Equity Share for every 1 Equity Share held, by capitalization of Free Reserves to Mrs. Asha Jain (19,04,290 Equity Shares), Mr. Pawan Jain (100 Equity Shares), Pawan Jain (HUF) (210 Equity Shares), Mr. Swapnil Jain (3,39,040 Equity Shares), Mrs. Priya Jain (1,01,000 Equity Shares), P.J. Wealth Management and Consultant Private Limited (2,49,260 Equity Shares), Mrs. Mamta Jain (100 Equity Shares).

- No shares have been allotted in terms of any scheme approved under sections 391-394 of the Companies Act, 1956 or sections 230-234 of the Companies Act, 2013.
- Our Company has not issued any shares pursuant to an Employee Stock Option Scheme.
- Our Company has not issued any equity shares lower than the Issue Price during the preceding 1 (one) year except as stated below:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Reasons for Allotment	Benefit accrued to Company
June 13, 2020 ⁽¹⁾	25,94,000	10	N.A	Bonus Issue	Capitalization of Free Reserves

6. Shareholding Pattern of our Company

a) The table below presents the current shareholding pattern of our Company as on the date of this Draft Prospectus.

Category (I)	Category of shareholder(II)	Nos. of shareholders (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)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) / As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			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	7	51,88,000	-	-	51,88,000	100.00%	51,88,000	-	51,88,000	100.00%	-	100.00%	-	-	-	-	51,88,000
B	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C	Non Promoter Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	7	51,88,000	-	-	51,88,000	100.00%	51,88,000	-	51,88,000	100.00%	-	100.00%	-	-	-	-	51,88,000

- b) Set forth below is a list of Shareholders holding 1% or more of the paid-up Share Capital of our Company as on the date of this Draft Prospectus

Sr. No.	Name of the Shareholder	Number of Equity shares	Percentage of the pre-Issue Equity Share Capital (%)
1.	Mrs. Asha Jain	38,08,580	73.41%
2.	Mr. Swapnil Jain	6,78,080	13.07%
3.	Mrs. Priya Jain	2,02,000	3.89%
4.	PJ Wealth Management and Consultants Private Limited	4,98,520	9.61%
Total		51,87,180	99.98%

- c) Set forth below is a list of Shareholders holding 1% or more of the paid-up Share Capital of our Company as of two years prior to the date of this Draft Prospectus.

Sr. No.	Name of the Shareholder	Number of Equity shares	Percentage of the pre-Issue Equity Share capital (%)
1.	Mrs. Asha Jain	1,90,429	73.41%
2.	Mr. Swapnil Jain	33,904	13.07%
3.	Mrs. Priya Jain	10,100	3.89%
4.	Mr. Mukesh Jain	24,926	9.61%
Total		2,59,353	99.99%

- d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Share Capital of our Company as of one year prior to the date of this Draft Prospectus.

Sr. No.	Name of the Shareholder	Number of Equity shares	Percentage of the pre-Issue Equity Share Capital (%)
1.	Mrs. Asha Jain	1,90,429	73.41%
2.	Mr. Swapnil Jain	33,904	13.07%
3.	Mrs. Priya Jain	10,100	3.89%
4.	Mr. Mukesh Jain	24,926	9.61%
Total		2,59,353	99.99%

- e) Set forth below is a list of Shareholders holding 1% or more of the paid-up Share Capital of our Company, on a fully diluted basis, as of 10 days prior to the date of this Draft Prospectus.

Sr. No.	Name of the Shareholder	Number of Equity shares	Percentage of the pre-Issue Equity Share Capital (%)
1.	Mrs. Asha Jain	38,08,580	73.41%
2.	Mr. Swapnil Jain	6,78,080	13.07%
3.	Mrs. Priya Jain	2,02,000	3.89%
4.	PJ Wealth Managements and Consultants Private Limited	4,98,520	9.61%
Total		51,87,180	99.98%

- f) Our Company has not made any public issue (including any rights issue to the public) since its incorporation.

- g) Our Company has not issued any warrants, convertible debentures, loan or any other instrument which would entitle the shareholders to equity shares upon exercise or conversion.

7. Except as disclosed in this Draft Prospectus, our Company does not have any intention or proposal to alter our capital structure within a period of 6 months from the date of opening of the Issue by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or bonus, rights, further public issue or qualified institutions placement or otherwise. However, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the opening of the Issue to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of

arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

8. Shareholding of our Promoter & Selling Shareholder

a) Build-up of the shareholding of our Promoter in our Company since incorporation

Date of Allotment / Transfer	Nature of Issue / Transaction	Nature of Consideration	No. of Equity Shares	FV (₹)	Acquisition / Transfer Price	Cumulative No. of shares	% of Pre Issue Equity Share Capital	% of Post Issue Equity Share Capital
Mrs. Asha Jain⁽¹⁾								
On or before September 22, 2003 ⁽²⁾	Not Available	Cash	59,625	100	100	59,625	1.15%	0.98%
November 26, 2010 ⁽³⁾	Transfer	Cash	9,468	100	190	69,093	0.18%	0.16%
December 30, 2010 ⁽⁴⁾	Transfer	Cash	23,346	100	321.25	92,439	0.45%	0.38%
February 2, 2018 ⁽⁵⁾	Transfer	Cash	97,990	100	NIL	1,90,429	1.89%	1.61%
March 16, 2020 ⁽⁶⁾	Sub-division of the Face Value of Equity Shares from ₹ 100 to ₹ 10 each					19,04,290	-	-
June 13, 2020	Bonus Issue	Other Than Cash	1904290	10	N.A	38,08,580	36.71%	31.27%
Mr. Swapnil Jain								
On or before September 22, 2003 ⁽⁷⁾	Not Available	Cash	20,558	100	100	20,558	0.40%	0.34%
December 30, 2010 ⁽⁸⁾	Transfer	Cash	13,346	100	321.25	33,904	0.26%	0.22%
March 16, 2020 ⁽⁶⁾	Sub-division of the Face Value of Equity Shares from ₹ 100 to ₹ 10 each					3,39,040	-	-
June 13, 2020	Bonus Issue	Other Than Cash	3,39,040	10	N.A	6,78,080	6.54%	5.57%

⁽¹⁾ Out of the total holding of Mrs. Asha Jain, shares aggregating to 8,97,600 equity shares are offered as part of Offer for Sale

⁽²⁾ As per the initial Memorandum of Association of the Company, she had subscribed 200 Equity Shares of ₹ 100 each aggregating to ₹ 20,000. After incorporation and till September 22, 2003, she had acquired 59,425 Equity Shares of ₹ 100 each over the period. However the exact details of Shares acquired like Dates, No. of Shares, Mode, Price, etc are not available with the Company and the Promoter. It has been assumed that shares acquired prior to September 22, 2003 were acquired at a price of ₹ 100 per share.

⁽³⁾ Mr. Vinay Oswal and Mr. Vivek Oswal have transferred 7,400 and 2068 Equity Shares respectively to Mrs. Asha Jain.

⁽⁴⁾ Zadi Spa, Italy has transferred 23,346 Equity Shares to Mrs. Asha Jain

⁽⁵⁾ Mr. Pawan Jain has transferred 97,900 Equity Shares to Mrs. Asha Jain as gift.

⁽⁶⁾ Pursuant to EGM held on March 16, 2020, our Company has subdivided the face value of the Equity Share from ₹ 100/- to ₹ 10/- each.

⁽⁷⁾ Till September 22, 2003, she had acquired 59,425 Equity Shares of ₹ 100 each over the period. However the exact details of Shares acquired like Dates, No. of Shares, Mode, Price, etc are not available with the Company and the Promoter. It has been assumed that shares acquired prior to September 22, 2003 were acquired at a price of ₹ 100 per share.

⁽⁸⁾ Zadi Spa, Italy has transferred 13,346 Equity Shares to Mr. Swapnil Jain

Notes:

- None of the shares belonging to our Promoter have been pledged till date.

- The entire Promoter' shares shall be subject to lock-in from the date of allotment of the equity shares issued through this Draft Prospectus for periods as per applicable Regulations of the SEBI (ICDR) Regulations.
- Our Promoter have confirmed to the Company and the Lead Manager that the Equity Shares held by our Promoter 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 Promoter, were fully paid-up on the respective dates of acquisition of such shares.

b) Pre-Issue and Post-Issue Shareholding of our Promoter and Promoter Group

Category of Promoter	Pre-Issue		Post-Issue	
	No. of Shares	% of Pre-Issue Capital	No. of Shares	% of Post-Issue Capital
1. Promoter				
Mrs. Asha Jain	38,08,580	73.41%	29,10,980	47.80%
Mr. Swapnil Jain	6,78,080	13.07%	6,78,080	11.13%
2. Promoter Group (as per defined by Reg. 2(1)(pp) of SEBI ICDR Regulations)				
Pawan Jain	200	Negligible	200	Negligible
Pawan Jain (HUF)	420	0.01%	420	0.01%
Mrs. Priya Jain	2,02,000	3.89%	2,02,000	3.32%
PJ Wealth Managements and Consultants Private Limited	4,98,520	9.61%	4,98,520	8.19%
Total Promoter & Promoter Group Holding	51,87,800	99.99%	42,90,200	70.45%
Total Paid up Capital	51,88,000	100.00%	60,90,400	100.00%

All Equity Shares held by the Promoter and members of our Promoter Group have been dematerialised as on date of this Draft Prospectus.

9. Our Company has Seven (7) shareholders, as on the date of this Draft Prospectus.

10. We hereby confirm that:

- a) None of the members of the Promoter, Promoter Group, Directors and their immediate relatives have purchased or sold any Equity shares of our Company within the last six months from the date of this Draft Prospectus, except as mentioned below:

Date of Transaction	Name of Transferor	Name of Transferee	No. of Shares (F.V. ₹ 10)	Price per share (₹)	Nature of Transaction	Nature of Consideration
June 10, 2020	Mr. Mukesh Jain	PJ Wealth Management & Consultants Private Limited	2,49,260	115	Transfer	Cash

- b) 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.

11. Promoter's Contribution and Lock-in details

a) Details of Promoter's Contribution locked-in for three (3) years

Pursuant to the Regulation 236 and 238 of the SEBI (ICDR) Regulations, an aggregate of 20% of the Post-Issue Equity Share Capital held by our Promoter shall be considered as promoter's contribution ("Promoter's Contribution") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoter's 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 the Promoter	Number of shares locked-in ⁽¹⁾	As a % of Post Issue Share Capital
Mr. Asha Jain	Upto 9,90,300	16.26%
Mr. Swapnil Jain	Upto 2,30,700	3.79%
Total	Upto 12,21,000	20.05%

⁽¹⁾ 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. 8 under “Notes to Capital Structure” on page no. 63 of this Draft Prospectus.

We confirm that in compliance with Regulation 237 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 Promoter during the preceding one year, at a price lower than the price at which Equity Shares are being issued to public in the Issue.
- The Equity Shares held by the Promoter and offered for minimum 20% Promoter’ 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 Promoter’ Contribution subject to lock-in.

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

b) Details of share capital locked-in for one (1) year

- Pursuant to Regulation 238 (b) of the SEBI (ICDR) Regulations, in addition to the Promoter’s Contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue Equity Share capital will be locked in for a period of one (1) year from the date of Allotment in this Issue, other than the Equity Shares allotted and subscribed pursuant to the Offer for Sale.
- Pursuant to Regulation 242 of the SEBI Regulations, the Equity Shares held by our Promoter 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 Promoter have been pledged to any person, including banks and financial institutions.
- Pursuant to Regulation 243 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoter, which are locked in as per Regulation 238 of the SEBI (ICDR) Regulations, may be transferred to and amongst our Promoter/ 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.
- Pursuant to Regulation 243 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than our Promoter, which are locked-in as per Regulation 239 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.

12. Neither the Company, nor it’s Promoter, 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.

13. All Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Prospectus.
14. As on the date of this Draft Prospectus, the Lead Manager and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company. The Lead Manager and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.
15. 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.
16. None of our Directors or Key Managerial Personnel hold Equity Shares in the Company, except as stated in the chapter titled "*Our Management*" beginning on page no. 131 of this Draft Prospectus.
17. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed under "Basis of Allotment" in the chapter titled "*Issue Procedure*" beginning on page no. 251 of this Draft Prospectus. In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 253 (2) of SEBI (ICDR) Regulations, as amended from time to time.
18. An over-subscription to the extent of 1% of the Fresh 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 Issue. Consequently, the actual allotment may go up by a maximum of 1% of the Fresh 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 Promoter 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.
19. Subject to valid applications being received at or above the Issue 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 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
20. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoter to the persons who receive allotments, if any, in this Issue.
21. 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.
22. Our Company shall ensure that transactions in the Equity Shares by our Promoter and our Promoter Group between the date of this Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within 24 hours of such transaction.
23. Our Promoter and Promoter Group will not participate in the Issue.
24. Our Company has not re-valued its assets and we do not have any revaluation reserves till date.

SECTION V – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

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

Offer for Sale

The Selling Shareholder propose to sell an aggregate of up to 8,97,600 Equity Shares held by her, aggregating up to ₹ [●] lakhs. Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholder.

Fresh Issue

Our Company proposes to utilize the Net Proceeds from the Fresh Issue towards funding the following objects (collectively, referred to herein as the “Objects”):

1. Part Repayment of Loans
2. General Corporate Purpose

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

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 Issue. 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.

Net Fresh Issue Proceeds

The details of the proceeds of the Fresh Issue are set out in the following table:

	(₹ in lakhs)
Particulars	Amount
Gross Proceeds of the Fresh Issue	[●]
Less: Company’s share of Issue related Expenses ⁽¹⁾	[●]
Net Proceeds of the Fresh Issue	[●]

⁽¹⁾ Except for the Regulatory related expenses, which will be borne by our Company, all other expenses relating to the Issue will be borne by our Company and the Selling Shareholders in proportion to the Equity Shares contributed to the Issue. The Issue expenses are estimated expenses and subject to change.

Proposed Schedule of Implementation and Deployment of the Net Proceeds

The Net Proceeds of the Fresh Issue (“Net Proceeds”) are currently expected to be deployed in accordance with the schedule as stated below:

		(₹ in lakhs)	
Sr. No.	Particulars	Amount to be funded from the Net Proceeds	Amount to be deployed from the Net Proceeds in FY 2020-21
1.	Part Repayment of Loans	1,300.00	1,300.00
2.	General Corporate Purpose	[●]	[●]
Total		[●]	[●]

Requirement of Funds and Means of Finance

The fund requirements mentioned above are based on the internal management estimates of our Company and have not been verified or appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. Consequently, the fund requirements of our Company are subject to revisions in the future at the discretion of the management. In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall

has arisen, subject to compliance with applicable laws. Further, in case of a shortfall in the Net Proceeds from Fresh Issue or cost overruns, our management may explore a range of options including utilising our internal accruals or seeking debt financing.

The entire fund requirements are to be financed from the Net Issue Fresh Proceeds, and there is no requirement to make firm arrangements of finance under Regulation 230(1)(e) 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 Issue.

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*” on page no. 21 of this Draft Prospectus.

DETAILS OF THE FUND REQUIREMENTS

1) Part Repayment of Loans

We have from time to time availed unsecured loan from our Directors and Group Company, forming part of our Promoter & Promoter Group. As on March 31, 2020 our Company had total outstanding unsecured loans from Directors and Group Companies amounting to ₹ 1334.36 lakhs as confirmed by the Statutory Auditors M/s. Das Maheshwari & Company, Chartered Accountants, vide Certificate dated August 14, 2020. These loans carry an interest rate of 10% p.a. M/s. Das Maheshwari & Company have further confirmed that these loans were mainly utilized for (1) working capital needs & other funding requirements of the Company from time to time and (2) towards investment in our Subsidiaries Companies For further details of our Subsidiaries Companies, please refer “*Our Subsidiaries*” under “*History And Certain Corporate Matters*” beginning on page no. 122 of this Draft Prospectus.

Following are the details of the loans we intend to part repay from the Net Fresh Issue proceeds.

(₹ in lakhs)

Sr. No.	Name of the Lender	Amt. outstanding as on March 31, 2020	Amt. proposed to be repaid
1.	Ms. Asha Jain	234.77	220.00
2.	Mr. Pawan Jain	375.11	370.00
3.	Mr. Swapnil Jain	190.49	180.00
4.	PJ Wealth Management & Consultant Pvt. Ltd.	533.99	530.00
Total		1,334.36	1,300.00

As on the date of this Draft Prospectus, Our Company has not repaid any of these loans. However, we may repay the above loans, before we obtain proceeds from the Issue, through other means and source of financing, including bridge loan or other financial arrangements, which then will be recouped from the proceeds of the Fresh Issue.

2) General Corporate Purpose

Our management will have flexibility to deploy ₹ [●], aggregating to [●] % of the Net Proceeds from 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, subject to compliance with the necessary provisions of the Companies Act.

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

We confirm that any issue related expenses shall not be considered as a part of General Corporate Purpose. Further, we confirm that in terms of Regulation 230 (2) of the SEBI ICDR Regulations, the extent of the Net Proceeds according to this Draft Prospectus, proposed to be used for general corporate purposes, shall not exceed 25% of the amount raised by our Company through the Issue of Equity Shares.

ISSUE RELATED EXPENSES

The total estimated Issue Expenses are ₹ [●], which is [●] % of the total Issue Size. The details of the Issue Expenses are tabulated below:

Sr. No.	Particulars	Amount (₹ in lakhs) ⁽¹⁾	% of Total Expenses ⁽¹⁾	% of Total Issue size ⁽¹⁾
1	Issue Management fees including fees and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	[●]	[●]%	[●]%
2	Brokerage and selling commission ⁽²⁾⁽³⁾⁽⁴⁾	[●]	[●]%	[●]%
3	Printing & Stationery, Distribution, Postage, etc.	[●]	[●]%	[●]%
4	Advertisement and Marketing Expenses	[●]	[●]%	[●]%
5	Stock Exchange Fees, Regulatory and other Expenses	[●]	[●]%	[●]%
Total		[●]	[●]%	[●]%

⁽¹⁾ Will be incorporated at the time of filing of the Prospectus and on determination of Issue Price and other details.

⁽²⁾ The SCSBs and other intermediaries will be entitled to a commission of ₹ [●]/- per every valid Application Form submitted to them and uploaded on the electronic system of the Stock Exchange by them.

⁽³⁾ The SCSBs would be entitled to processing fees of ₹ [●]/- per Application Form, for processing the Application Forms procured by other intermediaries and submitted to the SCSBs.

⁽⁴⁾ Further the SCSBs and other intermediaries will be entitled to selling commission of [●]% of the Amount Allotted (product of the number of Equity Shares Allotted and the Issue Price) for the forms directly procured by them and uploaded on the electronic system of the Stock Exchange by them.

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

Appraisal and Bridge Loans

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 Proceeds from Fresh Issue.

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 Issue size is proposed to be deployed in the Financial Year 2020 – 21.

Monitoring of Utilization of Funds

Since the proceeds from the Fresh Issue do not exceed ₹ 10,000 lakhs, in terms of Regulation 262 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board and Audit Committee will monitor the utilisation of the proceeds of the Issue. Our Company will disclose the utilization of the Net Proceeds from Fresh Issue under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchange.

Pursuant to the SEBI Listing Regulations, our Company shall disclose to the Audit Committee of the Board of Directors the uses and applications of the Net Proceeds. Our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Prospectus and place it before the Audit Committee of the Board of Directors, as required under applicable law. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with the Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchange on a half yearly basis, a statement indicating (i) deviations, if any, in the utilisation of the proceeds of the Issue from the objects of the

Issue as stated above; and (ii) details of category wise variations in the utilisation of the proceeds from the Issue from the objects of the Issue as stated above.

Working Capital Requirement

Our Company currently funds its working capital needs through a mix of its internal accruals, unsecured loans and banking facilities and they intend to continue to do so in the future. Hence no amount is proposed to be utilised for Working Capital from the Net Proceeds of this Fresh Issue.

Interim Use of Funds

Pending utilization of the Net Proceeds from Fresh Issue for the purposes described above, our Company will deposit the Net Proceeds from Fresh Issue with scheduled commercial banks included in schedule II of the RBI Act. Our Company confirms that it shall not use the Net Proceeds from Fresh Issue 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 Issue 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 Promoters 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 / Payment to Promoters and Promoter's Group from the IPO Proceeds

Except for part repayment of loan of ₹ 1,300.00 Lakhs to our Promoter & Promoter Group as mentioned in this Chapter above, no part of the Net Proceeds from Fresh Issue will be paid by our Company as consideration to our Promoter, Promoter Group, our Board of Directors, our Key Management Personnel or Group Companies except in the normal course of business in compliance with applicable law.

BASIS OF THE ISSUE PRICE

The Issue 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 Issue Price is ₹ [•] /- per Equity Shares and is [•] 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” on page nos. 21, 152 and 91 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

Some of the qualitative factors and our strengths which form the basis for the Issue Price are:

- Experienced Promoters and strong management team
- In-house design capability, product development and technical collaborations
- Well established manufacturing facility
- Quality standards and ISO certified organization
- Diversified Portfolio

For further details regarding some of the qualitative factors, which form the basis for computing the Issue Price, please see “Our Business - Our Strengths” beginning on page no. 91 of this Draft Prospectus.

Quantitative Factors

Some of the information presented below relating to our Company is based on the Restated Standalone Financial Statements and the Restated Consolidated Financial Statements prepared in accordance with Indian GAAP, and the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations. For more details, please see “Financial Information” on page 152 of this Draft Prospectus.

Investors should evaluate our Company taking into consideration its business segment and other qualitative factors in addition to the quantitative factors. Some of the quantitative factors which may form the basis for computing the price are as follows:

1. Basic and Diluted Earnings / (Loss) Per Share (“EPS”)

On Standalone basis

Year ended March 31,	Basic & Diluted EPS (in ₹) ⁽¹⁾	Weights
2020	7.87	3
2019	11.30	2
2018	6.25	1
Weighted Average	8.74	

On Consolidated basis

For the year ended March 31, 2020, based on Restated Consolidated Financial Statements, Basic and Diluted EPS was ₹ 8.27⁽¹⁾.

⁽¹⁾ Weighted Average no. of equity shares are considered for EPS, which are calculated after giving effect for bonus issue of 25,94,000 equity shares of ₹10 each made on June 13, 2020 in the proportion of 1 Equity Share for every 1 Equity Share held.

Notes:

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

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

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

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

- c. Basic and Diluted EPS calculations are in accordance with Accounting Standard 20 “Earnings per Share”, notified under section 133 of Companies Act, 2013 read together along with paragraph 7 of Companies (Accounting) Rules, 2014.
- d. The above statement should be read in conjunction with Significant Accounting Policies and Notes thereto as appearing in “Annexure IV & V” of Restated Consolidated Financial Statements and Restated Standalone Financial Statements each respectively under the section titled Financial Information on page no. 152 of this Draft Prospectus.

2. Price Earnings Ratio (“P/E”) in relation to the Price of ₹ [•] per share of ₹ 10 each

Particulars	P/E
Based on the Consolidated: Basic and Diluted EPS for the year ended March 31, 2020	[•]
Based on the Standalone: Basic and Diluted EPS for the year ended March 31, 2020	[•]
Based on the Standalone: P/E ratio based on Weighted Average EPS	[•]

Industry P/E Ratio*

Particulars	P/E
Highest: Jay Ushin Limited	86.50
Lowest: IST Limited	3.30
Industry Average	25.70

*(Source: Capital Market, Vol. XXXV/13, Aug 10 – Aug 23, 2020; Segment: Auto Ancillaries)

3. Return on Net worth (RoNW)

On Standalone basis

Year ended March 31,	RoNW (%)	Weight
2020	16.06 %	3
2019	27.47 %	2
2018	20.95 %	1
Weighted Average	20.68 %	

On Consolidated basis

For the year ended March 31, 2020, based on Restated Consolidated Financial Statements, RoNW (%) was 16.03 %.

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

$$\text{RoNW (%) = } \frac{\text{Net profit/loss after tax, as restated}}{\text{Restated Net worth}} * 100$$

4. Net Asset Value (NAV)

Financial Year ended	Standalone (₹)	Consolidated (₹)
As at March 31, 2020- based on actual no. of equity shares at the end of the year	98.01	103.14
As at March 31, 2020- based on actual no. of equity shares with bonus effect at the end of the year ⁽¹⁾	49.01	51.57
NAV after Issue	[•]	[•]
Issue Price (₹)	[•]	[•]

⁽¹⁾ As on March 31, 2020; the Company's paid up equity capital consist of 25,94,000 fully paid up equity shares of face value of ₹10/- each. Our Company has after March 31, 2020 allotted an aggregate of 25,94,000 equity shares of ₹ 10 each as bonus issue.

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

$$\text{NAV} = \frac{\text{Restated Net Worth at the end of the year} - \text{Preference Capital}}{\text{Actual Number of Equity Shares outstanding at end of the year / period}}$$

5. Comparison with Industry Peers

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

Name of the Company	EPS (₹)	Face Value (₹)	P/E Ratio ⁽²⁾	RoNW (%) ⁽⁴⁾	NAV per share ⁽⁵⁾
Peer Group⁽¹⁾					
Pritika Auto Industries Limited	8.03	10	11.30	12.24%	65.08
Minda Corporation Limited	7.69	2	9.36	14.16%	52.76
Sandhar Technologies Limited	15.92	10	13.50	13.22%	119.55
<i>Source: Annual Report of the Company filed with the Stock Exchanges</i>					
The Company					
Pavna Industries Limited	8.27	10	[•] ⁽³⁾	16.03%	51.57 ⁽⁶⁾
<i>Source: Restated Consolidated Financials of the Company as disclosed on page no. 152 of this Draft Prospectus.</i>					

Note:

⁽¹⁾ The peer group figures are based on audited consolidated financials as on and for the year ended March 31, 2019.

⁽²⁾ P/E figures for the peer is computed based on closing market price as on August 14, 2020, of relevant peer companies as available at BSE, (available at www.bseindia.com) divided by Basic EPS for FY 19 reported in the filings made with stock exchanges.

⁽³⁾ Based on the Issue Price to be determined by our Company and the Selling Shareholder in consultation with the Lead manager and the basic & diluted EPS of our Company

⁽⁴⁾ Return on net worth (%) = Net profit after tax * 100 / Net worth at the end of the year

⁽⁵⁾ Net Asset value per share = Net worth at the end of the year / No. of shares outstanding at the end of year

⁽⁶⁾ As on March 31, 2020; the Company's paid up equity capital consist of 25,94,000 fully paid up equity shares of face value of ₹10/- each. Our Company has after March 31, 2020 allotted an aggregate of 25,94,000 equity shares of ₹10 each as bonus issue

6. The Company in consultation with the Lead Manager believes that the Issue price of ₹ [•] per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the section titled Financial Information 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 Issue Price is [•] times of the face value i.e. ₹ [•] per share.

STATEMENTS OF SPECIAL TAX BENEFITS

To,
The Board of Directors,
Pavna Industries Limited
Vimlanchalhari Nagar,
Aligarh, Uttar Pradesh- 202001

Dear Sirs,

Sub: Statement of Possible Special Tax Benefits available to Pavna Industries Limited and its shareholders prepared in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”) and the Companies Act, 2013, as amended (the “Act”).

We hereby report that the accompanying Statement states the possible special tax benefits available to the Company and shareholders of the Company (hereinafter referred to as “**the Statement**”) including the Income-tax Act 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2020 presently in force in India (together referred to as the “**Direct Tax Laws**”), Goods and Service Tax Act, 2017, Custom Act, 1962 presently in force in India (together referred to as the “**Indirect Tax Laws**”) and Foreign Trade Policy 2015-2020 relevant to the financial year 2019-20.

These possible special tax benefits are dependent on the Company and/ or the Company’s shareholders fulfilling the conditions prescribed under relevant Direct Tax Laws, Indirect Tax Laws and other laws. Hence, the ability of the Company or the Company’s shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or the Company’s shareholders may or may not choose to fulfil. The Company does not have any subsidiary as on date of the Draft Prospectus/ Prospectus (collectively, the “Offer Documents”).

The benefits discussed in the enclosed Statement are not exhaustive and only cover the possible special direct and indirect tax benefits available to the Company and the Company’s shareholders. The Statement is neither designed nor intended to be a substitute for professional tax advice and 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 of the Company.

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

- a) the Company or its shareholders will continue to obtain these possible special tax benefits in future; or
- b) the conditions prescribed for availing the possible special tax benefits, where applicable, have been/would be met with; and

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

No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

We conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (“**Guidance Note**”) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We hereby give our consent to include the enclosed statement regarding the tax benefits available to the company and its shareholders in the Offer Documents for the proposed public offer of equity shares of the company.

Yours faithfully,

For Das Maheshwari & Company,
Chartered accountants
(Firm Registration No. 007259C)

Ghanshyam Das Maheshwari,
Membership No.: 076273
Place: Aligarh
Date: August 14, 2020
UDIN: 20076273AAAABQ2462

Annexure

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND COMPANY'S SHAREHOLDERS

Outlined below are the possible special tax benefits available to **Pavna Industries Limited ("the Company")** and to its Shareholders under the direct and indirect Tax Laws in force in India (i.e. applicable for the Financial Year 2019-20 relevant to the Assessment Year 2020-21).

A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

1. Direct Tax

There are no special direct tax benefits available to the Company.

2. Indirect Tax

There are no special indirect tax benefits available to the Company.

B. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

1. Direct Tax

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

2. Indirect Tax

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

SECTION VI – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that 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. You should read the entire Draft Prospectus, including the information contained in the sections titled “Risk Factors” and Financial Information” beginning on page 21 and 152 of this Draft Prospectus.

Global Economic Overview

Global growth is projected at –4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

As with the April 2020 WEO projections, there is a higher-than-usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown will inflict an additional toll on activity. Moreover, the forecast assumes that financial conditions—which have eased following the release of the April 2020 WEO—will remain broadly at current levels. Alternative outcomes to those in the baseline are clearly possible, and not just because of how the pandemic is evolving. The extent of the recent rebound in financial market sentiment appears disconnected from shifts in underlying economic prospects—as the June 2020 Global Financial Stability Report (GFSR) Update discusses—raising the possibility that financial conditions may tighten more than assumed in the baseline.

All countries—including those that have seemingly passed peaks in infections—should ensure that their health care systems are adequately resourced. The international community must vastly step up its support of national initiatives, including through financial assistance to countries with limited health care capacity and channeling of funding for vaccine production as trials advance, so that adequate, affordable doses are quickly available to all countries. Where lockdowns are required, economic policy should continue to cushion household income losses with sizable, well-targeted measures as well as provide support to firms suffering the consequences of mandated restrictions on activity. Where economies are reopening, targeted support should be gradually unwound as the recovery gets underway, and policies should provide stimulus to lift demand and ease and incentivize the reallocation of resources away from sectors likely to emerge persistently smaller after the pandemic.

Strong multilateral cooperation remains essential on multiple fronts. Liquidity assistance is urgently needed for countries confronting health crises and external funding shortfalls, including through debt relief and financing through the global financial safety net. Beyond the pandemic, policymakers must cooperate to resolve trade and technology tensions that endanger an eventual recovery from the COVID-19 crisis. Furthermore, building on the record drop in greenhouse gas emissions during the pandemic, policymakers should both implement their climate change mitigation commitments and work together to scale up equitably designed carbon taxation or equivalent schemes. The global community must act now to avoid a repeat of this catastrophe by building global stockpiles of essential supplies and protective equipment, funding research and supporting public health systems, and putting in place effective modalities for delivering relief to the neediest.

Economic data available at the time of the April 2020 WEO forecast indicated an unprecedented decline in global activity due to the COVID-19 pandemic. Data releases since then suggest even deeper downturns than previously projected for several economies. The pandemic has worsened in many countries, leveled off in others. Following the release of the April 2020 WEO, the pandemic rapidly intensified in a number of emerging market and developing economies, necessitating stringent lockdowns and resulting in even larger disruptions to activity than forecast. In others,

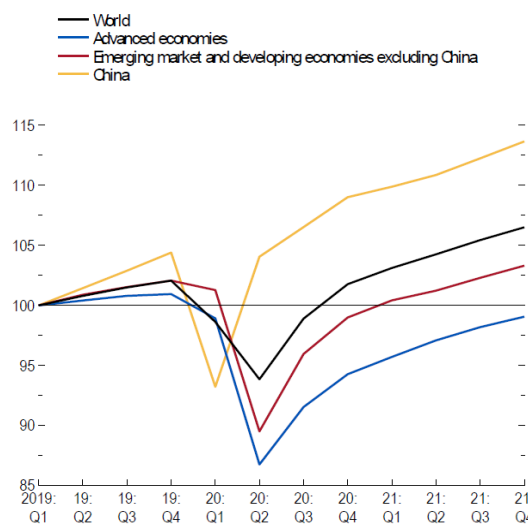
recorded infections and mortality have instead been more modest on a per capita basis, although limited testing implies considerable uncertainty about the path of the pandemic. In many advanced economies, the pace of new infections and hospital intensive care occupancy rates have declined thanks to weeks of lockdowns and voluntary distancing.

Synchronized, deep downturn. First-quarter GDP was generally worse than expected (the few exceptions include, for example, Chile, China, India, Malaysia, and Thailand, among emerging markets, and Australia, Germany, and Japan, among advanced economies). High-frequency indicators point to a more severe contraction in the second quarter, except in China, where most of the country had reopened by early April.

Consumption and services output have dropped markedly. In most recessions, consumers dig into their savings or rely on social safety nets and family support to smooth spending, and consumption is affected relatively less than investment. But this time, consumption and services output have also dropped markedly. The pattern reflects a unique combination of factors: voluntary social distancing, lockdowns needed to slow transmission and allow health care systems to handle rapidly rising caseloads, steep income losses, and weaker consumer confidence. Firms have also cut back on investment when faced with precipitous demand declines, supply interruptions, and uncertain future earnings prospects. Thus, there is a broad-based aggregate demand shock, compounding near-term supply disruptions due to lockdowns.

Mobility remains depressed. Globally, lockdowns were at their most intense and widespread from about mid-March through mid-May. As economies have gradually reopened, mobility has picked up in some areas but generally remains low compared to pre-virus levels, suggesting people are voluntarily reducing exposure to one another. Mobility data from cellphone tracking, for example, indicate that activity in retail, recreation, transit stations, and workplaces remains depressed in most countries, although it appears to be returning to baseline in certain areas.

Figure 1. Quarterly World GDP
(2019:Q1 = 100)



Source: IMF staff estimates.

Severe hit to the labor market. The steep decline in activity comes with a catastrophic hit to the global labor market. Some countries (notably in Europe) have contained the fallout with effective short-term work schemes. Nonetheless, according to the International Labor Organization, the global decline in work hours in 2020: Q1 compared to 2019: Q4 was equivalent to the loss of 130 million full-time jobs. The decline in 2020: Q2 is likely to be equivalent to more than 300 million full-time jobs. Where economies have been reopening, activity may have troughed in April—as suggested, for example, by the May employment report for the United States, where furloughed workers are returning to work in some of the sectors most affected by the lockdown.

Contraction in global trade. The synchronized nature of the downturn has amplified domestic disruptions around the globe. Trade contracted by close to -3.5 percent (year over year) in the first quarter, reflecting weak demand, the collapse in cross-border tourism, and supply dislocations related to shutdowns (exacerbated in some cases by trade restrictions).

Weaker inflation. Average inflation in advanced economies had dropped about 1.3 percentage points since the end of 2019, to 0.4 percent (year over year) as of April 2020, while in emerging market economies it had fallen 1.2 percentage

points, to 4.2 percent. Downward price pressure from the decline in aggregate demand, together with the effects of lower fuel prices, seems to have more than offset any upward cost-push pressure from supply interruptions so far.

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>)

Indian Economic Overview

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

India's gross domestic product (GDP) (at constant 2011-12 prices) was estimated to be Rs 145.65 lakh crore (US\$ 2.06 trillion) for 2019-20, growing 4.2 per cent over the previous year. India retained its position as the third largest start-up base in the world with over 8,900-9,300 start-ups as 1,300 new start-ups got incorporated in 2019 according to a report by NASSCOM. India also witnessed the addition of 7 unicorns in 2019 (till August 2019), taking the total tally to 24.

India's labour force is expected to touch 160-170 million by 2020 based on the 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. India's foreign exchange reserves reached Rs 37.31 lakh crore (US\$ 493.48 billion) in the week up to May 29, 2020 according to the data from RBI.

With an improvement in the economic scenario, there have been investments across various sectors of the economy. The mergers and acquisition (M&A) activity in India stood at US\$ 28 billion in 2019, while private equity (PE) deals reached US\$ 48 billion. Some of the important recent developments in Indian economy are as follows:

- Merchandise export and import (in US\$ terms) declined by 4.8 per cent and 9.1 per cent, respectively, in 2019-20.
- Nikkei India Manufacturing Purchasing Managers' Index (PMI) stood at 30.8 in May 2020, showing contraction in the sector because of coronavirus-related restrictions.
- Gross tax revenue stood at Rs 15.04 lakh crore (US\$ 215.28 billion) in 2019-20 – income tax collection contributed Rs 4.80 lakh crore (US\$ 68.14 billion) to it.
- In 2019, companies in India raised around US\$ 2.5 billion through 17 initial public offers (IPO).
- India's Foreign Direct Investment (FDI) equity inflow reached US\$ 469.99 billion between April 2000 to March 2020, with maximum contribution from services, computer software and hardware, telecommunications, construction, trading, and automobiles.
- India's Index of Industrial Production (IIP) for 2019-20 stood at 129.2.
- The combined index of eight core industries stood at 137 in March 2020. Its cumulative growth was 0.6 per cent in 2019-20.
- Consumer Price Index (CPI) – Combined inflation was 5.9 per cent in March 2020 as compared to 6.6 per cent in February 2020. The annual consumer price inflation increased to 4.8 per cent in 2019-20 from 3.4 per cent in 2018-19.
- Around 12 million jobs in a year were created in India during 2015-19.
- India improved its ranking in World Bank's Doing Business Report by 14 spots over last year and was ranked 63 among 190 countries in the 2020 edition of the report.
- India is expected to have 100,000 start-ups by 2025, which will create employment for 3.25 million people and generate US\$ 500 billion in value as per Mr T V Mohan Das Pai, Chairman, Manipal Global Education.

The first Union Budget of the third decade of 21st century was presented by Minister for Finance & Corporate Affairs, Ms Nirmala Sitharaman in the Parliament on February 1, 2020. The budget aimed at energising the Indian economy through a combination of short-term, medium-term, and long-term measures.

Total expenditure for 2020-21 is budgeted at Rs 37.14 lakh crore (US\$ 531.53 billion), an increase of 13 per cent from 2019-20 (revised budget estimates).

Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Mr Narendra Modi, Prime Minister of India, launched Make in India initiative with an aim to boost country's manufacturing sector and increase purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

Some of the recent initiatives and developments undertaken by the Government are listed below:

- The Prime Minister of India, Mr Narendra Modi announced various economic packages, having a cumulative worth of around Rs 20 lakh crore (US\$ 283.73 billion) and being almost 10 per cent of India's GDP.
- Pradhan Mantri Garib Kalyan Package (PMGK) was introduced in April 2020 to provide relief to underprivileged and help them fight the battle against COVID-19. The budget allocated to the scheme was Rs 1.70 lakh crore (US\$ 24.12 billion).
- India is expected to attract investment of around US\$ 100 billion in developing the oil and gas infrastructure during 2019-23.
- The Government of India is going to increase public health spending to 2.5 per cent of the GDP by 2025.
- For implementation of Agriculture Export Policy, Government approved an outlay Rs 206.8 crore (US\$ 29.59 million) for 2019, aimed at doubling farmers income by 2022.
- Under the Pradhan Mantri Awas Yojana (Urban), Government has sanctioned more than 96.50 lakh houses under PMAY(U) and approved 606 proposals for the construction of 3,31,075 houses with an overall investment of Rs 15,125 crore (US\$ 2.16 billion).
- The Cabinet Committee on Economic Affairs has approved to increase the authorized capital of Food Corporation of India (FCI) from the existing Rs 3,500 crore (US\$ 500.79 million) to Rs 10,000 crore (US\$ 1.43 billion).
- India has registered a 26.9 per cent reduction in Maternal Mortality Ratio (MMR) since 2013: Sample Registration System Bulletin-2016.
- Around 26.02 million households were electrified by 31st March 2019 under Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA).
- In the mid-term review of Foreign Trade Policy (FTP) 2015-20, the Ministry of Commerce and Industry enhanced the scope of Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS), increased MEIS incentive for ready-made garments and made-ups by 2 per cent, SEIS incentive by 2 per cent and increased the validity of Duty Credit Scrips from 18 months to 24 months. In April 2020, Government extended FTP for one more year (up to March 31, 2021).

India's GDP is expected to reach US\$ 5 trillion by FY25 and achieve upper-middle income status on the back of digitization, globalization, favorable demographics, and reforms.

India is also focusing on renewable sources to generate energy. It is planning to achieve 40 per cent of its energy from non-fossil sources by 2030, which is currently 30 per cent, and have plans to increase its renewable energy capacity from 175 gigawatt (GW) by 2022.

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 behavior and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by 2040 as per a report by PricewaterhouseCoopers.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

Facts About Indian Economy

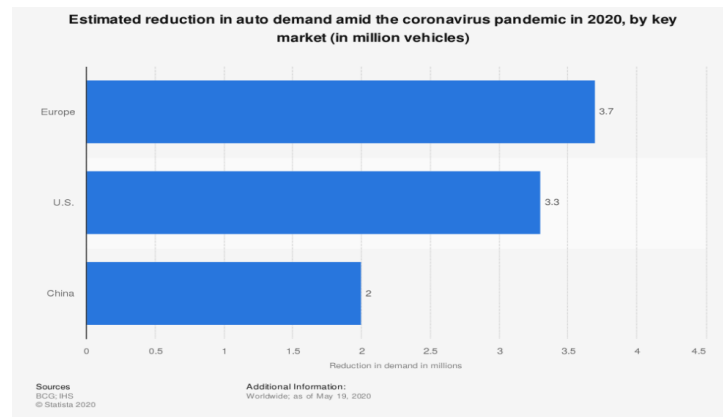
- Real GDP in 2019-20 was estimated to grow 5.0 per cent (second advance estimates), lower than 6.1 per cent in 2018-19 (first revised estimates).
- Foreign direct investment (FDI) equity inflow stood at Rs 2,731,911 crore (US\$ 469.99 billion) between April 2000 and March 2020. Net FDI stood at US\$ 49.97 billion in 2019-20 compared to US\$ 44.36 billion in 2018-19.
- India's foreign exchange reserve was Rs 38.50 lakh crore (US\$ 507.64 billion) in the week up to June 12, 2020 according to data from the RBI.
- Mutual Funds asset base stood at Rs 24.28 lakh crore (US\$ 344.51 billion) at end of May 2020.
- The combined index of eight core industries stood at 80.9 in April 2020.
- India's Index of Industrial Production (IIP) for April 2020 stood at 56.3.
- Sale of passenger vehicles (cars, SUV and vans) stood at 2,775,679 units in 2019-20.
- Wholesale Price Index (WPI) for 'All Commodities' decreased to 117.7 in May 2020 from 120.4 in March 2020.
- Consumer Food Price Index (CFPI) – combined inflation was 9.28 per cent in May 2020 compared to 6.6 per cent in February 2020. The annual consumer price inflation increased to 4.8 per cent in 2019-20 from 3.4 per cent in 2018-19.
- In 2019, companies in India raised around US\$ 2.5 billion through 17 initial public offers (IPO).

- Investment made by private equity (PE)/venture capital (VC) houses grew 44 per cent over the last three years in value terms and reached US\$ 48 billion in 2019.

(Source: <https://www.ibef.org/economy/indiansnapshot/facts-about-indian-economy>)

REVIEW AND OUTLOOK OF THE GLOBAL AUTOMOBILE SECTOR

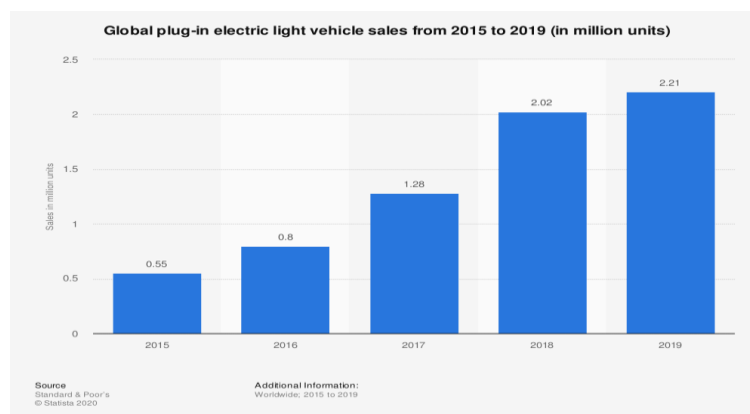
The auto industry's most important [industry segments](#) include commercial vehicles and passenger cars. Global [sales of passenger cars](#) are forecast to fall to 59.5 million units in 2020, down from a peak of 79.6 in 2017. China is counted among the largest [automobile markets](#) worldwide, both in terms of sales and production. [Car sales in China](#) dipped for the first time in 2018; the market has not recovered since.



As our Statista Dossier on the impact of COVID-19 on the automotive industry [intends](#) to outline, the fate of the industry seems to rely on how fast production will be ramped up following the [coronavirus outbreak](#) in the winter of 2019/2020. Amid the outbreak of the pandemic in China, many factories were closed and no new vehicles were rolling off the assembly lines in Wuhan. Work stoppages continue to affect the industry on a global scale. As factories are reopening in some markets, production has come to a halt in many others.

Mass production of automobiles started in the early 1900s, when Ford introduced assembly line car production to mass-manufacture its Model T. Today, the Ford Motor Company still ranks among the leading manufacturers of passenger cars, its most popular passenger light truck model being the Ford F-Series, which was also one of 2019's [best-selling light vehicles](#) worldwide. Surprisingly, only one American company made it into the list of [major motor vehicle manufacturers](#) in 2019, and the [automotive supplier industry](#) was dominated by European and Japanese players such as Bosch, Continental, and Denso.

Prompted by global initiatives such as Paris Agreement, several countries around the globe are enacting stricter emissions controls on new vehicle models. As such, automakers are beginning to expand their business into the [electric mobility](#) sector. Every third new car sold is anticipated to be propelled or assisted by an electric battery by 2025. Over the next decade, [mobility services](#) and [autonomous vehicles](#) are set to stir up yet another revolution in the auto sector. China is projected to lead the market by 2040 with projected autonomous vehicle sales of 14.5 million units.



(Source: <https://www.statista.com/topics/1487/automotive-industry/>)

The coronavirus outbreak has heavily impacted the manufacturing industry. OEMs and parts suppliers have yet to return to full production capacity. Consequent delays in delivery might impact the market at multiple levels from postponed new car model launches, shattered supply chains, financially drained SMEs, and dampened vehicle sales in Q1, 2020. The effects will spill over into Q2 as well, with unfulfilled order deliveries due to ongoing production slowdowns. This situation is set to exacerbate the numerous challenges already facing the auto industry, including tougher CO2 emissions standards and higher investments in new technologies. The study sheds light on the impact of the pandemic on the global light vehicle production of global OEMs across key regions such as North America, Europe, APAC, China and India in three different scenarios.

As the effects of the pandemic start to wane and the industry begins to recover, OEMs will explore various options to drawback consumers and offset the drop in sales. The study deals with the impact across different regions and the top global OEMs. OEM wise impact analysis across different regions based on sales and production dependency along with forecast in various post-COVID-19 scenarios have been covered in the study.

The study also covers the impact of the pandemic and new opportunities created on other mobility verticals such as shared mobility, electric vehicles, connectivity solutions, aftermarket, and vehicle leasing. The study highlights the unit shipments and growth rates across different verticals along with opportunity areas in each of these verticals. Personal mobility modes will make a strong comeback. The demand for micro-mobility solutions, in particular, will surge. Micro-mobility solutions are easy-to-use and ideal in congested city environments. In the current context of COVID-19, these single or double seaters, like mopeds and scooters, offer riders better control over their health & wellness. Automakers are likely, therefore, to explore the potential of this sector as they attempt to draw up blueprints for a post-corona virus scenario.

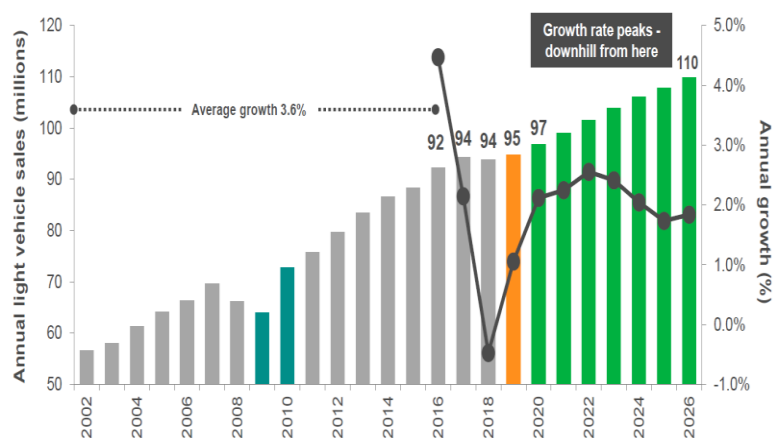
Companies are stepping up to the challenge created by the coronavirus outbreak. They are supporting governments in developing and supplying various health and wellness solutions, which has been covered in the study as well. This massive crisis is going to change the outlook for auto manufactures in the near future as the focus is likely to shift towards health and wellness solutions in vehicles.

The study includes a comprehensive scenario-based analysis centered on the current world scenario on key industries like Automotive across various markets to enable clients to survive the present to thrive in the future. At the same time, we recognize it is important for our followers to remain on top of their strategic initiatives.

(Source: <https://www.businesswire.com/news/home/20200519005657/en/Global-Automotive-Industry-2020-2025---Impact>)

Global Light Vehicle Sales

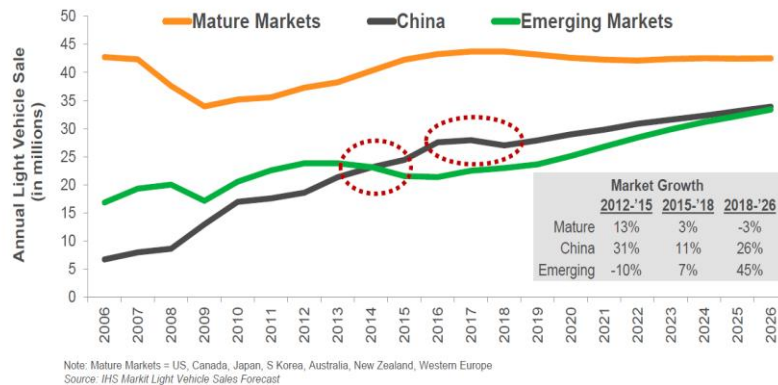
Volatility Impacts the Near-Term Outlook; Mobility Dynamics Drive Slower Growth Long Term



Source: IHS Markit Light Vehicle Sales Forecasts

The Changing Automotive World

Emerging Markets Outlook is Key to Growth; Limited Potential in Mature Markets



(Source: <https://www.cargroup.org/wp-content/uploads/2019/02/Wall.pdf>)

REVIEW AND OUTLOOK OF THE INDIAN AUTOMOBILE SECTOR

The automobile industry in India is the world's fourth largest. India was the world's fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019. Indian automotive industry (including component manufacturing) is expected to reach Rs 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026. The industry attracted Foreign Direct Investment (FDI) worth US\$ 24.21 billion during April 2000 to March 2020 according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Domestic automobile production increased at 2.36 per cent CAGR between FY16-FY20 with 26.36 million vehicles being manufactured in the country in FY20. Overall, domestic automobiles sales increased at 1.29 per cent CAGR between FY16-FY20 with 21.55 million vehicles being sold in FY20.

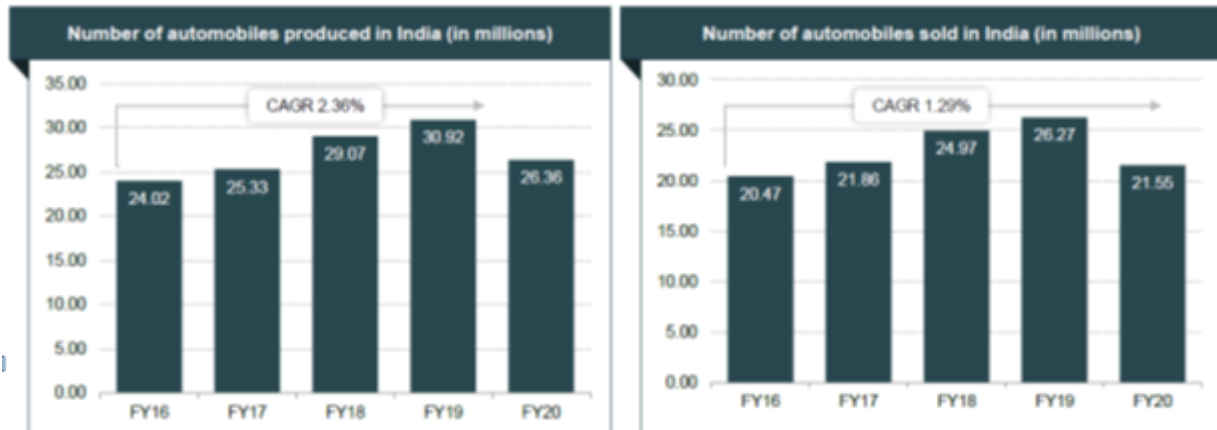
Two wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two wheelers and passenger cars accounted for 80.8 per cent and 12.9 per cent market share, respectively, accounting for a combined sale of over 20.1 million vehicles in FY20. Overall, automobile export reached 4.77 million vehicles in FY20, growing at a CAGR of 6.94 per cent during FY16-FY20. Two wheelers made up 73.9 per cent of the vehicles exported, followed by passenger vehicles at 14.2 per cent, three wheelers at 10.5 per cent and commercial vehicles at 1.3 per cent.

The Government aims to develop India as a global manufacturing and research and development (R&D) hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRiP) centres as well as National Automotive Board to act as facilitator between the Government and the industry. Under (NATRiP), five testing and research centres have been established in the country since 2015. NATRiP's proposal for "Grant-In-Aid for test facility infrastructure for Electric Vehicle (EV) performance Certification from NATRIP Implementation Society" under FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme was approved by Project Implementation and Sanctioning Committee (PISC) on January 03, 2019.

The Indian Government has also set up an ambitious target of having only EVs being sold in the country. The Ministry of Heavy Industries, Government of India, has shortlisted 11 cities in the country for introduction of EVs in their public transport system under the FAME scheme. The first phase of the scheme was extended to March 2019 while in February 2019, the Government approved FAME-II scheme with a fund requirement of Rs 10,000 crore (US\$ 1.39 billion) for FY20-22. Under Union Budget 2019-20, Government announced to provide additional income tax deduction of Rs 1.5 lakh (US\$ 2146) on the interest paid on the loans taken to purchase EVs.

EV sales, excluding e-rickshaws, in India witnessed a growth of 20 per cent and reached 1.56 lakh units in FY20 driven by two wheelers. The Government of India expects automobile sector to attract US\$ 8-10 billion in local and foreign investment by 2023.

(Source: <https://www.ibef.org/industry/automobiles-presentation>)



- The automotive manufacturing industry comprises the production of commercial vehicles, passenger cars, three wheelers and two wheelers.
- Domestic automobile production increased at 2.36 per cent CAGR between FY16-FY20 with 26.36 million vehicles manufactured in the country in FY20.
- Overall, domestic automobiles sales increased at a CAGR of 1.29 per cent between FY16-FY20 with 21.55 million vehicles being sold in FY20.

(Source: <https://www.ibef.org/download/Automobiles-June-2020.pdf>)

Market Size

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Two wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two wheelers and passenger cars accounted for 80.8 per cent and 12.9 per cent market share, respectively, accounting for a combined sale of over 20.1 million vehicles in FY20.

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Premium motorbike sales in India recorded seven-fold jump in domestic sales, reaching 13,982 units during April-September 2019. The sale of luxury cars stood between 15,000 to 17,000 in the first six months of 2019.

Investments

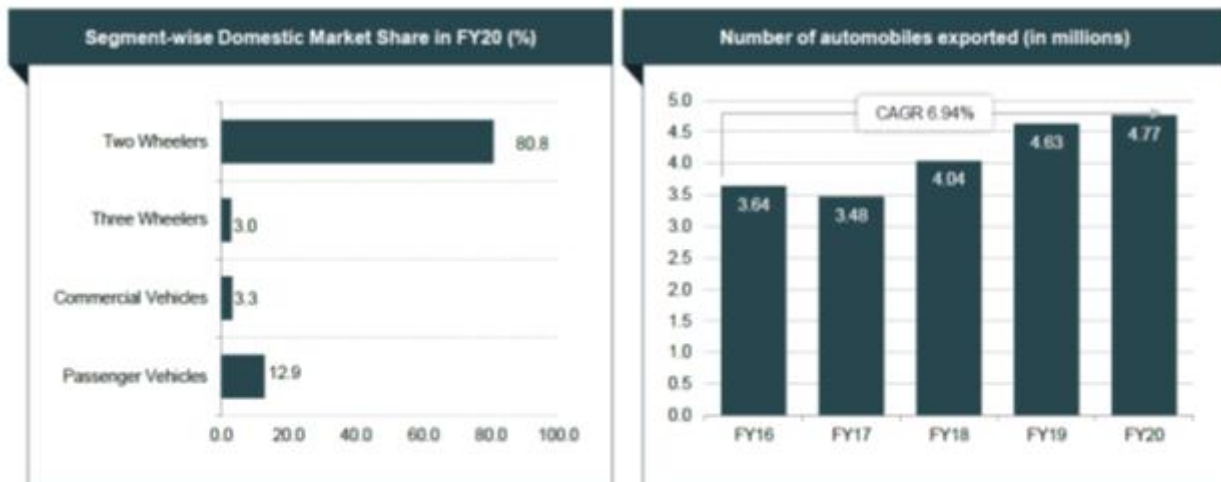
In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI) worth US\$ 24.21 billion between April 2000 and March 2020, according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the recent/planned investments and developments in the automobile sector in India are as follows:

- In April 2020, TVS Motor Company bought UK’s iconic sporting motorcycle brand, Norton, for a sum of about Rs 153 crore (US\$ 21.89 million), making its entry into the top end (above 850cc) segment of the superbike market.
- As of May 2019, Jaguar Land Rover (JLR) launched its locally assembled Range Rover Velar, making JLR cars more affordable by quite some margin.
- In March 2020, Lithium Urban Technologies partnered with renewable energy solutions provider, Fourth Partner Energy, to build charging infrastructure across the country.
- In January 2020, Tata AutoComp Systems, the auto-components arm of Tata Group entered a joint venture with Beijing-based Prestolite Electric to enter the electric vehicle (EV) components market.
- In December 2019, Force Motors planned to invest Rs 600 crore (US\$ 85.85 million) in order to develop two new models over the next two years.

- In December 2019, Morris Garages (MG), a British automobile brand, announced plans to invest an additional Rs 3,000 crore (US\$ 429.25 million) in India.
- Audi India planned to launch nine all-new models including Sedans and SUVs along with futuristic E-tron EV by end of 2019.
- MG Motor India planned to launch MG ZS EV electric SUV in early 2020 and have plans to launch affordable EV in the next 3-4 years.
- BYD-Olectra, Tata Motors and Ashok Leyland will supply 5,500 electric buses for different state departments.

(Source: <https://www.ibef.org/industry/india-automobiles.aspx>)



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(Source: <https://www.ibef.org/download/Automobiles-June-2020.pdf>)

Government Initiatives

The Government of India encourages foreign investment in the automobile sector and has allowed 100 per cent foreign direct investment (FDI) under the automatic route.

Some of the recent initiatives taken by the Government of India are –

- Under Union Budget 2019-20, the Government announced to provide additional income tax deduction of Rs 1.5 lakh (US\$ 2,146) on the interest paid on the loans taken to purchase EVs.
- The Government aims to develop India as a global manufacturing centre and a Research and Development (R&D) hub.
- Under NATRiP, the Government of India is planning to set up R&D centres at a total cost of US\$ 388.5 million to enable the industry to be on par with global standards
- The Ministry of Heavy Industries, Government of India has shortlisted 11 cities in the country for introduction of EVs in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme. The Government will also set up incubation centre for start-ups working in the EVs space.
- In February 2019, the Government of India approved FAME-II scheme with a fund requirement of Rs 10,000 crore (US\$ 1.39 billion) for FY20-22.

Achievements

Following are the achievements of the Government in the last four years:

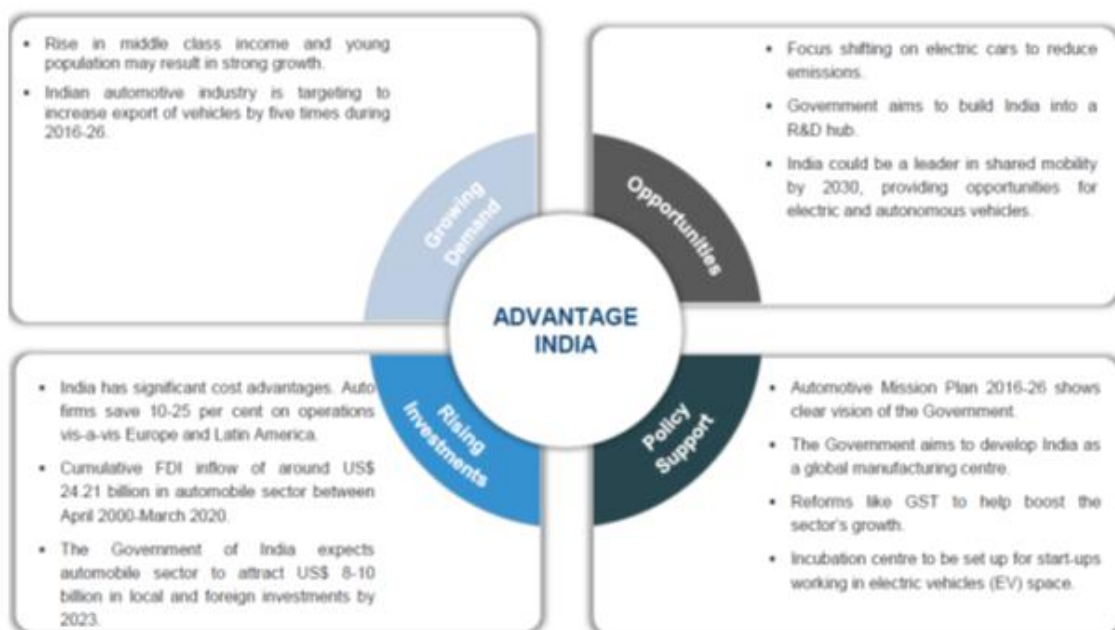
- In H12019, automobile manufacturers invested US\$ 501 million in India’s auto-tech start-ups according to Venture intelligence.
- Investment flow into EV start-ups in 2019 (till end of November) increased nearly 170 per cent to reach US\$ 397 million.
- On 29th July 2019, Inter-ministerial panel sanctioned 5,645 electric buses for 65 cities.
- NATRiP’s proposal for “Grant-In-Aid for test facility infrastructure for EV performance Certification from NATRIP Implementation Society” under the FAME Scheme was approved by Project Implementation and Sanctioning Committee (PISC) on 3rd January 2019.
- Under NATRiP, following testing and research centres have been established in the country since 2015
 - International Centre for Automotive Technology (ICAT), Manesar
 - National Institute for Automotive Inspection, Maintenance & Training (NIAIMT), Silchar
 - National Automotive Testing Tracks (NATRAX), Indore
 - Automotive Research Association of India (ARAI), Pune
 - Global Automotive Research Centre (GARC), Chennai
- SAMARTH Udyog – Industry 4.0 centres: ‘Demo cum experience’ centres are being set up in the country for promoting smart and advanced manufacturing helping SMEs to implement Industry 4.0 (automation and data exchange in manufacturing technology).

Road Ahead

The automobile industry is supported by various factors such as availability of skilled labour at low cost, robust R&D centres, and low-cost steel production. The industry also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour.

Indian automotive industry (including component manufacturing) is expected to reach Rs 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026.

(Source: <https://www.ibef.org/industry/india-automobiles.aspx>)



(Source: <https://www.ibef.org/download/Automobiles-June-2020.pdf>)

INDIAN AUTO COMPONENTS INDUSTRY

The Indian auto-components industry has experienced healthy growth over the last few years. The auto-components industry expanded 10.6 per cent to reach US\$ 56.52 billion in FY19. Auto-components industry account for 2.3 per cent of India's Gross Domestic Product (GDP) and employs as many as 1.5 million people directly and indirectly each. A stable government framework, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure have made India a favourable destination for investment.

Over the last decade, the automobile components industry has registered a CAGR of 10.06 per cent and reached US\$ 56.52 billion in FY19, while export grew at a CAGR of 8.34 per cent during FY14-FY19 to touch US\$ 15.17 billion in FY19. The auto components industry accounted for 2.3 per cent of India's Gross Domestic Product (GDP) and 25 per cent to its manufacturing GDP, providing employment to 50 lakh people in 2018-19.

Automobile component industry's revenue stood at US\$ 56.52 billion in FY19, up from US\$ 35 billion in FY14. As per Automobile Component Manufacturers Association (ACMA), automobile component export from India is expected to reach US\$ 80 billion by 2026. The Indian auto component industry aims to achieve US\$ 200 billion in revenue by 2026. Turnover of automotive component industry stood at Rs 1.79 lakh crore (US\$ 25.61 billion) in FY20 (till September 2019) and export of auto components grew 2.7 per cent to Rs 51,397 crore (US\$ 7.35 billion) during same time.

India's automobile industry is the world's fourth largest. India was the world's fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019. Indian automotive industry (including component manufacturing) is expected to reach between Rs 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026. Indian automobile industry received Foreign Direct Investment (FDI) worth US\$ 24.21 billion between April 2000 and March 2020.

Domestic automobile production increased at 2.36 per cent CAGR during FY16-FY20 with 26.36 million vehicles being manufactured in the country in FY20. Production of two wheelers, passenger vehicles, commercial vehicles and three wheelers reached 21.03 million, 3.43 million, 0.75 million, and 1.13 million, respectively, in FY20.

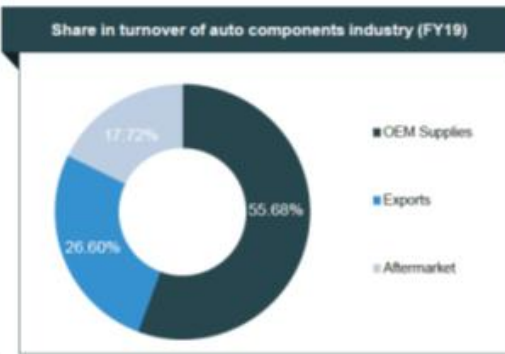
Automobile export grew 14.50 per cent in FY19. It is expected to grow at a CAGR of 3.05 per cent during 2016-2026. The Government of India expects automobile sector to attract US\$ 8-10 billion in local and foreign investment by 2023.

Market Size

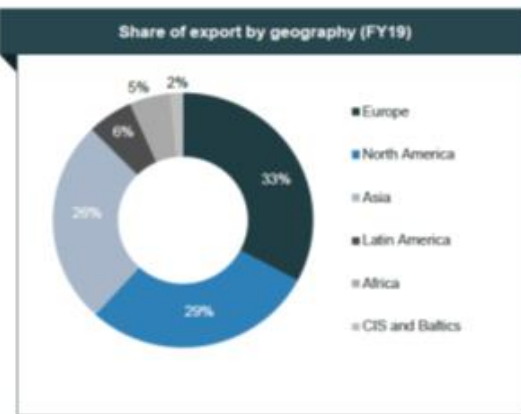
The industry can be broadly classified into organised and unorganised sectors. The organised sector caters to original equipment manufacturers (OEMs) and consist of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category.

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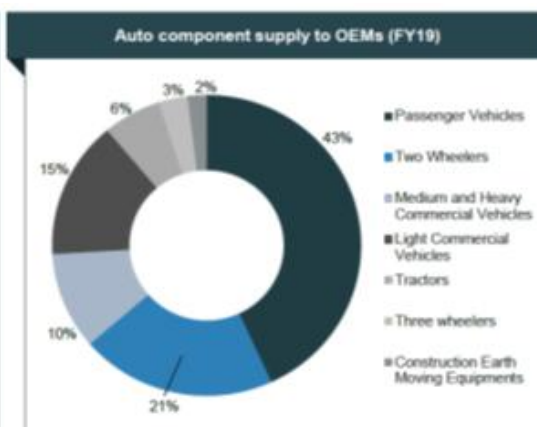
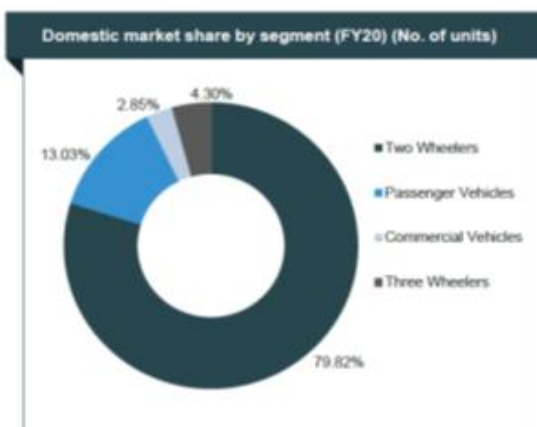
(Source: <https://www.ibef.org/industry/autocomponents-india.aspx>)



- Revenue rose at a CAGR of 13.11 per cent from US\$ 39 billion in FY16 to US\$ 56.52 billion in FY19.
- In FY19, revenue grew 14.5 per cent over FY18.
- Domestic OEM supplies contributed almost 56 per cent to the industry turnover followed by exports and domestic aftermarket at nearly 26 per cent and 18 per cent, respectively.
- Export of automobile components from India in FY19 stood at US\$ 15.17 billion. As per Automobile Component Manufacturers Association (ACMA) forecast, automobile component exports from India is expected to reach US\$ 80 billion by 2026. Indian auto components industry aims to achieve US\$ 200 billion in revenues by 2026.
- Turnover of automotive components industry stood at Rs 1.79 lakh crore (US\$ 25.61 billion) in FY20 (till September 2019).



- India's export of auto components increased at a CAGR of 11.8 per cent during FY16-FY19 as the value increased from US\$ 10.83 billion in FY16 to US\$ 15.17 billion in FY19.
- Europe accounted for 33 per cent volume share of Indian auto component export during FY19, followed by North America and Asia at 29 and 26 per cent, respectively.
- In FY20 (till September 2019), export of auto components grew by 2.7 per cent to Rs 51,397 crore (US\$ 7.35 billion).



- Production of two wheelers, passenger vehicles, commercial vehicles and three wheelers reached 21.03 million, 3.43 million, 0.75 million, and 1.13 million, respectively, in FY20.
- Passenger vehicles had the highest share of total auto component supplies to OEMs in FY19, followed by two wheelers and light commercial vehicles (LCV).

(Source: <https://www.ibef.org/download/Auto-Components-June-2020.pdf>)

Investments

The Foreign Direct Investment (FDI) inflow into Indian automotive* industry during the period April 2000–March 2020 stood at US\$ 24.21 billion as per the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the recent investments made/planned in the Indian auto components sector is as follows:

- In February 2020, National Engineering Industries Ltd (NEIL) announced investment of Rs 100 crore (US\$ 14.31 million) over the next three years for producing needle roller bearing at its Jaipur facility.
- In January 2020, Tata AutoComp Systems entered a joint venture (JV) with Beijing-based Prestolite Electric to enter the electric vehicle (EV) components market.
- In October 2019, Minda Industries acquired Germany-based automotive lamps firm Delvis GmbH along with two of its subsidiaries for Rs 164 crore (US\$ 23.47 million).
- In August 2019, Eaton partnered with Pune-headquartered technology firm KPIT.
- In April 2019, Durr, a German automotive painting and sealing company, entered a partnership with Patvin to provide automated painting solutions for two or three wheelers and agricultural machinery for the Indian markets.
- As of January 2019, Lite Auto Components Pvt Ltd, a part of Hindustan Magnesium Products Pvt Ltd, planned to invest Rs 500 crore (US\$ 69.30 million) to set up Magnesium-based manufacturing plant in Andhra Pradesh.

Government Initiatives

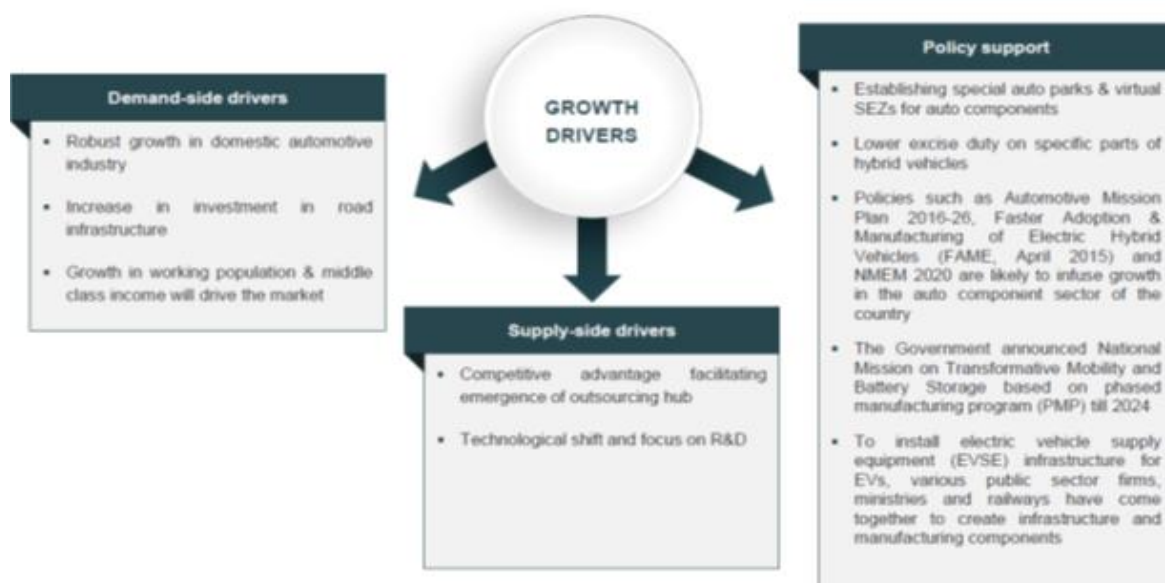
The Government of India’s Automotive Mission Plan (AMP) 2006–2016 has come a long way in ensuring growth for the sector. Indian Automobile industry is expected to achieve a turnover of US\$ 300 billion by 2026 and will grow at a CAGR of 15 per cent from its current revenue of US\$ 74 billion.

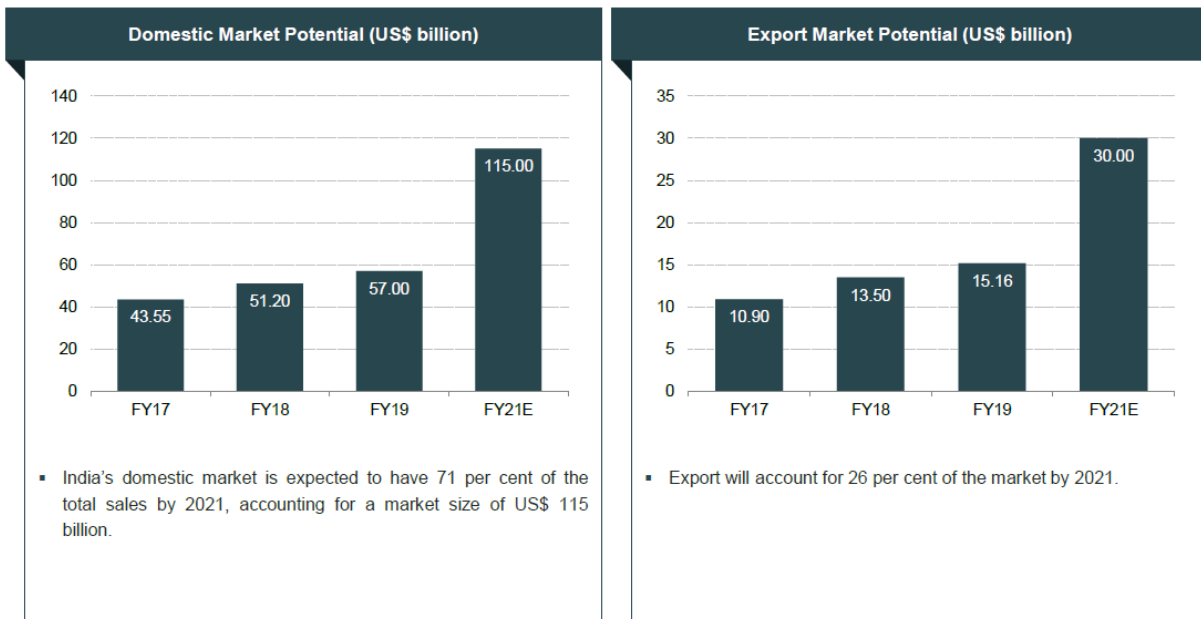
As per the Union Budget 2019-20, Government moved GST council to lower the GST rate on EVs from 12 per cent to 5 per cent. Also, to make EVs affordable to consumers, Government will provide additional income tax deduction of Rs 1.5 lakh (US\$ 2,115) on the interest paid on loans taken to purchase EVs.

Government has come out with Automotive Mission Plan (AMP) 2016-26 which will help the automotive industry to grow and will benefit Indian economy in the following ways: -

- Contribution of auto industry in the country’s GDP will rise to over 12 per cent.
- Around 65 million incremental number of direct and indirect jobs will be created.
- End of life Policy will be implemented for old vehicles.

Growth Drivers





Note: E – Estimate
Source: ACMA

Road Ahead

The rapidly globalising world is opening newer opportunities for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe, and reliable mode of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt change via systematic R&D.

As per ACMA forecasts, automobile component export from India is expected to reach US\$ 80 billion by 2026. The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalisation of the sector as export potential could be increased by up to US\$ 30 billion by 2021E.

(Source: <https://www.ibef.org/industry/autocomponents-india.aspx>)

OUR BUSINESS

You should read the entire Draft Prospectus, including the information contained in the sections titled “Risk Factors” and Financial Information” beginning on page 21 and 152 of this Draft Prospectus.

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. 21, 152 and 201 respectively, of this Draft Prospectus.

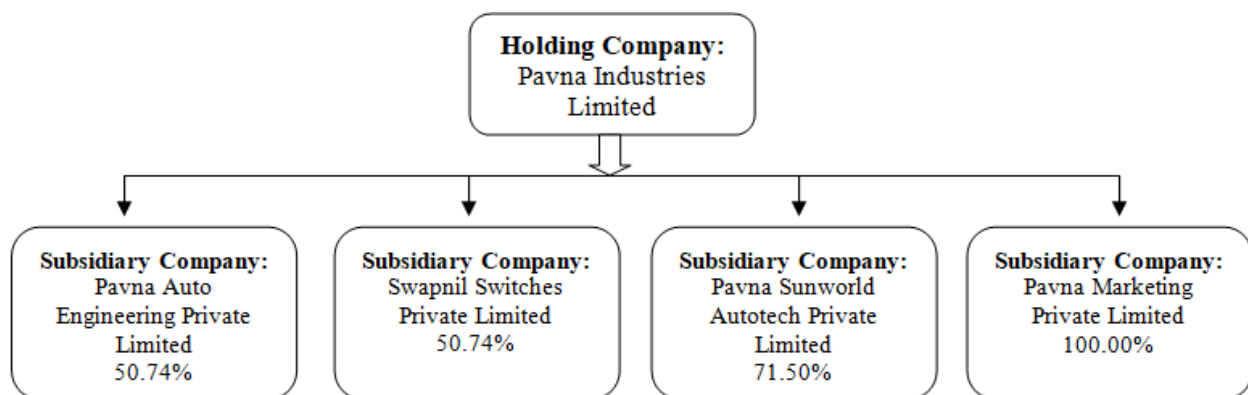
Unless otherwise indicated, the financial information included herein is based on our Restated Consolidated Financial Statements for Financial Year 2020 and Restated Standalone Financial Statements for Financial Year 2020, 2019 and 2018 as included in this Draft Prospectus. For further information, see “Financial Information” on page 152 of this Draft Prospectus.

In this section, reference to “we”, “us”, “our” refers to Pavna Industries Limited and its subsidiaries on a consolidated basis, as the context requires, and any reference to the “Company” or “Our Company” refers to Pavna Industries Limited.

OVERVIEW

Our Company along with its subsidiaries is engaged in the business of manufacturing of automotive parts, providing solutions for automobile applications and serving automobile & other applications worldwide. Our focus is manufacturing quality & customer oriented components, catering to Original Equipment Manufacturers (OEM) & providing automotive after-market solutions.

The current corporate structure of our Company is explained as below:



We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles. Our Company has a varied client base and we are committed to continuing to diversify our product offerings, customer base and geographical footprint, thereby minimizing our exposure to individual geographies and industry sectors.

Our Company along with its subsidiaries has a diversified product portfolio, which consists of high-quality reliable parts such as Ignition Switches, Fuel Tank Caps, Latches, Auto Locks, Handles, Switches, Oil Pump, Carburettor, Throttle Body, Fuel Cocks, Injection System, Casting Components etc. We also provide aftermarket sales and services. Our aftermarket products include products manufactured by us such as filters, clutch plates, bearings, wiper blades and brake shoes.

We have ultra modern manufacturing plants in India, located in Aligarh (Uttar Pradesh), Aurangabad (Maharashtra), & Pantnagar (Uttarakhand). Our facilities are located in key auto-clusters and some of the facilities are in close proximity to the plants of our OEM customers. The proximity of our facilities to the plants of our OEM customers also facilitates greater interaction with our customers, thereby enabling us to respond to their requirements in a timely manner. The

facilities have been laid out to match best plant engineering standards as our plants are busy producing automotive products in large quantities as per our customer's exacting standards. Our units are ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and IATF 16949:2016 certified.

We undertake research and development with a focus on technologically advanced products, innovation, enhancing our products portfolio, improving the quality of our products and our manufacturing processes both independently and through cooperation with our customers. Our research and development capabilities are a result of a combination of the technological knowledge of our joint venture partners and technical collaborators, and those that we have internally developed. We have entered into joint ventures and technical collaboration with Sunworld Moto Industrial Co.

The Founder of our Company Mr. Pawan Jain and the Managing Director and Promoters of our Company Mr. Swapnil Jain and Mrs. Asha Jain have substantial experience in the automotive industry. Our Promoters have sound knowledge of manufacturing process, marketing, finance and all kind of other commercial activities related to the automotive industry. Mr Swapnil Jain actively participates in timely execution of the orders and is the guiding force behind the growth and business strategy of our Company. We are also led by a qualified management team that has substantial industry, operational and financial experience, supported by a skilled work force. As on March 31, 2020, our company had a total work force of 737 full-time employees (other than Directors) (including skilled, semi skilled and unskilled employees).

Our Restated Standalone Financial Statements show that we have grown our total revenue at a CAGR of 8.48% from ₹ 10,677.64 lakhs to ₹ 13,631.21 lakhs in Fiscal 2018 to Fiscal 2020 respectively. Our earnings before interest, tax, depreciation and amortization ("EBITDA") for the financial years ended March 2020, 2019 and 2018 was ₹ 1,318.18 lakhs, ₹ 1,203.41 lakhs and ₹ 875.29 lakhs respectively. Our Restated Profit after Tax had been recorded at ₹ 408.45 lakhs, ₹ 586.13 lakhs and ₹ 324.23 lakhs for the financial years ended March 2020, 2019 and 2018 respectively.

Our Restated consolidated total revenue and EBITDA for Fiscal 2020 was ₹ 17,982.84 lakhs and ₹ 1,701.76 lakhs respectively. Our consolidated restated profit after tax for the Fiscal 2020 was ₹ 428.88 lakhs and further, we had an EBITDA margin of 9.46 % and a PAT margin of 2.38 % for the financial year ended March 31, 2020.

Impact of COVID-19 on our business operations

The current outbreak of COVID-19 pandemic has adversely impacted the global economy. The World Health Organization declared the outbreak of COVID-19 as a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020. The Government of India announced a nation-wide lockdown on March 24, 2020 and imposed several restrictions. Since we are engaged in manufacturing of automotive components, our products were not categorized under the 'essential goods' and hence our manufacturing facilities were shut down during this pandemic. In view of the nationwide lockdown announced by the Government of India to control the spread of COVID-19, our business operations were temporarily disrupted from March 24, 2020.

Since then, we have resumed operations in a phased manner as per the Government of India and state government's directives. We have resumed our manufacturing activities after making arrangements to meet the government's requirements on sanitization, people movement and social distancing. However, due to limited availability of labour, raw material suppliers, logistics and supply chain constraints, our plant is operating at sub-optimal capacity utilization. The future impact of COVID-19 or any other severe communicable disease on our business and results of operations depends on several factors including those discussed in "Risk Factors" on page 21 of this Draft Prospectus. We are continuously monitoring the economic conditions and have outlined certain measures to combat the pandemic situation and to minimize the impact on our business. For more details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" – Factors Affecting Results of Operations and Financial Condition – COVID-19 Pandemic on page 201 of this Draft Prospectus.

OUR STRENGTHS

Experienced Promoters and strong management team

Our Company is being led by Mr. Swapnil Jain, having substantial experience in the automotive industry. Our Board is actively involved in reviewing and monitoring our operations, and along with our senior management has been instrumental in implementing our growth strategies and expanding our business through various initiatives including broadening our distribution channel, and increasing our product sales within and outside India. With substantial industry, operational, and financial experience, our management has led the expansion of our operations to 8 manufacturing units as on date of this Draft Prospectus. We believe that the demonstrated ability and expertise of our Promoters for

committed asset investment and use of cutting-edge technology results in growing capacities and rising production levels with better cost management and enhanced process efficiency.

We also have an experienced and professional management team with strong execution capabilities and considerable experience in this industry. The team comprises of personnel having technical, operational and business development experience. We have employed suitable technical and support staff to manage key areas of activities allied to operations. A significant number of our team members have been with our Company or our businesses for several years, demonstrating a high degree of continuity and commitment in our leadership. Our management team has also been instrumental in establishing and maintaining relationships with our customers. We believe we have a strong platform for growth based on the strength of our senior management team and their experience.

Well established manufacturing facility

Our manufacturing units are located in Aligarh (Uttar Pradesh), Ramrai (Maharashtra), & Pantnagar (Uttarakhand). Our facilities are located in key auto-clusters and some of the facilities are in close proximity to the plants of our OEM customers. Apart from allowing us to optimise delivery to our customers, the proximity of our facilities to the plants of our OEM customers also facilitates greater interaction with our customers, thereby enabling us to respond to their requirements in a timely manner. The facilities have been laid out to match best plant engineering standards housing various machineries and suitable infrastructure and quality control setup to handle the product portfolio as our plants are busy producing automotive products in large quantities as per exacting standards. Our units are ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and IATF 16949:2016 certified. We have five units located in Aligarh close to each other thereby increasing the flexibility and reducing the overheads and costs.

Quality standards and ISO certified organisation

Quality plays one of the most vital roles in the success of any organisation. We are focused on providing quality products. We constantly strive to improve our industrial processes at every step in the production chain. Our focus on quality is evidenced by the quality certifications and accreditations that our facility has obtained from recognized agencies, ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and IATF 16949:2016 certifications. We believe that ensuring global standard products will attract domestic and international customers to our Company.

Diversified product portfolio

We are automotive component manufacturing company having varied product segments. Our diversified product portfolio caters to different automotive segments including passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles. We believe that we have been able to become an integral part of our customers' manufacturing supply chains by offering multiple products, increasing our range of products and increasing our share of business with them. A diverse product portfolio also enables us to achieve significant scale to overcome entry barriers in new markets.

Consistent track record of financial performance

We have over the years maintained a consistent track record of financial performance. We believe that our focus on value-added products, quality and sustainable sourcing model, certified operations and customer focus have resulted in the significant growth in our business.

Our Restated consolidated total revenue and EBITDA for Fiscal 2020 was ₹ 17,982.84 lakhs and ₹ 1,701.76 lakhs respectively. Our consolidated restated profit after tax for the Fiscal 2020 was ₹ 428.88 lakhs and further, we had an EBITDA margin of 9.46 % and a PAT margin of 2.38 % for the financial year ended March 31, 2020.

Our Restated Standalone Financial Statements show that we have grown our total revenue at a CAGR of 8.48% from ₹ 10,677.64 lakhs to ₹ 13,631.21 lakhs in Fiscal 2018 to Fiscal 2020 respectively. Our earnings before interest, tax, depreciation and amortization ("EBITDA") for the financial years ended March 2020, 2019 and 2018 was ₹ 1,318.18 lakhs, ₹ 1,203.41 lakhs and ₹ 875.29 lakhs respectively. Our Restated Profit after Tax had been recorded at ₹ 408.45 lakhs, ₹ 586.13 lakhs and ₹ 324.23 lakhs for the financial years ended March 2020, 2019 and 2018 respectively.

Cost effective production and timely fulfilment of orders

Our Company has taken various steps in order to ensure adherence to timely fulfilment of orders and also to achieve cost efficiency. These steps include identifying quality aluminium and metal suppliers from the market (which forms a bulk of our raw material cost), smooth labour relations, use of an efficient production system and ability to meet large orders. 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.

In-house design capability, product development and technical collaborations

We have a dedicated team consisting of design engineers, tooling & process engineers. They engineer the product i.e. design, develop, fabricate, and test vehicle components from the concept stage to production stage and the team is equipped with high-end software like CAD-CAM, Auto Cad, CREO etc. for creating the prototypes before actual production.

We implement and create access to modern and advanced technology through in-house research and development activities, joint ventures and technical collaborations. Our joint ventures and technical collaborations provide us a competitive advantage by enabling us to exploit technologies and expertise developed by our partners.

For risks related to our business, our Company and our industry, please see “Risk Factors” on page 21 of this Draft Prospectus.

OUR STRATEGIES

Consolidations of auto component manufacturing activities of group into single holding company structure in order to get benefits of scale

The Group consists of 5 companies i.e. Pavna Industries Limited and our subsidiary Companies i.e. Swapnil Switches Pvt. Ltd. (SSPL), Pavna Auto Engineering Pvt. Ltd. (PAEPL), Pavna Sunworld Autotech Pvt. Ltd. (PSAPL) and Pavna Marketing Pvt. Ltd. (PMPL). These Companies were our Group Companies earlier and recently we have re-organised our corporate structure with a view to consolidate all material manufacturing activities of the group into one consolidated entity. This was done with an objective to improve group level corporate governance as well as to eliminate conflicts of interest, thereby creating stakeholder wealth in the long term.

We have made investment in the subsidiary companies with an intention of targeting further penetration in the automotive components manufacturing industry, further creating a wide market, diversifying product portfolio and ensuring timely completion of the orders.

We believe that it will prove to be beneficial for the Company helping to create a brand image of the Group. We believe that, with a wide Product mix and the available market mix for the products alongwith the modernised facilities adds to the positive factors. We seek to develop our Brand Image and capture untapped market opportunities complement our product mix and the market mix.

Diversifying the product mix and increasing penetration in markets

Our Company’s products are sold in the domestic market and also in international market. The domestic market also offers opportunities in term of sub-geographic penetration and product/ market diversification. Our Company seeks to grow its marketing reach domestically and internationally to explore hitherto untapped markets and segments as part of its strategy in order to widen growth prospects.

We intend to continue our focus on the current product mix and aim to expand and diversify our product portfolio by adding new products like wire harness, blinkers, control cable, brake shoe, mirrors, horns, headlights etc, which we believe provides further growth opportunities through the retention of existing clients and acquisition of new clients. We believe that we have a good track record in the manufacturing of automotive components.

Expand our global footprint

Through a combination of increased capacities, reduced costs, wider range of products and services adhering to global standards, marketing initiatives, competitive pricing and more efficient use of resources, we intend to expand our global footprint and become a preferred supplier.

Operation Excellence

We continue to invest in operational efficiency throughout the organization. We are addressing the increase in operational output through continuous process improvement, Quality Assurance (QA) and QA activities, customer service, consistent quality and technology development. The QA Laboratory is equipped with test equipment and other supporting equipments in order to carry out tests as per the standards to ensure functional testing, reliability testing, durability testing etc.

Quality assurance teams are deployed to inspect the products and processes, there by maintaining strict quality standards. Alignment of our people to ‘process improvement’ through upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is wide spread among all the employees. We do periodical inspection from our end and obtain reports to ensure that a proper quality check is maintained at a regular level.

Optimal Utilization of Resources

Our Company constantly endeavours to improve our production process. We have invested significant resources, and intend to further invest in our activities to develop automized 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.

DETAILS OF OUR BUSINESS

LOCATION

Registered Office:

Located at Vimlanchal, Hari Nagar, Aligarh Uttar Pradesh - 202001.

Marketing Office:

953-955,Gali No.4, Pyaarelal Road, Naiwala, Karol Bagh, New Delhi 110 005

Manufacturing Facilities

The Group consists of 5 units i.e. our Company – Pavna Industries Limited and 4 subsidiaries Companies namely (1) Pavna Auto Engineering Private Limited (PAEPL), (2) Pavna Marketing Private Limited (PMPL), (3) Pavna Sunworld Autotech Private Limited (PSAPL) and (4) Swapnil Switches Private Limited (SSPL). Our Group has been recently re-organized (i.e in Q4 of FY 2019-20) such that all its key manufacturing activities are consolidated into a single corporate Holding Company.

- 1. Unit 1 operated by PAEPL:** Aligarh Factory No. 1 located at Palasahibad Road, Gopalpuri, Aligarh



2. **Unit 2 operated by SSPL:** Aligarh Factory No. 2 located at 19/17, Gopalpuri, Hari Nagar, Aligarh.



3. **Unit 3 operated by PIL:** Aligarh Factory No. 3, Located at 9KM Delhi Road, Bhankri, G.T. Road, Bhankari, Aligarh.



4. **Unit 4 operated by PIL:** Aligarh Factory No. 4 located at Khasra No. 29, Chauwali, Lane Bhankhari Khas, Bhankari, Aligarh.



5. **Unit 5 operated by PAEPL:** Aligarh Factory No. 3 located at, Located at 9KM Delhi Road, Bhankri, G.T. Road, Bhankari, Aligarh.



6. **Unit 6 operated by PAEPL:** Aurangabad Factory No. 1 located at Gut No 41, Ramrai, Gangapur, Aurangabad, Maharashtra



7. **Unit 7 operated by PIL:** Aurangabad Factory No. 2, located at Gut No 41P, Ramrai, Gangapur, Aurangabad, Maharashtra



8. **Unit 8 operated by PIL:** Uttarakhand Factory No. 1 located at 19B, 20, 21 Sector 12, IIE Pantnagar, Uttarakhand



Our Company, Subsidiaries and products manufactured

Pavna Industries Ltd

Aligarh (Uttar Pradesh) and Aurangabad (Maharashtra) - Manufacturing: Locks, Ignition Switches, Fuel Tank Cap, Latches & Die Casting Components.

Pantnagar (Uttarakhand) - Manufacturing: Cover Magneto, Grab handle, Coupling Assembly, Balancer Holder, Cover-Centrifugal.

Pavna Auto Engineering Pvt. Ltd.

Aligarh (Uttar Pradesh) and Aurangabad (Maharashtra) - Manufacturing: Fuel Cocks & Die Cast Components

Swapnil Switches Pvt. Ltd.

Aligarh (Uttar Pradesh) - Manufacturing: Electro Mechanical Switches

Pavna Sunworld Autotech Pvt. Ltd.

Aligarh (Uttar Pradesh) - Manufacturing: Chain Tensioner, Oil Pumps, Throttle Body, Fuel Pumps

Product Portfolio

Our Company has a varied product portfolio and a wide scope including Locks, Fuel cock, Petrol Tank, Knob, Handles, Coupling, Switches etc. which are used by independent Automobile manufacturer.





Engineering Process

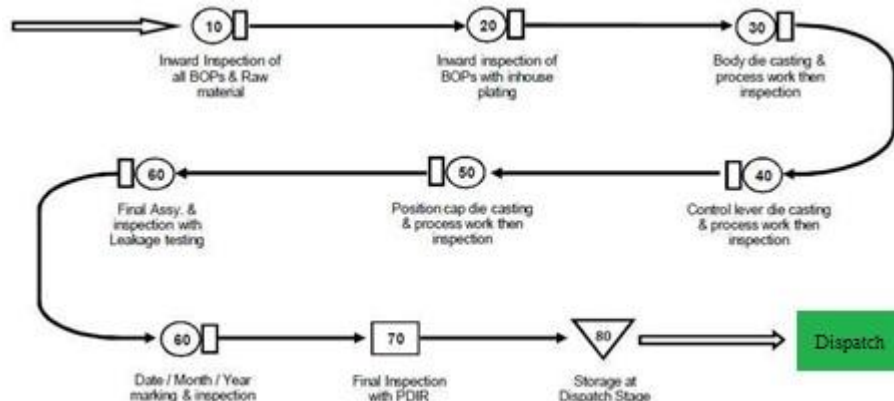
Automotive engineering is basically to design, develop, fabricate, and test vehicle components from the concept stage to production stage. Accordingly, the products are engineered to ensure proper production of the automotive components as per the customer’s requirements. We have a design team equipped with high-end software like CAD-CAM, Auto Cad, CREO etc for creating a prototype for the product design and integrating electrical schematics.

Manufacturing Process

The following diagram sets forth information on the major steps involved in the manufacturing of following:

1. Fuel Cock

Fuel Cock is a small shut-off valve used to control the flow of fuel. Its manufacturing is a high quality controlled process. Our team of experts strives to manufacture and deliver quality products as per the required standard and such measures are undertaken from the time of receipt of raw materials to the last point of dispatch of the products.

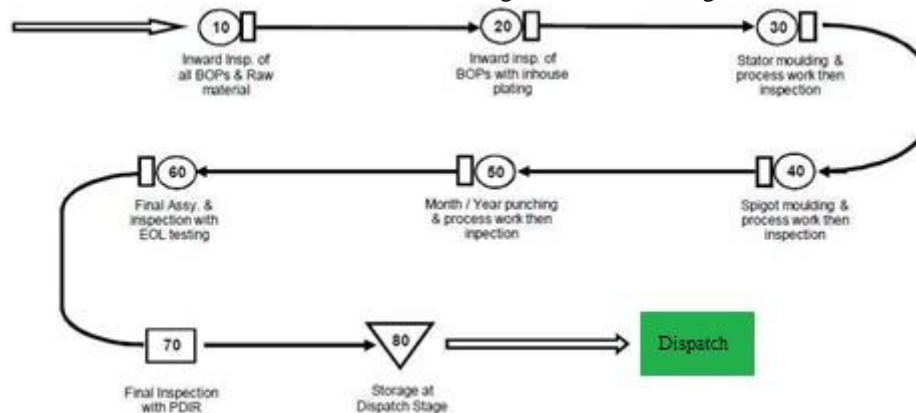


Our process of manufacturing fuel locks involves:

- Inward inspection of all BOPs & Raw material: Raw material & Bought out Products (BOPs) are purchased and inspection of those is done.
- Inward inspection of BOPs with in-house plating: In-house plating of raw material & Bought out products (BOPs).
- Body, Control lever and Position cap de-casting & process work then inspection: Molten Zinc/Aluminum is casted under high pressure into a Lock mould cavity for body, Control Lever and Position cap.
- Final Assembly & Inspection with leakage testing: Final assembling of the product is done and inspection is done to check there are no leakages
- Engraving of date/month/year and inspection: Date of manufacturing is written on the fuel cock.
- Final inspection with Pre-Dispatch Inspection Report (PDIR): Last inspection of the product is done and Pre-Dispatch Inspection Report is made.
- Storage: Final product is stored for dispatch to the customer.

2. Fuel Tank Cap

Fuel Tank Cap manufacturing is an properly managed process. Our team aims to manufacture quality fuel caps with durable construction to resist leaks, cracks, and contamination to your fuel system. Products manufactured are as per the required standard and such measures are undertaken during the manufacturing of the same.

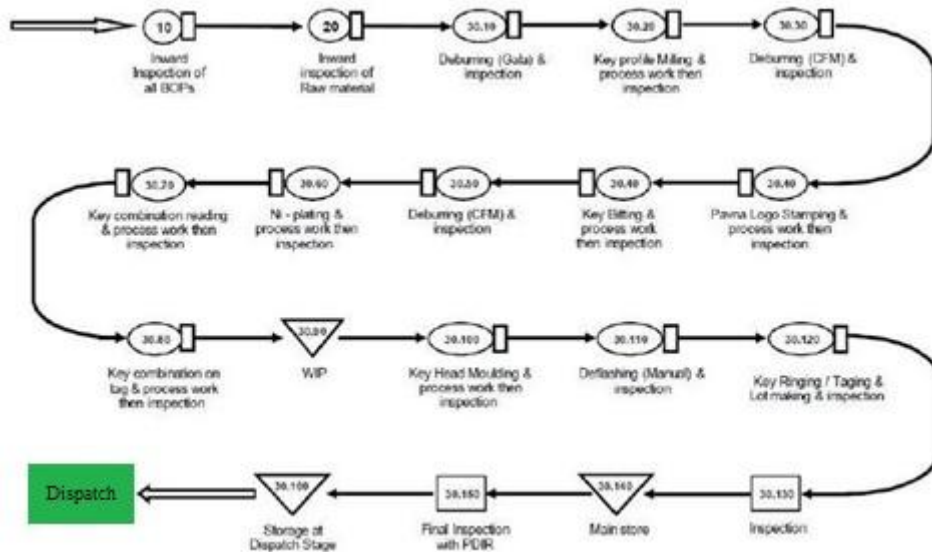


Our process of manufacturing fuel tank caps involves:

- Inward inspection of all BOPs & Raw material: Raw material & Bought out Products (BOPs) are purchased and inspection of those is done.
- Inward inspection of BOPs with in-house plating: In-house plating of raw material & Bought out products (BOPs).
- Deburring (Gala) & Inspection: Waste and of Raw material is done and inspection is done.
- Key profile milling and process work with Deburring process (CFM): Profiling of the key is done as per the lock and waste metal incurred is cleaned.
- Logo stamping: Logo of Pavna is engraved on the key.
- Key Biting with deburring process (CFM): Edges of key is sharpened and waste metal incurred is cleaned.
- Ni-plating, key combination preparation and tagging: Nickel plating is done on the key and key reading combination are prepared and tagged to the key
- WIP: Storage of Key upon completion of reading and inspection process
- Key Head moulding and deflashing: Polymers capsules are melted under high pressure and temperature and casted into Key Head mould and deflashing of waste part of the product is done
- Key ringing/tagging and lot making: Rings/Tags are attached to the final key.
- Inspection and storage for final product
- Final inspection with Pre-Dispatch Inspection Report (PDIR): Last inspection of the product is done and Pre-Dispatch Inspection Report is made.
- Storage: Final product is stored for dispatch to the customer.

3. Key Pair

Key Pair manufacturing is a highly disciplined process. We at PIL endeavor to manufacture high quality products keeping the standards in mind; and all such measures are undertaken from the beginning of the process till the dispatch of the product done.

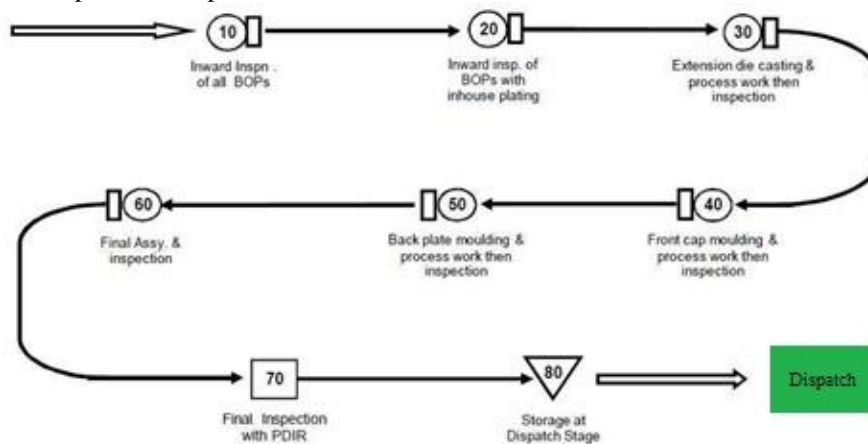


Our process of manufacturing Key pairs involves:

- Inward inspection of all BOPs & Raw material: Raw material & Bought out Products (BOPs) are purchased and inspection of those is done.
- Inward inspection of BOPs with in-house plating: In-house plating of raw material & Bought out products (BOPs).
- Deburring (Gala) & Inspection: Waste and of Raw material is done and inspection is done.
- Key profile milling and process work with Deburring process (CFM): Profiling of the key is done as per the lock and waste metal incurred is cleaned.
- Logo stamping: Logo of Pavana is engraved on the key.
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- Key ringing/tagging and lot making: Rings/Tags are attached to the final key.
- Inspection and storage for final product
- Final inspection with Pre-Dispatch Inspection Report (PDIR): Last inspection of the product is done and Pre-Dispatch Inspection Report is made.
- Storage: Final product is stored for dispatch to the customer.

4. Knob

Knob manufacturing is a high quality controlled process. Our team of skilled personnel aims to manufacture and deliver quality products which match standard and such measures are undertaken from the time of procurement of raw materials till the dispatch of the products.

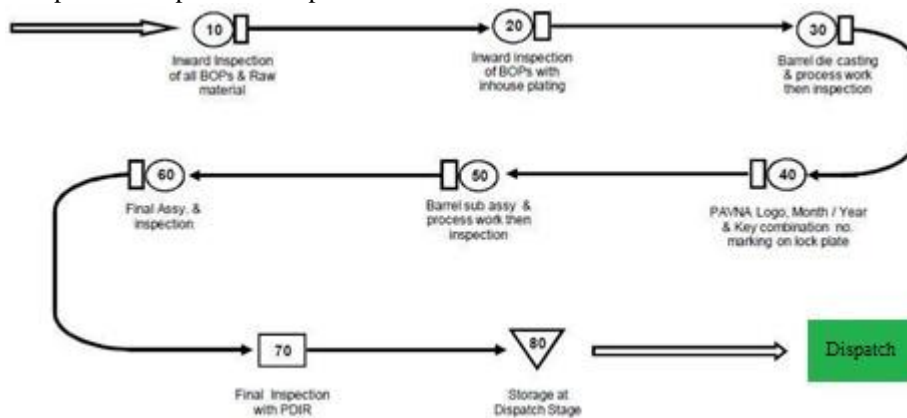


Our process of manufacturing knobs involves:

- Inward inspection of all BOPs & Raw material: Raw material & Bought out Products (BOPs) are purchased and inspection of those is done.
- Inward inspection of BOPs with in-house plating: In-house plating of raw material & Bought out products (BOPs).
- Extension die-casting: Molten Zinc/Aluminum is casted under high pressure into a Lock mould cavity for extension
- Back Plate moulding: Polymers capsules are melted under high pressure and temperature and casted into
- Final assembling and inspection: Final assembling of the product is done and inspection of the same is done.
- Final inspection with Pre-Dispatch Inspection Report (PDIR): Last inspection of the product is done and Pre-Dispatch Inspection Report is made.
- Storage: Final product is stored for dispatch to the customer.

5. Lock

Lock manufacturing is a high quality controlled process. Our team of experts strive to manufacture and deliver quality products as per the required standard and such measures are undertaken from the time of receipt of raw materials to the last point of dispatch of the products.

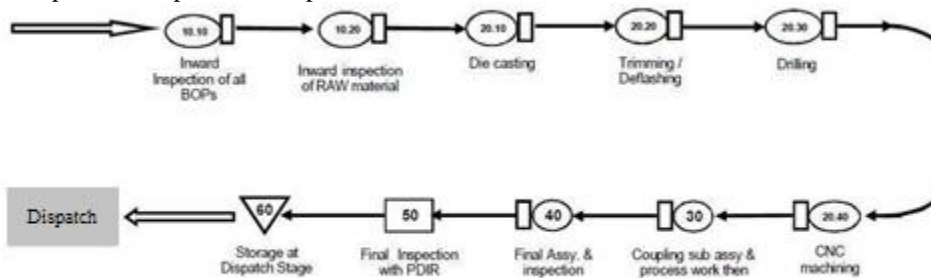


Our process of manufacturing locks involves:

- Inward inspection of all BOPs & Raw material: Raw material & Bought out Products (BOPs) are purchased and inspection of those is done.
- Inward inspection of BOPs with in-house plating: In-house plating of raw material & Bought out products (BOPs).
- Barrel die-casting: Molten Zinc/Aluminum is casted under high pressure into a Lock mould cavity for Barrel
- Engraving of logo, date/month and key combination number: Date of manufacturing, Key combination number is written and logo of Pavna is engraved on the Lock
- Barrel sub assembly: Assembling of barrel is done.
- Final inspection with Pre-Dispatch Inspection Report (PDIR): Last inspection of the product is done and Pre-Dispatch Inspection Report is made.
- Storage: Final product is stored for dispatch to the customer.

6. Coupling

Coupling manufacturing is a high quality controlled process. Our team of experts strive to manufacture and deliver quality products as per the required standard and such measures are undertaken from the time of receipt of raw materials to the last point of dispatch of the products.

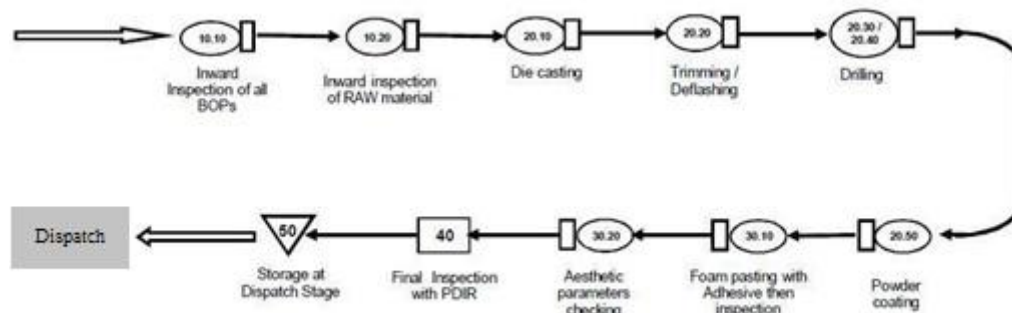


Our process of manufacturing couplings involves:

- Inward inspection of all BOPs & Raw material: Raw material & Bought out Products (BOPs) are purchased and inspection of those is done.
- Inward inspection of BOPs with in-house plating: In-house plating of raw material & Bought out products (BOPs).
- Die-casting: Molten Zinc/Aluminum is casted under high pressure into a mould cavity.
- Trimming/ Deflashing: Extra waste incurred during die-casting is removed
- Drilling & Powder coating: Drilling and Powder coating paint is done.
- Coupling sub-assembly & process work then inspection: Coupling
- Final assembling: Final coupling is assemble.
- Final inspection with Pre-Dispatch Inspection Report (PDIR): Last inspection of the product is done and Pre-Dispatch Inspection Report is made.
- Storage: Final product is stored for dispatch to the customer.

7. Grab Handle

Grab Handle manufacturing is a high quality controlled process. Our team of experts strive to manufacture and deliver quality products as per the required standard and such measures are undertaken from the time of receipt of raw materials to the last point of dispatch of the products.



Our process of manufacturing Grab Handles involves:

- Inward inspection of all BOPs & Raw material: Raw material & Bought out Products (BOPs) are purchased and inspection of those is done.
- Inward inspection of BOPs with in-house plating: In-house plating of raw material & Bought out products (BOPs)
- Die-casting: Molten Zinc/Aluminum is casted under high pressure into a mould cavity.
- Trimming/ Deflashing: Extra waste incurred during die-casting is removed
- Drilling & Powder coating: Drilling and Powder coating paint is done.
- Foam posting with Adhesive then inspection: Foam coating of the handle is done and inspection of the same is done.
- Aesthetic parameters checking: Whether the grab handle is as per the customer per requirement.
- Final inspection with Pre-Dispatch Inspection Report (PDIR): Last inspection of the product is done and Pre-Dispatch Inspection Report is made.
- Storage: Final product is stored for dispatch to the customer.

Quality Control, Testing and Certifications

Our quality policy is focused on fulfilling customer requirements through reliable products aimed at meeting all regulatory requirements and through continual improvement of our quality management systems. Our products undergo a qualification process throughout the entire value chain to ensure that quality products are being provided to customers. Our quality control programs at most of our manufacturing facilities involve subjecting the manufacturing processes and quality management systems to periodic reviews and observations for various periods. In recognition of our quality standards, we have been accredited with certifications pertaining to quality and health and safety standards, such as ISO 9001:2015, IATF 16949:2016, OHSAS 18001:2007.

Our customers expect us to undertake extensive product approvals and/or certification process and some of our customers also perform their own quality checks to ensure that our products meet their demands and comply with the requirements. In recognition of our quality standards and services, we are been awarded Golden Trophy from last 15 years from Bajaj Auto Limited.

Plant and Machinery

Our manufacturing units houses various production machines with wide range of CNC milling machines, CNC turning centers, Vertical Machining center (VMC), Vertical Lathe (VTL) and Hi-tech Machines purchased from the reputed and renowned manufacturers globally. The units also facilitates certain plant and machinery like casting plants, electroplating plants, polishing machines, hydraulic machines, centrifugal finishing machines, EDM machines, cutting machines etc.

Support Equipments and Facilities

These manufacturing units are equipped with support facilities to ensure smooth process and for the maintenance of the Manufacturing Units with minimum down time and ensuring maximum utilization of resources. The support facilities/equipments are detailed as under:-

- Buffing motor
- Drill machines
- Grinder
- Air Blower and Air Compressor Machines
- Oven
- Fork lift
- Diesel Generator
- ETP Plant

Infrastructure and Utilities

Raw Material

Raw Material identification and procurement is the initial stage to the production process. Principal raw materials that we use in our production are zinc, aluminium, plastics, brass, sheet metal parts and nickel among others. We also purchase products which we use directly as input materials, including materials which do not require any processing. Such materials are referred as 'bought-out materials / parts'. The procured raw materials go through various testing and inspection process before using it for manufacturing. The approved raw materials are stored in the yard at our manufacturing facilities and further forwarded for the manufacturing process.

We have a diversified supplier base and we believe that this helps us in minimising supplier risk due to low supplier concentration. Raw materials are procured from the trusted vendors from the market to ensure that the supplied raw materials are of appropriate quality and meet the requirements of our customers. While we do not have any long – term contracts with any of our raw material as well as bought out parts suppliers, we have maintained a long term relationship with each of the major suppliers. This ensures the timely availability of components of desirable quality and quantity.

Infrastructure

Our registered office, corporate office and plant is well equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly. We have installed high-end software like CAD-CAM, Auto Cad, CREO etc for creating a prototype for the designs to be engineered for the further manufacturing process.

Water

Our Company has made adequate arrangement of water supply from borewell at Aligarh (Unit:1, Unit:2, Unit:3, Unit:4, Unit:5,) and Uttaranchal (Unit: 8) units and for Aurangabad (Unit:6, Unit:7) units tankers are purchased as and when required. Water is not required as a raw material in any of the processes; however water is required for cooling of machines, quenching medium, for cleaning of plant and machinery& other requirements etc.

Power & Fuel

We consume a substantial amount of power and fuel for our business operations. Our power requirement for our manufacturing facilities in India and other jurisdictions is sourced from local providers. Our manufacturing processes require uninterrupted supply of power and fuel in order to ensure that we are able to manufacture high quality products. We have also installed generators in our manufacturing facilities to ensure constant supply of power.

There is no requirement of any hazardous fuel for manufacturing our products. However, fuel is required only for the Generators, which is sourced from the local source available nearby.

Effluent Disposal

Effluent Treatment Plant (ETP) has been installed at our plant which is used to treat the waste generated during the process of manufacturing. The manufacturing process involves generation of residues and discharges of hazardous waste such as metal particles, which are periodically disposed off as per the guidelines of Pollution Control Board which may lead to pollution of air, water or soil if not treated and disposed in an appropriate manner.

We have in place management controls and systems, which controls and prevents processes, residues and discharges from polluting the air, ground or water. The primary treatment of the liquid wastes is carried out in-house. The liquid waste is the water residue from the processes, which has impurities like suspended solids, oil & gases etc. This water is treated prior to discharge out of the factory. The treated water is re-used for other activities in the manufacturing plant.

Our Company's Operations

The details about the breakup of revenue percentage-wise for the Financial Year ended March 31, 2020, 2019 and 2018 on the basis of Domestic sales and export sales is as follows:

(₹ in lakhs)

Sr. No.	Particulars	For the Year Ended March 31,					
		2020		2019		2018	
		Revenue (₹)	(%)	Revenue (₹)	(%)	Revenue (₹)	(%)
1.	Domestic Sales	13,140.88	96.48%	13,328.76	96.67%	10,166.13	95.34%
2.	Export Sales	479.22	3.52%	458.90	3.33%	496.95	4.66%

Our Major Customers

The percentage of income derived from our top customers for the Financial Year 2019-20 based on revenue from sale of products is as given below:

(₹ in lakhs)

Sr. No.	Particulars	For Year Ended March 31, 2020			
		Consolidated Basis		Standalone Basis	
		Revenue (₹)	Percentage (%)	Revenue (₹)	Percentage (%)
1.	Income from Top 5 customers	13,424.35	74.71%	11,734.88	86.16%
2.	Income from Top 10 customers	14,643.01	81.49%	12,538.85	92.06%

Although our top 10 customers may vary from one reporting period to another depending on the requirements of a particular customer to customer. We believe that we have experienced a high degree of returning customers over the years, which reflects the value proposition provided by us. We constantly try to address the needs of our customers for maintaining a long term working relation with the customers, in order to get continuous business

Human Resource

We believe that a motivated and empowered employee base is the key to our operations and business strategy. We consider our human resources as one of the biggest asset. We have developed a large pool of skilled and experienced personnel. Currently, our company has at its disposal a dynamic team of our manpower is a prudent mix of skilled/unskilled employees for manufacturing process, quality control and quality assurance assistants and helpers etc. These professionals are assisted by office & administration staff and finance professionals who work together in order to meet specific client requirements and attain organizational goals and targets within the set time frame.

We undertake selective and need-based recruitment in order to maintain the size of our workforce, which may otherwise decline because of attrition and retirement of employees. We believe that our relations with our employees are good. We have not experienced any major work stoppages due to labour disputes or cessation of work. As of March 31, 2020, our company had 737 full-time employees (other than Directors). We also engage labour on contract basis as and when required and we have entered into arrangement with the contractors.

The details of manpower employed by our company as on March 31, 2020 are as under:

Sr. No.	Category	Number of Employees
1.	Executive Director	3
2.	Key Managerial Personnel (KMP)	4
3.	Other Employees (Registered Office, Unit 3, Unit 4, Unit 7 and Unit 8) (including office and administration staff)	733
Total		740

Health, Safety and Environment

Safety and environmental protection, together with quality and operating efficiency, are among our key success factors of any organization. The prevention of accidents is one of our foremost priorities. Management at all levels of the organization is responsible for creating the framework and implementing measures to promote awareness of safety and environmental issues. Management evaluates the safety and environmental protection system and identifies any corrective measures to be taken. To ensure effective implementation of our safety policies and practices, we identify potential hazards, evaluate all material risks and institute, implement and monitor appropriate risk mitigation measures. We endeavor to minimize any accidents at our manufacturing facilities. We are committed to protecting the health and safety of our employees and workers working in our factories. We have certain policies in place for health and safety for our workmen.

Environmental requirements imposed by the Government will continue to have an effect on us and our operations. We believe that we have complied with, and will continue to comply with all applicable environmental laws, rules and regulations.

Capacity and Capacity Utilization

We are in the business of manufacturing of various steel & metal based products which are meant for its application in automotive industries. Our Company also manufactures various engineering products, metal and base metal products like Locks, Fuel cock, Petrol Tank, Knob, Handles, Coupling, Switches etc. Due to multiple base raw material and multiple end products and the nature of business and industry in which our Company operates it is difficult to ascertain the exact installed capacity & capacity utilization.

Non- Compete Agreement

Our Company alongwith our subsidiaries i.e. Pavna Auto Engineering Limited (PAEPL) & Swapnil Switches Private (SSPL) has entered into non-compete agreement dated October 4, 2018 with Mr. Mukesh Jain (our Ex-Director) for not to enter into or start a similar business or trade in competition against our company. The agreement is entered in order to prohibit him from creating a new business to compete with the company, in order to keep our valuable information secret and prevent exploitation of sensitive information (trade secrets, customer/client lists, marketing plans, etc). Our Company alongwith the mentioned subsidiaries have agreed to pay an amount of ₹ 150.00 lakhs for 4 years.

Collaborations

Collaboration of PIL, Mr. Swapnil Jain, PAEPL, PSAPL with Sunworld Moto Industrial Co, Mr. Hsing-Cheng Yh (Ryan) and Chi-Hsien Chen (Vivien)

On November 28, 2018 our Company, Our Promoter Mr. Swapnil Jain, Our Subsidiaries namely Pavna Auto Engineering Limited (PAEPL) and Pavna Sunworld Autotech Private Limited (PSAPL), (collectively known as “Indian Parties”) entered into a Joint Venture Agreement with Sunworld Moto Industrial Co., Limited having its principal place of business at 132, Zhengnan, 1st Youngkang District, Tainan City – 71046, Taiwan, Mr. Hsing-Cheng Yh (Ryan) and Chi-Hsien Chen (Vivien) (collectively known as “Foreign Parties”). Pursuant to this Joint Venture Agreement PSAPL shall receive Proprietary Knowledge, Know How, Operational, Commercial and Technical Information, Instruction Manuals, Procedures and Methods used by Foreign Parties in lieu of 25% shareholding of the total paid up share capital of PSAPL subject to a minimum of Rs. 1,25,00,000 (One Crore Twenty Five Lakh). The aforesaid shares allotted to the foreign party are locked-in for a period of 4 years from the commencement and regularization of commercial production.

Export and Export Obligation

As on March 31, 2020, total exports of our company was ₹ 479.22 lakhs. As on the date of this Draft Prospectus, our Company does not have any outstanding export obligations.

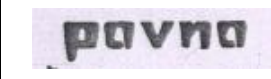
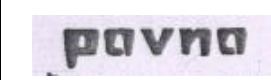


Marketing Set-up

Our Company believes that the quality of the product and services are up to the mark and that's the major reason for being awarded with the orders. We sell our products directly to the automotive OEMs, in the domestic market as well as international market viz. USA, Europe etc. Our success lies in the strength of our relationship with our customers and suppliers who have been associated with our Company for a long period. Our team through their experience and good rapport with customers, owing to timely and quality delivery of service, plays an instrumental role in creating and expanding a work platform for our Company. We leverage our relationships with our existing customers to procure repeat orders from them, as well as invitations to develop new products for their new models. Based on our credentials and recognitions awarded to us by our valued existing customers, we approach new customers for business. Our management has flexibility to accept customers' specific requirements while negotiating and discussing development of new products.

After Market Strategies: Our subsidiary company Pavna Marketing Private Limited (PMPL) markets products from our company, our other subsidiaries and other manufacturers and sell to the different independent distributors.

Intellectual Property


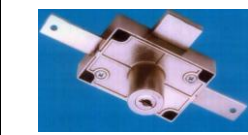
We have obtained trademark registrations for our corporate logo which are as follows:



Sr. No.	Description	Logo	Class	In the name of	Registered No.	Status
1.	PIL (Label) ⁽¹⁾		12	Pawan Jain	415145	Registered
2.	PIL (Name) ⁽²⁾		06	Asha Jain	614222	Registered
3.	PIL (Device)		12	Pavna Saunworld Autotech Pvt. Ltd.	4014104	Objected
4.	PIL (Device)		12	Pavna Zadi Security System Ltd.	4355768	Objected

⁽¹⁾ The royalty for this trademark is paid to Mr. Pawan Jain at 0.25% of turnover vide MoU dated April 6, 2020.

⁽²⁾ The royalty for this trademark is paid to Mrs. Asha Jain at 0.25% of turnover vide MoU dated April 6, 2020.

We have obtained patent registrations for designs are as follows:

Sr. No.	Article Name	Design	Class	In the name of	Design No.	Status
1.	Multi Purpose Lock		08-07	Pavna Zadi Security System Ltd.	297801	Designed and published, Journal Number is 33/2019 Journal Date is 16/08/2019.
2.	Three Way Lock		08-07	Pavna Zadi Security System Ltd.	235434	Designed and published, Journal Number is 49/2011 Journal Date is 09/12/2011.

Sr. No.	Article Name	Design	Class	In the name of	Design No.	Status
3.	Wheel Lock		08-07	Pavna Zadi Security System Ltd.	224353	Designed and published, Journal Number is 32/2011 Journal Date is 12/08/2011.
4.	Lock		08-07	Pavna Zadi Security System Ltd.	224352	Designed and published, Journal Number is 32/2011 Journal Date is 12/08/2011.

Competition

Our Company along with its subsidiaries is engaged in the business of manufacturing of automotive parts solutions for automobile applications, serving automobile and other applications worldwide. We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles.

The automotive industry is highly competitive, and we primarily compete based on product quality and features, innovation and product development time, and ability to control pricing pressures. We face global competition in our business, which is based on many factors, including product quality and reliability, product range, product design and innovation, manufacturing capabilities, distribution channels, scope and quality, price, customer loyalty and brand recognition.

Our competition varies by market, geographic areas and type of product. We compete with a variety of independent suppliers and distributors, as well as the in-house operations of certain OEM. Some of our competitors are focused on sub-markets within targeted industries, while others have greater financial, technical and/or marketing resources than we have along with longer operating histories and greater market penetration, which could enhance their ability to finance acquisitions, fund international growth and/ or respond more quickly to technological changes. Further, there are no entry barriers in this industry and any expansion in capacity of existing manufacturers would further intensify competition. We believe that the major competitors of our Company in the geographical markets that we operate in are Pritika Auto Industries Limited, Minda Corporation Limited, Sandhar Technologies Limited, Jay Ushin Limited, Aurangabad Electricals Limited, Pricol Limited, UCAL Auto Private Limited.

We also encounter competition from similar and alternative products. Additionally, as we further expand our presence in emerging markets we face competitive price pressures from low-cost producers in these markets, and we expect such price pressures to increase as our customers continue to expand their manufacturing footprints in these markets, thereby providing opportunities for local manufacturers to compete.

Properties

Properties used by our company and its subsidiaries (i.e. PIL, PAEPL, PMPL, PSAPL & SSPL)

Owned Property

Details of our owned/property are as follows:

Sr.No.	Name of the Owner	Details of the Property	Purpose
1.	Pavna Industries Limited	Unit 4: Aligarh Factory No. 4 Khasra No. 29, Chauwali, Lane Bhankhari Khas, Bhankari, Aligarh.	Manufacturing unit
2.	PIL/ SSPL*	953-955, Gali No.4, Pyaarelal Road, Naiwala, Karol Bagh, New Delhi, 110	Marketing Facility

*Used by PMPL- wholly owned subsidiary

Rented Property

Sr. No.	Name of the Licensor	Name of the Licensee	Details of the Property	Amount of Rent & Security Deposit	Purpose
1.	Mr. Pawan Jain & Mrs. Asha Jain*	PIL	Vimlanchal, Hari Nagar, Aligarh, Uttar Pradesh ⁽¹⁾	Refundable Deposit: ₹ 150 lakhs Rent: ₹ 8.4 lakhs p.a.	Registered Office
2.	Mr. Pawan Jain*	PAEPL	Unit 1: Aligarh Factory No. 1 located at Palasahibad Road, Gopalpuri, Aligarh	Refundable Deposit: ₹ 225 lakhs Rent: ₹ 6 lakhs p.a.	Manufacturing facility
3.	Mr. Pawan Jain & Mrs. Asha Jain*	SSPL	Unit 2: Aligarh Factory No. 2, 19/17, Gopalpuri, Hari Nagar, Aligarh.	Refundable Deposit: Mrs. Asha Jain- ₹ 75 lakhs Mr. Pawan Jain- ₹ 75 lakhs Rent: ₹ 4.80 lakhs p.a.	Manufacturing facility
4.	Mr. Pawan Jain*	PIL	Unit 3: Aligarh Factory No. 3 located at 9KM Delhi Road, Bhankri, G.T. Road, Bhankari, Aligarh..	Refundable Deposit: ₹ 150 lakhs Rent: ₹ 0.12 lakhs p.a.	Manufacturing facility
5.	Mr. Pawan Jain*	PIL & PAEPL ⁽²⁾	Unit 5: Aligarh Factory No. 3 located at 9KM Delhi Road, Bhankri, G.T. Road, Bhankari, Aligarh.	Refundable Deposit: ₹ 125 lakhs Rent: ₹ 0.12 lakhs p.a.	Manufacturing facility
6.	Goyam Auto Pvt. Ltd.	PAEPL	Unit 6: Aurangabad Factory No. 1, Gut No 41, Ramrai, Gangapur, Aurangabad, Maharashtra	Rent: ₹ 14.40 lakhs p.a.	Manufacturing facility
7.	Goyam Auto Pvt. Ltd.	PIL	Unit 7: Aurangabad Factory No. 2, Gut No 41P, Ramrai, Gangapur, Aurangabad, Maharashtra	Rent: ₹ 33.12 lakhs p.a.	Manufacturing facility
8.	Midwest Biofuel India Pvt. Ltd.	PIL	Unit 8: Uttarakhand Factory No. 1, 19B, 20, 21 Sector 12, IIE Pantnagar, Uttarakhand	Rent: ₹ 43.20 lakhs p.a.	Manufacturing facility

* We have been using these facilities owned by Mr. Pawan Jain & Mrs. Asha Jain, our Promoter Group/ Promoter respectively; either jointly or individually.

⁽¹⁾ The above mentioned premise is used by our company's subsidiaries i.e. PAEPL, SSPL, PMPL as their corporate office on sharing basis as per the agreed terms.

PAEPL- Refundable Deposit: 125 lakhs, Rent: 4.20 lakhs p.a.

SSPL- Refundable Deposit: 50 lakhs, Rent: 3.60 lakhs p.a.

⁽²⁾ Unit 5 of is given on lease to PIL, further some part of the same was sub-leased to PAEPL vide tripartite MoU dated April 6, 2020 between Mr. Pawan Jain, Pavna Industries Limited and Pavna Auto Engineering Private Limited.

Other Property

- Our Company owns land admeasuring 4,000 sq. mtrs. located at Gatt no. 37, Mauja - itava, Taluka - Gangapur, Dist. – Aurangabad, Maharashtra. .

2. Our Promoter and Managing Director, Mr. Swapnil Jain, owns land admeasuring 12,500 sq. mtrs .and 1,000 sq. mtrs located at Gutt no. 41,Hissa no. 41/P, Mauja - Ramrai, Taluka - Gangapur, Dist. – Aurangabad, Maharashtra. And Gutt no. 41,Hissa no. 41/P, Mauja - Ramrai, Taluka - Gangapur, Dist. – Aurangabad, Maharashtra respectively. Further, Our subsidiary, PAEPL has given deposit of Rs. 100 lakhs to use the same for business purposes

KEY REGULATIONS AND POLICIES

The following description is a summary of certain sector-specific laws currently in force in India, which are applicable to our Company. The information detailed in this chapter has been obtained from various legislations including rules and regulations promulgated by regulatory bodies and the bye laws of the respective local authorities and publications available in the public domain. The description below may not be exhaustive, and is only intended to provide general information to investors, and is neither designed as, nor intended to substitute, professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial, or administrative decisions. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain.

The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For information on regulatory approvals obtained by us, please refer chapter titled “Government and Other Approvals” beginning on page no. 224 of this Draft Prospectus. We are required to obtain and regularly renew certain licenses / registrations / sanctions / permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye laws, acts and policies. Additionally, the projects undertaken by us require, at various stages, the sanction of the concerned authorities under the relevant central and state legislations and local byelaws.

Following is an overview of some of the important laws and regulations, which are relevant to our business.

INDUSTRY SPECIFIC LEGISLATIONS

Bureau of Indian Standards Act, 1986

The Bureau of Indian Standards Act, 1986, as amended (the “**Bureau of Indian Standards Act**”), provides for the establishment of bureau for the standardization, marking and quality certification of goods. The Bureau of Indian Standards Act provides for the functions of the bureau which include, among others to (a) recognize as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specify a standard mark to be called the Bureau of Indian Standards Certification Mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) make such inspection and take such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license.

Steel and Steel Products (Quality Control) Order, 2012

The Steel and Steel Products (Quality Control) Order, 2012, as amended (the “**Quality Control Order**”), was passed in exercise of Section 14 of the Bureau of Indian Standard Act, 1986. The Quality Control Order provides that only those steel or steel products meeting the specified applicable standard of quality may be manufactured, sold, or distributed by any person. The Quality Control Order provides that all steel or steel products not meeting the specified standards shall be disposed of as scrap as per the scheme of testing and inspection under the Bureau of Indian Standards Act, 1986. The Quality Control Order requires manufacturers of steel or steel products to apply for certification under the Bureau of Indian Standards Act, 1986. The Quality Control Order further provides for testing of samples bearing the standard mark, to confirm if they meet the specified standards as per the Bureau of Indian Standards Act, 1986.

Steel and Steel Products (Quality Control) Second Order, 2012

The Steel and Steel Products (Quality Control) Second Order, 2012, as amended (the “**Quality Control Second Order**”), was passed in exercise of Section 14 of the Bureau of Indian Standards Act. The Quality Control Second Order provides that no person shall sell, manufacture, distribute or store steel products specified in the schedule thereto unless the products contain a certification marks of the Bureau of Indian Standards by obtaining a certification marks license and conforming to the specified standards. However, this does not apply to steel products manufactured for export which conform to the specifications of the foreign buyer. The Quality Control Second Order covers nine categories of steel products. Steel and Steel Products (Quality Control) Order, 2015 The Steel and Steel Products (Quality Control) Order, 2015, as amended (the “**Quality Control Order 2015**”), was notified by the Government of India, Ministry of Steel to bring 22 additional steel products under mandatory BIS certification. All manufacturers of steel and steel products are required to apply to the Bureau of Indian Standards for certification and ensure compliance with the Quality Control Order 2015.

Legal Metrology Act, 2009

The Legal Metrology Act, 2009, as amended (the “**Metrology Act**”), was enacted with the objectives to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Metrology Act states that any transaction/contract relating to goods/class of goods shall be as per the weight/measurement/numbers prescribed by the Metrology Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in rules by each state.

Duty Drawback Scheme

The duty drawback scheme is an option available to exporters. Under this scheme, exporter of goods is allowed to take back refund of money to compensate him for excise duty paid on the inputs used in the products exported by him. It neutralizes the duty impact in the goods exported. Relief of customs and central excise duties suffered on the inputs used in the manufacture of export product is allowed to exporters. The admissible duty drawback amount is paid to exporters by depositing it into their nominated bank account. Section 75 of the Customs Act, 1962 and Section 37 of the Central Excise Act, 1944, empower the Central Government to grant such duty drawback. Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 (the “**Drawback Rules**”) have been framed outlining the procedure to be followed for the purpose of grant of duty drawback (for both kinds of duties suffered) by the customs authorities processing export documentation. Under duty drawback scheme, an exporter can opt for either all industry rate of duty drawback scheme or brand rate of duty drawback scheme.

The all industry rate of duty drawback scheme essentially attempts to compensate exporters of various export commodities for average incidence of customs and central excise duties suffered on the inputs used in their manufacture. Brand rate of duty drawback is granted in terms of rules 6 and 7 of the Drawback Rules in cases where the export product does not have any all industry rate or duty drawback rate, or where the all industry rate duty drawback rate notified is considered by the exporter insufficient to compensate for the customs or central excise duties suffered on inputs used in the manufacture of export products. For goods having an all industry rate, the brand rate facility to particular exporters is available only if it is established that the compensation by all industry rate is less than 80% of the actual duties suffered in the manufacture of the export goods.

Merchandise Exports from India Scheme

Pursuant to the Foreign Trade Policy (2015-2020), the Merchandise Exports from India Scheme (the “**MEI Scheme**”) was introduced to provide rewards to exporters to offset infrastructure inefficiencies and associated costs in export of goods, especially those having high export intensity, employment potential and ability to enhance India’s export competitiveness. Export of notified goods to notified markets are rewarded under the MEI Scheme. The basis for calculation of the reward under the MEI Scheme is on the Free on Board (“**FOB**”) value of exports realized in free foreign exchange or on the FOB value of exports mentioned in the shipping bill, whichever is less, unless otherwise specified. With effect from June 1, 2015, the MEI Scheme mandatorily requires a declaration of intent to be endorsed on the shipping bills (except free shipping bills) to be eligible to claim any reward under the MEI Scheme.

Motor Vehicles Act, 1988

The Motor Vehicles Act, 1988 (“**MV Act**”) was enacted to regulate motor vehicles in India. It provides detailed provision on licensing of the drivers and conductors, registration of motor vehicles, the provision on controlling their permits, traffic regulation, related insurance, liabilities, and penalties. Apart from the same, it also prescribes rules for the construction, equipment, and maintenance of motor vehicles.

The Micro, Small and Medium Enterprises Development Act, 2006

The Micro, Small and Medium Enterprises Development Act, 2006 (“**MSME Act**”) was enacted to promote and enhance the competitiveness of micro, small and medium enterprises. The Central Government is empowered to classify by notification, any class of enterprises including *inter alia* a company, partnership firm, or undertaking by whatever name called, engaged in the manufacture or production of goods pertaining to any industry mentioned in the First Schedule to Industries (Development and Regulation) Act, 1951 and in case of the enterprise engaged in the services as micro enterprise, where the investment in plant and machinery or equipment does not exceed ₹1 Crore and turnover does not exceed ₹5 Crores; a small enterprise where the investment in plant and machinery or equipment does not exceed ₹10

Crores and turnover does not exceed ₹50 Crores; or a medium enterprise where the investment in plant and machinery or equipment does not exceed ₹50 Crores and turnover does not exceed ₹250 Crores.

TAX RELATED LAWS

Income Tax

The Income-tax Act, 1961 (“**IT Act**”) is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this IT Act or rules made there under depending upon its “Residential Status” and “Type of Income” involved. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such company is also required to file its returns by 30th September of each assessment year.

Goods and Service Tax

Goods and Services Tax (“**GST**”) is levied on supply of goods or services or both jointly by the Central and State Governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017 and is governed by the GST Council. GST provides for imposition of tax on the supply of goods or services and will be levied by centre on intra-state supply of goods or services and by the States including Union territories with legislature / Union Territories without legislature respectively. A destination based consumption tax GST would be a dual GST with the centre and states simultaneously levying tax with a common base. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (CGST), State Goods and Services Tax Act, 2017 (SGST), Union Territory Goods and Services Tax Act, 2017 (UTGST), Integrated Goods and Services Tax Act, 2017 (IGST) and Goods and Services Tax (Compensation to States) Act, 2017 and various rules made there under. It replaces following indirect taxes and duties at the central and state levels:

Central Excise Duty, Duties of Excise (Medicinal and Toilet Preparations), additional duties on excise – goods of special importance, textiles and textile products, commonly known as CVD – special additional duty of customs, service tax, central and state surcharges and cesses relating to supply of goods and services, state VAT, Central Sales Tax, Luxury Tax, Entry Tax (all forms), Entertainment and Amusement Tax (except when levied by local bodies), taxes on advertisements, purchase tax, taxes on lotteries, betting and gambling. It is applicable on all goods except for alcohol for human consumption and five petroleum products.

Taxpayers with an aggregate turnover of ₹ 20 lakhs would be exempt from tax. The exemption threshold for special category of states like North-East shall be ₹ 10 lakhs. Small taxpayers with an aggregate turnover in preceding financial year upto ₹ 75 lakhs (50 lakhs in case of special category states) may opt for composition levy. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% and 18%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition, a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.

Export and supplies to SEZ shall be treated as zero-rated supplies. Import of goods and services would be treated as inter-state supplies. Every person liable to take registration under these Acts shall do so within a period of 30 days from the date on which he becomes liable to registration. The Central / State authority shall issue the registration certificate upon receipt of application. The Certificate shall contain fifteen digit registration number known as Goods and Service Tax Identification Number (GSTIN). In case a person has multiple business verticals in multiple location in a state, a separate application will be made for registration of each and every location. The registered assesseees are then required to pay GST as per the rules applicable thereon and file the appropriate returns as applicable thereon.

Professional Tax Act, where applicable

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.

Service Tax

Service tax was charged on taxable services as defined in Chapter V of Finance Act, 1994, which required a service provider of taxable services to collect service tax from a service recipient and pay such tax to the Government. There are other indirect taxes which are now subsumed under GST and these are Additional Duties of Excise, Cess, Purchase Tax, Taxes on advertisements.

ENVIRONMENT RELATED LAWS

Environment Protection Act, 1986

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for coordination 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.

The EIA Notification S.O. 1533, issued on September 14, 2006 (the "**EIA Notification**") under the provisions of the Environment Protection Act, 1986 prescribes that physical infrastructure projects require prior environmental clearance from the Ministry of Environment and Forests, Government of India (the "**MoEF**"). The environmental clearance must be obtained from the MoEF according to the procedure specified in the EIA Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained.

The Water (Prevention and Control of Pollution) Act, 1974

The Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") provides for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of Boards for the prevention and control of water pollution, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith. The Act defines "pollution" as such contamination of water or such alteration of the physical, chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (whether directly or indirectly) as may, or likely to create a nuisance or render such water harmful or injurious to public health or safety, or to domestic, commercial, industrial, agricultural or other legitimate uses, or to the life and health of animals or plants or of aquatic organisms. The Act envisages establishing a Central Board as well as State Board for Prevention and Control of Water Pollution.

Accordingly, the previous consent of the Board constituted under the Act must be obtained, for establishing or taking steps to establish operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land. Such previous consent is required for bringing into use any new or altered outlet for the discharge of sewage or for the new discharge of sewage. If at any place where any industry, operation or process, or any treatment and disposal system or any extension or addition thereto is being carried on, due to accident or other unforeseen act or event, any poisonous, noxious or pollution matter is being discharged, or is likely to be discharged into a stream or well or sewer or on land and, as a result of such discharge, the water in any stream or well is being polluted, or is likely to be polluted, then the person in charge of such place shall forthwith intimate the occurrence of such accident, act or event to the Board constituted under the Act and such other authorities or agencies as may be prescribed.

The Water (Prevention and Control of Pollution) Cess Act, 1977

The Water (Prevention and Control of Pollution) Cess Act, 1977 Act ("**Cess Act**") was constituted to provide 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 Act.

Under the Cess Act, the cess shall be payable by every person carrying on any industry or any local authority and shall be calculated on the basis of water consumed by the industry/local authority. The statutory requirements under the Cess Act consist of affixing of meters for the purpose of measuring and recording the quantity of water consumed along with

submission of mandatory returns of cess paid. Under the Cess Act, if any industry or local authority installs any plant for treatment of sewage or trade effluent, they are entitled to rebate of 25% of cess payable. The Cess Act further entails provisions with respect to penalties and fines in case of delay or non-payment of cess within the specified time. The Cess Act also entails mode of recovery of cess available to the Central Government along with provisions of Appeals.

The Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”) provides for the prevention, control and abatement of air pollution, for the establishment, with a view to carrying out the aforesaid purposes of Boards for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith. The Air Act envisages establishing a Central Board as well as State Pollution Control Boards in each State. The Central Board constituted under Water Act, shall, without prejudice to its powers and functions under the Air Act, shall also exercise the powers and perform the functions of the Central Board under the prevention and control of Air Pollution. Further, no person shall, without the previous consent of the Board constituted under the Act, establish, or operate any industrial plant in an air pollution control area.

The Air Act further prescribes certain compliances with regard to the reporting and prevention of accidents. Thus, where in any area the emission of any air pollutant into the atmosphere in excess of the standards laid down by the Board constituted under the Air Act occurs or is apprehended to occur due to accident or other unforeseen act or event, the person in charge of the premises from where such emission occurs or is apprehended to occur shall forthwith intimate the fact of such occurrence or the apprehension of such occurrence to such Board and to such authorities or agencies as may be prescribed by the Air Act.

Forest (Conservation) Act, 1980

The Parliament has enacted the Forest (Conservation) Act, 1980, to check further deforestation and conserve forests and to provide for matters connected therewith or ancillary or incidental thereto. The Act was enacted with the twin objectives under Section 2 of restricting the use of forest land for non-forest purposes and preventing the de-reservation of forests that have been reserved under the Indian Forest Act, 1927. However, in 1988 the Act was further amended to include two new provisions under Section 2, where it sought to restrict leasing of forest land to private individuals, authority, corporations not owned by the Government, and to prevent clear felling of naturally grown trees.

The Noise Pollution (Regulation and Control) Rules, 2000

These Noise Pollution (Regulation and Control) Rules, 2000 (“**Noise Pollution Rules**”) were constituted to regulate and control noise producing and generating sources with the objective of maintaining the ambient air quality standards in respect of noise and were considered necessary as increasing ambient noise levels in public places from various sources, *inter-alia*, industrial activity, construction activity, (fire crackers, sound producing instruments), generator sets, loud speakers, public address systems, music systems, vehicular horns and other mechanical devices have deleterious effects on human health and psychological well-being of the people. The Noise Pollution Rules provide ambient air quality criteria with respect of noise for different areas/zones. The Noise Pollution Rules further provide powers to the authority to enforce the noise control measures in the areas/zones. The Noise Pollution Rules provide modes of making complaints to the authority in case noise levels exceed the ambient noise standards along with penalties and liabilities on account of violations in the silence zones/areas.

The Public Liability Insurance Act, 1991

The Public Liability Insurance Act (“**PIL Act**”) was constituted to provide for public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling any hazardous substance and for matters connected therewith or incidental thereto. The PIL Act provides for the owner before handling hazardous substances to take insurance cover for protection against claims made by third parties for damages with respect to handling of hazardous substances. Under the PIL Act, the victims exposed to hazardous substances may file claims before the Collector within 5 years of the accident. The Collector, shall, after giving notice of the application to the owner and after giving the parties an opportunity of being heard, hold an inquiry into the claim or, each of the claims, and may make an award determining the amount of relief which appears to him to be just and specifying the person or persons to whom such amount of relief shall be paid. The PIL Act also provides for the establishment of Environmental Relief Fund to be utilized for payment of reliefs under the award.

The Hazardous Wastes (Management and Transboundary Movement) Rules, 2016

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 encourage the reduction of hazardous waste generation and encourage its recycling and reusing. They also specify strict guidelines related to the import and export or even storage and transportation of hazardous wastes in order to ensure optimum waste management with regard to transportation, storage and disposal of waste. The rules clearly lay down the procedure for management of hazardous and other wastes. No country can export to India hazardous waste for final disposal meaning that India may import hazardous wastes only for purposes of recycling, re-use, or other utilization.

E – Waste (Management) Rules, 2016

“E-waste” means waste electrical and electronic equipment, whole or in part discarded as waste by the consumer or bulk consumer as well as reject from their manufacturing, refurbishment, and repair processes. The E – Waste Management Rules, 2016 (“**E – Waste Rules**”) are applicable to every producer, consumer or bulk consumer, collection center, dismantler and recycler of e-waste involved in the manufacture, sale, purchase and processing of electrical and electronic equipment or components specified in Schedule – I of these E – Waste Rules. Every producer, manufacturer, refurbisher, dismantler and recycler of e-waste shall obtain an Extended Producer Responsibility – Authorization or Authorization as the case may be from Central Pollution Control Board or the State Pollution Control Board as the case may be. The manufacturer is also now responsible to collect e - waste generated during the manufacture of any electrical and electronic equipment and channelize it for recycling or disposal and seek authorization from State Pollution Control Board.

Batteries (Management and Handling) Rules, 2001

The Batteries (Management and Handling) Rules, 2001 (“**Batteries Rules**”) are enacted in order to regulate the collection and recycling of the used lead-acid batteries in the country. The Batteries Rules make it mandatory for consumers to return used batteries and make manufacturers/assemblers/re-conditioners/importers responsible for collection of batteries and ensuring their onward transport to recyclers who are registered with Ministry of Environment and Forests based, *inter-alia*, on their possessing environmentally sound technology for processing lead acid batteries.

Plastic Waste (Management) Rules, 2016

The Plastic Waste (Management) Rules, 2016 (“**Plastic Rules**”) apply to every waste generator, local body, Gram Panchayat, manufacturer, importers, and producer. The Plastic Rules aim to bring in the responsibilities of producers and generators, both in plastic waste management system and to introduce collect back system of plastic waste by the producers/brand owners, as per extended producers responsibility. Responsibility of waste generators is being introduced under the Plastic Rules. Individual and bulk generators like offices, commercial establishments, industries are to segregate the plastic waste at source, handover segregated waste, pay user fee as per bye-laws of the local bodies.

Manufacture, Storage, and Import of Hazardous Chemical Rules, 1989

The Manufacture, Storage, and Import of Hazardous Chemical Rules, 1989 (“**Hazardous Chemical Rules**”) regulate the manufacture, storage and import of hazardous chemicals in India. Hazardous chemicals are bifurcated into three categories with regulatory requirements for each such category. The Hazardous Chemical Rules also prescribe obligations for site owners to comply with while dealing with hazardous chemicals.

LABOUR LAWS

Factories Act, 1948

The Act is constituted to regulate labor employed in factories and makes provisions for the safety, health, and welfare of the workers. An occupier of a factory under the 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 Act also requires *inter alia* the maintenance of various registers dealing with safety, labor standards, holidays, and extent of child labor 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.

Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

This law is applicable to all the establishments employing five or more migrant workmen from other states. In addition to this, this law is also applicable to contractors who have employed five or more inter-State workmen. The establishment must be registered with the local authority while employing migrant workers. This means that if an establishment is prohibited from employing migrant workers from other states if they do not have a certificate from the concerned authority. The same law applies to the contractors too who employ workers from one state and deploy them in other states. As per this law, the contractors deploying the migrant workers must provide terms and conditions of the recruitment to the workers. These are the remuneration payable, hours of work, fixation of wages and other essential amenities.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

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

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 and to make provision for certain other matters in relation thereto. It shall apply to all factories (including factories belonging to the Government other than seasonal factories) except those government employees who are in receipt of benefits substantially similar or superior to the benefits provided under the ESI Act, ESI Act requires all employees of the establishments to which it applies shall be insured in the manner provided thereunder the ESI Act. The employer and employees both are required to make contribution of the insurance. The return of contribution made is required to be filed with the Employee State Insurance Department.

The Building and Other Construction Workers' Welfare Cess Act, 1996

An Act to provide for the levy and collection of a cess on the cost of construction incurred by employers with a view to augmenting the resources of the Building and Other Construction Workers' Welfare Boards constituted under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. It extends to the whole of India. There shall be levied and collected a cess for the purposes of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (27 of 1996), at such rate not exceeding two per cent. but not less than one percent of the cost of construction incurred by an employer, as the Central Government may, by notification in the Official Gazette, from time to time specify.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("Contract Labour Act") requires establishments that employ or have employed on any day in the preceding twelve months twenty or more workers as contract labor to be registered. The Act requires the principal employer of an establishment to which the Contract Labour Act applies to make an application for registration of the establishment to employ contract labor in the establishment. Contractor to whom the Contract Labour Act applies is required to obtain a license and not to undertake or execute any work through contract labor except under and in accordance with the license issued. The Contract Labour Act imposes certain obligations on the contractor including the establishment of canteens, rest rooms, washing facilities, first aid facilities and provision of drinking water and payment of wages. In the event that the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time.

The Employees' Compensation Act, 1923

The Employees' Compensation Act, 1923 ("Employees' Act") provides for payment of compensation to injured employees or workmen by certain classes of employers for personal injuries caused due to an accident arising out of and

during the course of employment. Under the Employees' Act, the amount of compensation to be paid depends on the nature and severity of the injury. The Employees' Act also lays down the duties/obligations of an employer and penalties in cases of non-fulfilment of such obligations thereof. There are separate methods of calculation or estimation of compensation for injury sustained by the employee. The employer is required to submit to the Commissioner for Employees' Compensation a report regarding any fatal or serious bodily injury suffered by an employee within seven days of death/serious bodily injury.

Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976 ("**Remuneration Act**") aims to provide for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto. According to the Remuneration Act, no employer shall pay to any worker, employed by him/her in an establishment, a remuneration (whether payable in cash or in kind) at rates less favourable than those at which remuneration is paid by him to the workers of the opposite sex in such establishment for performing the same work or work of a similar nature. In addition, no employer shall for complying with the foregoing provisions of the Remuneration Act, reduce the rate of remuneration of any worker. No employer shall, while making recruitment for the same work or work of a similar nature, or in any condition of service subsequent to recruitment such as promotions, training or transfer, make any discrimination against women except where the employment of women in such work is prohibited or restricted by or under any law for the time being in force.

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 ("**ID Act**") provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal, or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workers. The ID Act further provides for direct access for the workers to labour courts or tribunals in case of individual disputes and provided for the constitution of grievance settlement machineries in any establishment having twenty or more workers.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 ("**Standing Orders Act**") is applicable to industrial establishments (including a factory) employing the prescribed number of workers. It requires employers in industrial establishments to formally define conditions of employment under them and submit draft standing orders to Certifying Authority for its Certification. The employer of such an Industrial Establishment is under an obligation to follow the Model Standing Orders under the Act, till he obtains Certified Standing Order under the Act from the Competent Authority (Deputy Commissioner of Labour) to suit the local requirements of his Establishment.

Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961 ("**MB Act**") is aimed at regulating the employment of women in certain establishments for certain periods before and after childbirth and for providing for maternity benefit and certain other benefits. It applies to every establishment being a factory, mine or plantation including any such establishment belonging to government and to every establishment wherein persons are employed for the exhibition of equestrian, acrobatic, and other performances. It also applies to every shop or establishment wherein ten or more persons are employed or were employed on any day of the preceding twelve months. According to the MB Act, every woman is entitled to, and her employer is liable for, the payment of maternity benefit at the rate of the average daily wage for the period of her actual absence, including the period immediately preceding the day of her delivery, the actual day of her delivery and any period immediately following that day.

The Payment of Wages Act, 1936

The Payment of Wages Act, 1936 is aimed at regulating the payment of wages to certain classes of persons employed in certain specified industries and to ensure a speedy and effective remedy against illegal deductions or unjustified delay caused in payment of wages. It contains provisions in relation to the responsibility for payment of wages, fixing of wage periods, time of payment of wages, and maintenance of registers and records. It applies to the persons employed in a factory, industrial or other establishment or in a railway, either directly or indirectly, through a sub-contractor.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (“**MW Act**”) is constituted to fix minimum rates of wages in certain employments. The consequences of failure to adhere to the minimum rates of wages fixed under the MW Act is in the form of liability to prosecution and punishment in the form of imprisonment of up to six months and/or fines of up to ₹500. Further, employees having earned less than the minimum wage fixed are entitled to the payment of shortfall amounts, in addition to a compensation, which may extend up to ten times the shortfall amount.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (“**Bonus Act**”) provides for payment of bonus based on profit or based on production or productivity to persons employed in factories or in establishments employing twenty or more persons on any day during an accounting year. It ensures that a minimum bonus is payable to every employee regardless of whether the employer has any allocable surplus in the accounting year in which the bonus is payable. Under the Bonus Act, the employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus equal to 8.33% of the salary or wage earned by the employee during the accounting year or ₹100, whichever is higher.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (“**Gratuity Act**”) provides for payment of gratuity, to an employee, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years: (a) on his/her superannuation; (b) on his/her retirement or resignation; (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply). The Gratuity Act establishes a scheme for the payment of gratuity to employees engaged in factories, establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the Central Government may specify by notification. The maximum amount of gratuity payable to an employee is ₹20 Lakh.

Trade Unions Act, 1926

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as amended from time to time (“**SHWW Act**”) provides for the protection of women at work - place and prevention of sexual harassment at workplace. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behaviour namely, physical contact and advances or a demand or request for sexual favours or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal, or non-verbal conduct of sexual nature.

The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of three months from the date of incident. If the establishment has less than ten employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee.

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

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres, and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors

under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

INTELLECTUAL PROPERTY LAWS

Certain laws relating to intellectual property rights such as patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 trademark protection under the Trade Marks Act, 1999, and design protection under the Designs Act, 2000 are also applicable to us.

The Copyright Act, 1957 (the “**Copyright Act**”) governs copyright protection in India. Even while copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Copyright Act acts as a prima facie evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations.

The Trademarks Act, 1999 (the “**Trademarks Act**”) provides for the process for making an application and obtaining registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label, heading and to obtain relief in case of infringement for commercial purposes as a trade description. The Trademarks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks.

Under statute, India provides for the patent protection under the Patents Act, 1970 (the “**Patents Act**”). The Patents Act governs the patent regime in India and recognizes process patents as well as product patents. Patents obtained in India are valid for a period of 20 years from the date of filing the application. The Patents Act also provides for grant of compulsory license on patents after expiry of three years of its grant in certain circumstances such as reasonable requirements of the public, non-availability of patented invention to public at affordable price or failure to work the patented invention.

The Designs Act, 2000 (the “**Designs Act**”) protects any visual design of objects that are not purely utilitarian. An industrial design consists of the creation of a shape, configuration or composition of pattern or colour, or combination of pattern and colour in three-dimensional form containing aesthetic value. It provides an exclusive right to apply a design to any article in any class in which the design is registered.

GENERAL LAWS

Indian Contract Act

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

The Companies Act, 1956 & 2013

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

The Specific Relief Act, 1963

The Specific Relief Act, 1963 is complimentary to the provisions of the Contract Act and the Transfer of Property 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.

LAWS REGULATING TRANSFER OF PROPERTY

Transfer of Property Act, 1882

The Transfer of Property Act, 1882 (the “**TP Act**”) establishes the general principles relating to transfer of property in India. It forms a basis for identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The TP Act also provides for the rights and liabilities of the vendor and purchaser in a transaction of sale of land.

Stamp Acts, applicable as per each State

The purpose of Stamp Act was to streamline and simplify transactions of immovable properties and securities by the State government. The Stamp Act provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. Stamp duty is payable on all instruments/documents evidencing a transfer or creation or extinguishment of any right, title, or interest in immoveable property. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state.

FOREIGN OWNERSHIP LEGISLATIONS:

Investment by Foreign Institutional Investors

Foreign Institutional Investors including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, foreign central banks, asset management companies, investment managers or advisors, nominee companies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the total holding of all FIIs together with their sub-accounts in an Indian company is subject to a cap of 24% of the paid-up capital of a company, which may be increased up to the percentage of sectoral cap on FDI in respect of the said company pursuant to a resolution of the board of directors of the company and the approval of the shareholders of the company by a special resolution in a general meeting. The total holding by each FII, or in case an FII is investing on behalf of its sub-account, each sub-account, should not exceed 10% of the total paid-up capital of a company.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as Pavna Locks Private Limited on April 19, 1994 under the Companies Act, 1956 with the Registrar of Companies, Kanpur bearing Registration number 016359. The status of the Company was changed to public limited and the name of our Company was changed to Pavna Locks Limited vide Special Resolution dated October 30, 2000. The fresh certificate of incorporation consequent to conversion was issued on November 13, 2000 by the Registrar of Companies, Kanpur. Further name of our company was changed to Pavna Zadi Security Systems Limited vide Special Resolution dated October 30, 2000. The fresh certificate of incorporation consequent of name change was issued on November 17, 2000 by the Registrar of Companies, Kanpur. Further name of our company was changed to Pavna Industries Limited vide a Special Resolution dated April 30, 2019. The fresh certificate of incorporation was issued on May 21, 2019 by the Registrar of Companies, Kanpur. The Corporate Identification Number of our Company is U34109UP1994PLC016359.

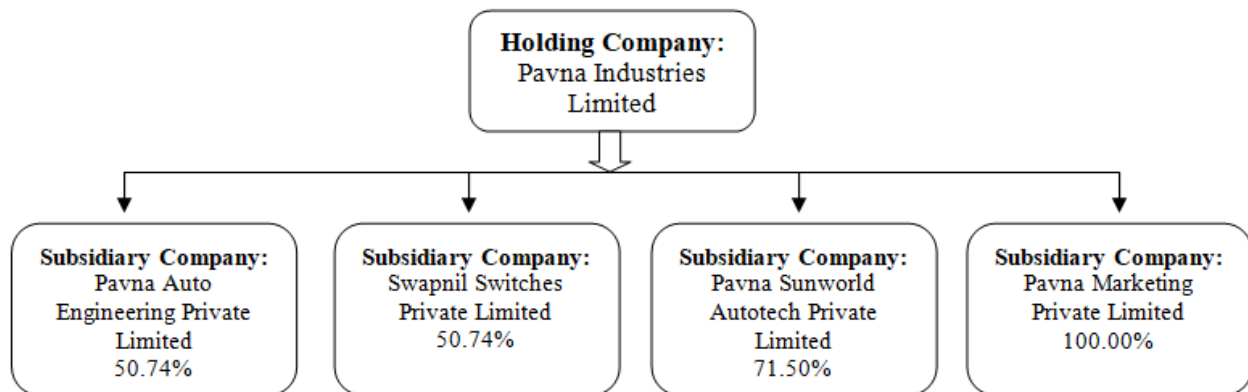
Our Company is managed by our Promoter Directors Mrs. Asha Jain and Mr. Swapnil Jain. For further details, see “*Our Promoter and Promoter Group*” and “*Our Management*” on page nos. 145 and 131 respectively of this Draft Prospectus.

Our Company has 7 shareholders as on the date of filing of this Draft Prospectus.

OVERVIEW

Our Company along with its subsidiaries is engaged in the business of manufacturing of automotive parts, providing solutions for automobile applications and serving automobile & other applications worldwide. Our focus is manufacturing quality & customer oriented components, catering to Original Equipment Manufacturers (OEM) & providing automotive after-market solutions.

The current corporate structure of our Company is explained as below:



We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles. Our Company has a varied client base and we are committed to continuing to diversify our product offerings, customer base and geographical footprint, thereby minimizing our exposure to individual geographies and industry sectors.

Our Company along with its subsidiaries has a diversified product portfolio, which consists of high-quality reliable parts such as Ignition Switches, Fuel Tank Caps, Latches, Auto Locks, Handles, Switches, Oil Pump, Carburettor, Throttle Body, Fuel Cocks, Injection System, Casting Components etc. We also provide aftermarket sales and services. Our aftermarket products include products manufactured by us such as filters, clutch plates, bearings, wiper blades and brake shoes.

We have ultra modern manufacturing plants in India, located in Aligarh (Uttar Pradesh), Aurangabad (Maharashtra), & Pantnagar (Uttarakhand). Our facilities are located in key auto-clusters and some of the facilities are in close proximity to the plants of our OEM customers. The proximity of our facilities to the plants of our OEM customers also facilitates greater interaction with our customers, thereby enabling us to respond to their requirements in a timely manner. The facilities have been laid out to match best plant engineering standards as our plants are busy producing automotive

products in large quantities as per our customer’s exacting standards. Our units are ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and IATF 16949:2016 certified.

We undertake research and development with a focus on technologically advanced products, innovation, enhancing our products portfolio, improving the quality of our products and our manufacturing processes both independently and through cooperation with our customers. Our research and development capabilities are a result of a combination of the technological knowledge of our joint venture partners and technical collaborators, and those that we have internally developed. We have entered into joint ventures and technical collaboration with Sunworld Moto Industrial Co.

The Founder of our Company Mr. Pawan Jain and the Managing Director and Promoters of our Company Mr. Swapnil Jain and Mrs. Asha Jain have substantial experience in the automotive industry. Our Promoters have sound knowledge of manufacturing process, marketing, finance and all kind of other commercial activities related to the automotive industry. Mr Swapnil Jain actively participates in timely execution of the orders and is the guiding force behind the growth and business strategy of our Company. We are also led by a qualified management team that has substantial industry, operational and financial experience, supported by a skilled work force. As on March 31, 2020, our company had a total work force of 737 full-time employees (other than Directors) (including skilled, semi skilled and unskilled employees).

MAJOR EVENTS IN THE HISTORY OF OUR COMPANY

Year	Key Events/Milestones/Achievements
1994	Incorporated as <i>“Pavna Locks Private Limited”</i> .
2000	Unit 3 was established by our Company.
2000	Entered into Business Agreements with Zadi Italy.
2000	Company was converted from Private Company to Public Company and consequently the name was changed to <i>“Pavna Locks Limited”</i> .
2000	The company was changed to <i>“Pavna Zadi Security Systems Limited”</i> .
2005	Unit 7 was established by Our Company.
2010	Unit 5 was established by Our Company.
2010	Rescinded the Business Agreements with Zadi Italy.
2014	Turnover of our Company crossed ₹ 50 crore mark.
2018	Turnover of our Company crossed ₹ 100 crore mark.
2019	Unit 4 was established by Our Company.
2019	Unit 8 was established by Our Company.
2019	Awarded with a Trophy - Quality Award “Gold” by Bajaj Auto Limited.
2019	Incorporated our Subsidiary Company namely <i>“Pavna Marketing Private Limited”</i> .
2020	Acquired our Subsidiary Company namely <i>“Pavna Sunworld Autotech Private Limited”</i> .
2020	Acquired our Subsidiary Company namely <i>“Swapnil Switches Private Limited”</i> .
2020	Acquired our Subsidiary Company namely <i>“Pavna Auto Engineering Private Limited”</i> .

MAIN OBJECTS OF OUR COMPANY

The main objects of our Company as per Memorandum of Association of our Company is to carry on and undertake the business of Manufacturing, Export and Commission agency of all types Automobiles Locks, Auto Parts, Accessories, spare parts assemblies components, building Hardware and building Materials.

CHANGES IN THE REGISTERED OFFICE OF OUR COMPANY

There has been no change in the Registered Office since incorporation of our Company.

Apart from the Registered Office of our Company which is the Main Unit, our Company has certain other units and offices, the details of which are referred to in the chapter titled section titled *“Our Business”* beginning from page no.91 of this Draft Prospectus.

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY IN LAST 10 YEARS

The following changes have been made to the Memorandum of Association of our Company:

Sr. No.	Date of Shareholder's Resolution	Nature of Amendment
1.	April 30, 2019	<ol style="list-style-type: none"> 1. A new set of Memorandum of Association and Articles of Association was adopted to align with Table A and Table F respectively of Companies Act, 2013. 2. The name of our company was changed from 'Pavna Zadi Security Systems Limited' to 'Pavna Industries Limited' consequent to which a certificate of Incorporation dated May 21, 2019 was issued by the Registrar of Companies, Kanpur.
2.	March 16, 2020	<p>Clause V of the Memorandum of Association was amended to reflect:</p> <ol style="list-style-type: none"> 1. Each Equity shares of our company of Rs. 100 was sub-divided into Ten Equity Shares of ₹ 10 each and accordingly the authorized share capital of our company was amended from ₹ 3,00,00,000 (Three Crore) divided into 3,00,000 (Three Lakh) Equity Shares of ₹ 100 each to ₹ 3,00,00,000 (Three Crore) divided into 30,00,000 (Thirty Lakh) Equity Shares of ₹ 10 each 2. The Authorized Share Capital of the Company was raised from ₹ 3,00,00,000 (Three Crore) divided into 30,00,000 (Thirty Lakh) Equity Shares of ₹ 10 each to ₹ 6,10,00,000 (Six crore Ten Lakhs) divided into 61,00,000 (Sixty One Lakh) Equity Shares of ₹ 10 each.

OUR HOLDING COMPANY

As on the date of this Draft Prospectus, our Company does not have any Holding Company.

OUR SUBSIDIARIES / JOINT VENTURE

As on the date of this Draft Prospectus, our Company has four subsidiary Companies namely Pavna Auto Engineering Private Limited (PAEPL), Swapnil Switched Private Limited (SSPL), Pavna Marketing Private Limited (PMPL), Pavna Sunworld Autotech Private Limited (PSAPL) the details of which are provided below:

1. Pavna Auto Engineering Private Limited (PAEPL)

Corporate Information

Pavna Auto Engineering Private Limited (PAEPL) was incorporated on April 19, 1994 under the Companies Act, 1956 pursuant to a Certificate of Incorporation issued by Registrar of Companies, Kanpur. The registered office of PAEPL is situated at Pala Sahibabad Road, Gopal Puri, Aligarh, Uttar Pradesh – 202001. The CIN of PAEPL is U50300UP1994PTC016358.

Nature of Business

The main objects of PAEPL include, *inter alia* the following:

1. To carry on and undertake the business of manufacturing of all types of Automobiles, Auto Parts, Accessories, Spare Parts, Assemblies Components, Petrol & Fuel Taps and Corks, Components, all accessories and assembly line of Die Casting Products.
2. To acquire and take over, take on lease or on rent or in exchange, hire or otherwise or in partnership as going concern all the assets including installed machinery, plant, stores, store and machinery under installation and other quota rights, entitlements, patents, trade marks, inventions, copy right and privileges which are presently held by Mr. Pawan Jain under the name and style of Asha Engineering Works and with a view thereto under into any agreement for the same with the proprietor of the said Business.

Capital Structure

The authorized share capital of PAEPL is ₹ 65,00,000 (Sixty Five Lakh) divided into 65,000 (Sixty Five Thousand) Equity share of ₹ 100 each. The issued, subscribed and paid up share capital of PAEPL is ₹ 60,90,000 (Sixty Lakh Ninety Thousand) divided into 60,900 (Sixty Thousand Nine Hundred) Equity Shares of ₹ 100 each.

Shareholding Pattern

The shareholding Pattern of PAEPL as on the date of Draft Prospectus is as follows:

SR. No	Name of Shareholder	No. of Shares	Percentage
1.	Pawan Jain	10	0.01%
2.	Swapnil Jain	26,989	44.32%
3.	PJ Wealth Management And Consultancy Private Limited	3,000	4.93%
4.	Pavna Industries Limited	30,901	50.74%
TOTAL		60,900	100.00%

Our Company holds 30,901 Equity Shares of face value ₹ 100 each amounting to 50.74% of the issued, subscribed and paid-up equity of PAEPL.

Financial Information

The financial results derived from the Audited Financial Statements for Fiscals 2020, 2019 and 2018 are set forth below:

(₹ in lakhs)

Particulars	As at March, 31		
	2020	2019	2018
Equity Capital	52.56	30.00	30.00
Reserves and Surplus	1,172.24	627.02	511.69
Net worth	1,224.79	657.02	541.69
Total Revenue (including other income)	3,225.78	3,456.09	3,321.83
Profit/ (Loss) after tax	154.80	122.56	103.86
Earnings per share (face value of ₹ 100 each)	502.17	408.55	346.21
Net asset value per share (₹)	3,693.73	2,190.07	1,805.64

There are no significant notes by the auditors of PAEPL in relation to the above mentioned financial statements for the specified last three audited Fiscals.

2. Swapnil Switches Private Limited (SSPL)

Corporate Information

Swapnil Switches Private Limited (SSPL) was incorporated on January 22, 1991 under the Companies Act, 1956 pursuant to a Certificate of Incorporation issued by Registrar of Companies, Delhi & Haryana. The registered office of SSPL is situated at 10/1136, Nai Walakarol Bagh, New Delhi - 110005. The CIN of SSPL is U74899DL1991PTC042822.

Nature of Business

The main objects of SSPL include, *inter alia* the following:

1. To manufacture, buy, sell, supply, distribute, import, export, engineers, develop, design, assemble and deal in all types of electric, electronic auto switches their accessories, ancillaries, stores and spares.
2. To manufacture, buy, sell, supply, distribute, import, export, engineer, develop, design, assemble and deal in all types of automobile parts, accessories, ancillaries, stores and spares.

3. To manufacture, buy, sell, supply, distribute, import, export and deal in all types of pad locks, such as die cast locks, brass locks, cycle locks, door locks, sutter locks, telephonic locks and all other special types of locks, hand cuffs, safe deposits lockers and all types of safes and cash boxes made out of metals and non-metals such as plastics as well as electronic locks working with or without remote controls.
4. To carry on the business of smelters, tin plate makers and manufacturers of implements, tool makers, brass founders, metal workers, machinista, Iron and Steel converters, box strappings and mild steel products such as cold and hot rolling materials, locks, levers, metal bars, metal handles, metal armlets, metal knobs, metal dustbins, office stationery such as staplers, punching machines, note staplers, keyrings, metal boxes, geometrial boxes, metal clamps, milling materials, nails, rivets, hammers, screw drivers, pilers, spanners and other hardware items including latches, handles and door closers.
5. To carry on the business of repairers, importers and exporters of and dealers in chiled and malleable castings, special alloys, castings, steel castings, gun metal, copper and brass.

Capital Structure

The authorized share capital of SSPL is ₹ 65,00,000 (Sixty Five Lakh) divided into 6,50,000 (Six Lakh Fifty Thousand) Equity share of ₹ 10 each. The issued, subscribed and paid up share capital of SSPL is ₹ 60,90,000 (Sixty Lakh Ninety Thousand) divided into 6,09,000 (Six Lakh Nine Thousand) Equity Shares of ₹ 10 each.

Shareholding Pattern

The shareholding Pattern of SSPL as on the date of Draft Prospectus is as follows:

SR. No	Name of Shareholder	No. of Shares	Percentage
1.	Asha Jain	1,16,509	19.13%
2.	Pawan Jain	10	Negligible
3.	Priya Jain	1,22,480	20.11%
4.	Ajay Kumar Maheshwari	6,000	0.99%
5.	PJ Wealth Management and Consultants Private Limited	55,000	9.03%
6.	Pavna Industries Limited	3,09,001	50.74%
TOTAL		6,09,000	100.00%

Our Company holds 3,09,001 Equity Shares of face value ₹ 10 each amounting to 50.74% of the issued, subscribed and paid-up equity of SSPL.

Financial Information

The financial results derived from the Audited Financial Statements for Fiscals 2020, 2019 and 2018 are set forth below:

(₹ in lakhs)

Particulars	As at March, 31		
	2020	2019	2018
Equity Capital	60.90	30.00	30.00
Reserves and Surplus	315.39	161.00	123.73
Net worth	376.29	191.00	153.73
Total Revenue (including other income)	1,467.46	1,144.14	779.76
Profit/ (Loss) after tax	50.00	50.36	40.73
Earnings per share (face value of ₹ 10 each)	16.57	16.80	13.58
Net asset value per share (₹)	61.79	63.67	51.24

There are no significant notes by the auditors of SSPL in relation to the above mentioned financial statements for the specified last three audited Fiscals.

3. Pavna Marketing Private Limited (PMPL)

Corporate Information

Pavna Marketing Private Limited (PMPL) was incorporated on April 23, 2019 under the Companies Act, 2013 pursuant to a Certificate of Incorporation issued by Registrar of Companies. The registered office of PMPL is situated at Vimlanchal, 19/407 Hari Nagar, Gopal Puri Agra Road Aligarh Uttar Pradesh - 202001. The CIN of PMPL is U50400UP2019PTC116110.

Nature of Business

The main objects of PMPL include, *inter alia*, To carry on and undertake the business of marketing and trading of automobiles locks, auto parts, diecasting items etc. or other goods and material or any items used that meet or exceeds customer expectation.

Capital Structure

The authorized share capital of PMPL is ₹ 25,00,000 (Twenty Five Lakh) divided into 2,50,000 (Two Lakh Fifty Thousand) Equity share of ₹ 10 each. The issued, subscribed and paid up share capital of PMPL is ₹ 10,00,000 (Ten Lakh) divided into 1,00,000 (One Lakh) Equity Shares of ₹10 each.

Shareholding Pattern

The shareholding Pattern of PMPL as on the date of Draft Prospectus is as follows:

SR. No	Name of Shareholder	No. of Shares	Percentage
1.	Pavna Industries Limited	99,999	99.99%
2.	Swapnil Jain*	1	Negligible
TOTAL		1,00,000	100.00%

*Mr. Swapnil Jain is the registered owner and Pavna Industries Limited is the beneficial owner.

Our Company holds 99,999 Equity Shares of face value ₹ 10 each amounting to 99.99% of the issued, subscribed and paid-up equity of PMPL.

Financial Information

The financial results derived from the Audited Financial Statements for Fiscals 2020, 2019 and 2018 are set forth below:

(₹ in lakhs)

Particulars	As at March 31, 2020
Equity Capital	10.00
Reserves and Surplus	20.47
Net worth	30.47
Total Revenue (including other income)	2,004.50
Profit/ (Loss) after tax	20.47
Earnings per share (face value of ₹ 10 each)	20.47
Net asset value per share (₹)	30.46

There are no significant notes by the auditors of PMPL in relation to the above mentioned financial statements for the specified last three audited Fiscals.

4. Pavna Sunworld Autotech Private Limited (PSAPL)

Corporate Information

Pavna Sunworld Autotech Private Limited (PSAPL) was incorporated on January 23, 2018 under the Companies Act, 2013 pursuant to a Certificate of Incorporation issued by Registrar of Companies. The registered office of PSAPL is situated at Vimlanchal, Hari Nagar, Aligarh Uttar Pradesh - 202001. The CIN of PSAPL is U74994UP2018PTC100570.

Nature of Business

The main objects of PSAPL include, *inter alia*,

1. To carry on and undertake the business of manufacturing of all types of Automobiles, Auto Parts, Engineering Goods and Hardware etc.
2. To carry on the business in India or elsewhere as manufacturers, assemblers, fabricators, designers, suppliers, consultants, experts, stockiest, importers, exporters, repairers, distributors, agents and dealers of electrical, electronically and mechanical machines, equipments such as machines of various models, systems and spares, components, parts and accessories of machines and equipments and other electrical, mechanical and electronic products including their components parts and accessories including special purpose machines and tools, jigs, fixtures etc.
3. To apply for and acquire technical assistance or purchase or otherwise acquire patents, brevet inventions, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use any secret or other information which may seem capable of being used for any of the purposes of the Company or benefit the Company and to use, exercise, or develop or grant licenses in respect of or otherwise turn to account the property, rights or information so acquired.

Capital Structure

The authorized share capital of PSAPL is ₹ 1,00,00,000 (One Crore) divided into 10,00,000 (Ten Lakh) Equity share of ₹ 10 each. The issued, subscribed and paid up share capital of PSAPL is ₹ 1,00,00,000 (One Crore) divided into 10,00,000 (Ten Lakh) Equity share of ₹ 10 each.

Shareholding Pattern

The shareholding Pattern of PSAPL as on the date of Draft Prospectus is as follows:

SR. No	Name of Shareholder	No. of Shares	Percentage
1.	Priya Jain	5,000	0.50%
2.	Swapnil Jain	5,000	0.50%
3.	Pavna Industries Limited	7,15,000	71.50%
4.	Sunworld Moto Industrial Co. Limited	1,25,000	12.50%
5.	Hisn-Cheng Yeh (Ryan)	1,00,000	10.00%
6.	Chi- Hsien Chen (Vivien)	50,000	5.00%
TOTAL		10,00,000	100.00%

Our Company holds Equity Shares of face value ₹ 10 each amounting to 71.50 % of the issued, subscribed and paid-up equity of PSAPL.

Financial Information

The financial results derived from the Audited Financial Statements for Fiscals 2020, 2019 and 2018 are set forth below:

(₹ in lakhs)

Particulars	As at March, 31		
	2020	2019	2018
Equity Capital	100.00	1.00	1.00
Reserves and Surplus	Negligible	(0.02)	(0.08)
Net worth	100.00	0.98	0.92
Total Revenue (including other income)	14.94	0.88	-
Profit/ (Loss) after tax	0.02	0.07	0.09
Earnings per share (face value of ₹ 10 each)	0.00	(0.65)	(0.85)
Net asset value per share (₹)	10.00	0.98	0.92

There are no significant notes by the auditors of PSAPL in relation to the above mentioned financial statements for the specified last three audited Fiscals.

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

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

OTHER CONFIRMATIONS

None of our Subsidiaries

- (i) Is listed or has been refused listing on any stock exchange in India or abroad or
- (ii) Have made any capital issue, including public or rights issue in the last three years
- (iii) Has become a sick company as specified under SICA or
- (iv) Is under winding up insolvency or bankruptcy proceedings, or
- (v) Has become defunct;
- (vi) Has made an application to the relevant RoC, in the five years preceding from the date of filing this Draft Prospectus with SEBI, for striking off its name;
- (vii) Has received any significant notes on the financial statements from the auditors and
- (viii) Identified as wilful defaulter as defined under the SEBI ICDR Regulations.

COMMON PURSUITS

PAEPL and PSAPL are the Subsidiaries of our Company and are engaged in activities similar to that of our Company. Our Company ensures necessary procedure and practices as permitted by laws and regulatory guidelines to address any conflict situations as and when they arise. For further details, please refer to the chapter titled “Financial Statement - Related Party Transactions” beginning on page no. 152 of this Draft Prospectus.

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.

SHAREHOLDERS' AGREEMENT

Our Company has not entered into any Shareholders Agreement 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.

COLLABORATION

Collaboration of PIL, Mr. Swapnil Jain, PAEPL, PSAPL with Sunworld Moto Industrial Co, Mr. Hsing-Cheng Yh (Ryan) and Chi-Hsien Chen (Vivien)

On November 28, 2018 our Company, our Subsidiaries Pavna Auto Engineering Limited (PAEPL) and Pavna Sunworld Autotech Private Limited (PSAPL), (collectively known as “Indian Parties”) entered into a Joint Venture Agreement with

Sunworld Moto Industrial Co., Limited having its principal place of business at 132, Zhengnan, 1st Youngkang District, Tainan City – 71046, Taiwan and Mr. Hsing-Cheng Yh (Ryan) (collectively known as “Foreign Parties”). Pursuant to this Joint Venture Agreement PSAPL shall receive Proprietary Knowledge, Know How, Operational, Commercial and Technical Information, Instruction Manuals, Procedures and Methods used by Foreign Parties in lieu of 25% shareholding of the total paid up share capital of PSAPL subject to a minimum of Rs. 1,25,00,000 (One Crore Twenty Five Lakh). The aforesaid shares allotted to the foreign party are locked-in for a period of 4 years from the commencement and regularization of commercial production.

Collaboration of PIL with Zadi S.P.A.

On September 28, 2000 Our Company entered into a Equipment Purchase Agreement and Know – How Transfer Agreement with Zadi S.P.A, an Italian Corporation having its principal place of business at Via E-Fermi, 61, I- 41010 LIMIDI (MO). Pursuant to the Equipment Purchase Agreement our company acquired machines and equipments in relation to production of locks used in two/three wheelers auto units for a consideration of USD 6,00,000. Further, Pursuant to the Know-How Transfer Agreement our company acquired proprietary knowledge, know how, Operational, Commercial, Technical Information, instruction manuals, procedures, methods, Name and Logo in relation to locks used in two/three wheelers auto units developed by Zadi S.P.A. in the due course of time. In lieu of the Know – How provided by Zadi S.P.A a shareholders’ Agreement dated September 28, 2000 was entered between Our Company, Indian Shareholders and Zadi S.P.A consequent to which our Company was converted from a Private Limited Company to a Public Limited Company, the name of our Company was changed to ‘Pavna Zadi Security Systems Limited’, allotment of 4050 Equity Shares aggregating to 27% of the shareholding of our company in lieu of know how provided by Zadi S.P.A along with Pre-Emptive rights to acquire the share capital of our company to the Indian shareholders and Zadi S.P.A to maintain their proportionate shareholding of 73% and 27% respectively.

Subsequently a Share Purchase Agreement dated December 29, 2010 was entered between the aforesaid parties pursuant to which Zadi S.P.A transferred a total of 70,038 Equity shares to the Indian shareholders of our company for a consideration of Euro 3,75,000. The Share Purchase Agreement also permitted the use of Name and Logo of Zadi S.P.A for a period of Seven years without any consideration. Zadi S.P.A also provided technical assistance for a period of seven years for consideration of \$5000 per year.

ACQUISITION OF BUSINESSES/UNDERTAKINGS, MERGER, AMALGAMATION OR REVALUATION OF ASSETS IN LAST 10 YEARS

Our Company has not made any material acquisitions or divestments of any business or undertaking, and has not undertaken any mergers, amalgamation or revaluation of assets in the last ten years.

TIME/COST OVERRUN IN SETTING UP PROJECTS

As on date of this Draft Prospectus, there has been no time and cost overruns in the Company

LOCK-OUT AND STRIKES

There have been no instances of strikes or lock-outs at any time in our Company.

DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS/BANKS

As on date of this Draft Prospectus, our Company has not made any defaults / re-scheduling of its borrowings.

OUR MANAGEMENT

BOARD OF DIRECTORS

As on the date of this Draft Prospectus, our Board consists of 6 (Six) Directors including one (1) as an Managing Director, one (1) as Chairperson and Whole – Time Director, one (1) as Executive Directors, one (1) as Non – Executive Director and two (2) are Non-Executive Independent Directors out of which Two (2) Directors are Woman Directors.

The details of the Directors are as mentioned in the below table:

Sr. No.	Name , Father's/Husband's Name, Designation, Address, Date of Birth, Occupation, Term and DIN	Nationality	Age	Other Directorships
1.	<p>Mr. Swapnil Jain (Managing Director)</p> <p>Date of Birth: October 30, 1984</p> <p>Address: Vimlanchalhari Nagar, Aligarh, Uttar Pradesh - 202001.</p> <p>Date of Appointment as Director: July 2, 2012</p> <p>Date of Appointment as Managing Director: April 1, 2020.</p> <p>Term: Appointed as Managing Director for a period of Five years i.e. till March 31, 2025.</p> <p>Occupation: Business</p> <p>DIN: 01542555</p>	Indian	36 years	<ul style="list-style-type: none"> • Pavna Auto Engineering Private Limited • PJ Wealth Management And Consultant Private Limited • Pavna Sports Venture Private Limited • Pavna Sunworld Autotech Private Limited • Pavna Marketing Private Limited • Ascus Cricket Private Limited • Starpavna Engineers Private Limited
2.	<p>Mrs. Asha Jain (Chairperson and Executive Director)</p> <p>Date of Birth: August 17, 1951</p> <p>Address: Vimlanchalhari Nagar, Aligarh, Uttar Pradesh - 202001.</p> <p>Date of Appointment as Director: Since Incorporation</p> <p>Date of Appointment as Chairperson and Executive Director: June 30, 2020.</p> <p>Term: Liable to retire by rotation.</p> <p>Occupation: Business</p> <p>DIN: 00035024</p>	Indian	68 Years	<ul style="list-style-type: none"> • Swapnil Switches Private Limited • Pavna Sports Ventures Private Limited
3.	<p>Mrs. Priya Jain (Executive Director)</p> <p>Date of Birth: December 04, 1989</p> <p>Address: Vimlanchalhari Nagar, Aligarh, Uttar</p>	Indian	31 years	<ul style="list-style-type: none"> • Pavna Auto Engineering Private Limited • Pavna Sunworld Autotech Private Limited • Pavna Marketing Private Limited

Sr. No.	Name , Father's/Husband's Name, Designation, Address, Date of Birth, Occupation, Term and DIN	Nationality	Age	Other Directorships
	Pradesh - 202001. Date of Appointment as Executive Director: April 1, 2020. Term: Liable to retire by rotation. Occupation: Business DIN: 03355623			<ul style="list-style-type: none"> • Swapnil Switches Private Limited
4.	Mr. Pawan Jain <i>(Non-Executive Director)</i> Date of Birth: December 11, 1951 Address: Vimlanchalhari Nagar, Aligarh, Uttar Pradesh - 202001. Date of Appointment as Director: Since Incorporation Date of Appointment as Non-Executive Director: April 1, 2020. Term: Liable to retire by rotation. Occupation: Business DIN: 00035084	Indian	68 Years	<ul style="list-style-type: none"> • Pavna Auto Engineering Private Limited • Auto Movers (India) Private Limited • Swapnil Switches Private Limited • Pavna Sports Venture Private Limited
5.	Dr. Ashwani Kumar <i>(Non-Executive Independent Director)</i> Date of Birth: November 15, 1950 Address: Taksal House, Chotta Shimla, Shimla Urban (T), Himachal Pradesh-171002. Date of Appointment as Additional Non-Executive Independent Director: June 25, 2020. Date of Appointment as Non-Executive Independent Director: June 30, 2020 Term: Appointed as Non-Executive Independent Director for a period of five years i.e till June 29, 2025. Occupation: Professional DIN: 08759813	Indian	69 years	<ul style="list-style-type: none"> • NIL
6.	Mr. Naozer Aibara <i>(Non-Executive Independent Director)</i>	Indian	63 years	<ul style="list-style-type: none"> • NIL

Sr. No.	Name , Father's/Husband's Name, Designation, Address, Date of Birth, Occupation, Term and DIN	Nationality	Age	Other Directorships
	<p>Date of Birth: August 16, 1956</p> <p>Address: Flat No-1001, Tower-A, Prateek Edifice, Sector-107, Noida, Gautam Buddha Nagar, Uttar Pradesh-201304.</p> <p>Date of Appointment as Additional Non-Executive Independent Director: June 25, 2020.</p> <p>Date of Appointment as Non-Executive Independent Director: June 30, 2020</p> <p>Term: Appointed as Non-Executive Independent Director for a period of five years i.e till June 29, 2025.</p> <p>Occupation: Business</p> <p>DIN: 08759817</p>			

BRIEF PROFILE OF OUR DIRECTORS

Mr. Swapnil Jain, aged 36 years is the Co-Promoter and Managing Director of Our Company. In the year 2006, he graduated in the field of commerce from D.S. College, Aligarh. Due to his keen interest in the field of Education, Sports, Industry, Technology & Social Work he associated himself with Shri Adinath-kundkund-kahan Digamber Jain Trust as General Secretary, Kailashchandra Jain Keshavdev Jain Educational Trust as trustee, Shantinath Akampan Kahan Digamber Jain Trust as trustee and also discharged the role as pro Vice Chairman of Delhi Public School, Aligarh, Civil Lines, Hathras to enhance the Education Level in Aligarh. Apart from being the co-promoter and Managing director of Our Company he is also a member of the Board of some of our Subsidiary and Group Companies. He is responsible for the day to day management and overall growth and development of our company.

Mrs. Asha Jain, aged 68 years is the founding Promoter, Chairperson and Executive Director of our company. She is an undergraduate. She is associated with our company since inception. She is also actively involved in the Educational and Social Development of Aligarh and is associated with Kailashchandra Jain Keshavdev Jain Educational Trust and Shri Adinath-kundkund-kahan Digamber Jain Trust as Trustee. Apart from being the founding Promoter, Chairperson and Executive Director of our company she is also a member of the Board of some of our Subsidiary and Group Companies. She is responsible for the day to day activities and acts as a guiding force for overall growth and development of our company.

Mrs. Priya Jain, aged 31 years is the Executive Director of Our Company. She has been awarded with a Bachelors Degree in Technology (Computer Science) from Mangalayatan University, Aligarh in the year 2012. Since then demonstrating her professional expertise and entrepreneurial skills she has been a part of the Board of some of our Subsidiary and Group Companies. She is responsible for the day to day operations and Business Development of Our Company.

Mr. Pawan Jain, aged 68 years is the Non-Executive Director and Founder of our Company. He has completed his Bachelors of Arts Degree in the field of English Literature and also has been awarded with a Masters of Arts Degree in the field of Hindi Language in the years 1969 and 1980 respectively. He was associated with various newspaper publications as a correspondent. He has played an active role in social development to enhance the Education Level in Aligarh through formulation of Kailashchandra Jain Keshavdev Jain Educational Trust which subsequently set up Delhi Public Schools Aligarh and Mangalyatan University. He is also a member on the Board of some of our Subsidiary and Group Companies.

Dr. Ashwani Kumar, aged 69 years is the Non-Executive Independent Director of our Company. He has been awarded with a Bachelors Degree in Arts (Mathematics and Economics) by Himachal Pradesh University in the year 1971, Post

Graduation Degree in the field of Defence Studies by NDC, Ministry of Defence in the year 1990 a Post Graduation Diploma in the field of Human Resource Management and Masters Degree in Business Admission from IGNOU in the year 1999 respectively. He has also been awarded with Doctorate of Philosophy in the field of Management & Commerce by Himachal University in the year 2012. He has held various important positions namely as the Chancellor, Dean and Professor at APF Shimla University, as the Governor of Nagaland and Manipur, as a professor at Jindal Global Business School, Jindal Global University. He also had held office of Director Central Bureau of Investigation, Government of India; Director General of Police, Himachal Pradesh, Shimla; Additional / Joint director, CBI, Delhi and has dealt with economic offences, cyber crimes, IPR, anti corruption and integrity issues; Inspector General of Police, dealing with Intelligence, law & order, Vigilance and Enforcement, Shimla; Deputy / Assistant director, Special Protection Group, Prime Minister's office & Residence at South Block / Race Course Road, Delhi. He is currently freelancing advisor to various organizations.

Mr. Naozer Aibara, aged 63 years is the Non-Executive Independent Director of our Company. He has completed Bachelors of Arts in the field of Economics from Delhi University in the year 1977 and has completed a Diploma course in Marketing and Sales Management from Delhi University in the year 1985. He has also been awarded with Masters in Marketing and Sales from Delhi University in the year 1990. He was previously associated with Idea Cellular Limited, Reliance Communications Limited, Escotel Communications Limited, Network Communications Limited, Blue Star Limited, Godrej and Boyce Manufacturing Limited. He is currently retired and is a freelancer advisor.

CONFIRMATIONS

As on the date of this Draft Prospectus:

1. Except as stated below; none of the Directors of our Company are related to each other as per Section 2 (77) of the Companies Act, 2013.
 - Mrs. Asha Jain is spouse of Mr. Pawan Jain.
 - Mr. Swapnil Jain is the Son of Mrs. Asha Jain and Mr. Pawan Jain.
 - Mrs. Priya Jain is spouse of Mr. Swapnil Jain. She is also daughter-in-law of Mrs. Asha Jain and Mr. Pawan Jain.
2. There are no arrangements or understanding with major shareholders, customers, suppliers or any other entity, pursuant to which any of the Directors or Key Management Personnel were selected as a Director.
3. The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.
4. None of the Directors are categorized as a wilful defaulter, as defined under Regulation 2(1)(iii) of SEBI (ICDR) Regulations.
5. None of our Directors are or were directors of any Company whose shares have been/were suspended from trading by any of the stock exchange(s) during his/her tenure in that Company in the last five years or delisted from the stock exchange(s) during the term of their directorship in such companies.

DETAILS OF BORROWING POWERS

Pursuant to a special resolution passed at an Extra-Ordinary General Meeting of our Company held on March 20, 2020 and pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company be and are hereby authorized to borrow monies from time to time, any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company may exceed in the aggregate, its paid up capital and free reserves and security premium (apart from temporary loans obtained / to be obtained from bankers in the ordinary course of business), provided that the outstanding principal amount of such borrowing at any point of time shall not exceed in the aggregate of ₹ 15,000 lakhs.

REMUNERATION/COMPENSATION (INCLUDING OTHER BENEFITS) OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS (EXCLUDING INDEPENDENT DIRECTORS)

The compensation package payable to the Executive Directors and Non – Executive Directors (Excluding Independent Directors) for F.Y 20-21 onwards as resolved in the Extra Ordinary General meeting is stated hereunder:

SR. No	Name	Designation	Maximum limit of Remuneration / Compensation (including other benefits)
1.	Mr. Swapnil Jain	Managing Director	₹ 168.00 lakhs per annum
2.	Mrs. Asha Jain	Chairperson and Executive Director	₹ 39.00 lakhs per annum
3.	Mrs. Priya Jain	Executive Director	₹ 36.00 lakhs per annum
4.	Mr. Pawan jain	Non-Executive Director	commission of 2% of the turnover or ₹ 30,00,000 per annum, whichever is lower

The remuneration / Compensation (including other benefits) paid to our Executive and Non Executive Director by our company / subsidiary Companies/ associate Companies, for F.Y. 2019-20 is as follows:

(₹ in Lakhs)

Sr. No.	Name of Director	Remuneration / Compensation paid
1.	Mr. Swapnil Jain ⁽¹⁾	108.00
2.	Mrs. Asha Jain	54.00
3.	Mr. Pawan jain	93.00
4.	Mrs. Priya Jain ⁽²⁾	87.00

⁽¹⁾ In F.Y 19-20 Mr. Swapnil Jain has received remuneration / Salary from Pavna Group. Further he was re-designated as Managing Director of our Company w.e.f April 1, 2020.

⁽²⁾ In F.Y 19-20 Mrs. Priya Jain has received remuneration / Salary from Pavna Group. Further she was appointed as Executive Director of our Company w.e.f April 1, 2020.

SITTING FEES PAYABLE TO NON – EXECUTIVE INDEPENDENT DIRECTOR.

Pursuant to the resolution passed by the Board of Directors of our Company, the Non-Executive Independent Directors of our Company would be entitled to a sitting fee of ₹ 10,000 for attending every meeting of Board or its committee thereof.

SHAREHOLDING OF OUR DIRECTORS

Our Articles of Association do not require our Directors to hold any qualification shares. Further, the details of the shareholding of our Directors as on the date of this Draft Prospectus are as follows:

Sr. No.	Name of the shareholder	No. of Equity Shares	Percentage of Pre-Issue Capital (%)	Percentage of Post-Issue Capital (%)
1.	Mr. Swapnil Jain	6,78,080	13.07%	11.13%
2.	Mrs. Asha Jain	38,08,580	73.41%	47.08%
3.	Mr. Pawan jain	200	Negligible	Negligible
4.	Mrs. Priya Jain	2,02,000	3.89%	3.32%

INTEREST OF 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 Issue. 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.

Interest in the property of our Company

Except as stated in the heading titled “*Properties*” under the chapter titled “*Our Business*”, beginning on page no. 91 of this Draft Prospectus, none of our Directors have interest in any property acquired or proposed to be acquired of our Company or by our Company.

Interest in promotion of our Company

Except, as stated in the chapter titled “*Our Promoter and Promoter Group*” beginning from page 145 none of our Directors are interested in the promotion of our company as on the date of this Draft Prospectus.

Interest as Member of a Company or Firm

Except as stated in this chapter titled “*Our Management*”, the section titled “*Financial Information- Annexure XXVI of Restated Standalone Financial Statements*” and “*Annexure XXVI of Restated Consolidated Financial Statements*” and the chapter “*Our Business*” on page nos. 131, 152 and 91 of this Draft Prospectus respectively, our Directors do not have any other interest in our business.

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Name of the Director	Date of Change	Reason for Change
Mrs. Asha Jain	June 30, 2020	Re-designation as Chairperson and Executive Director
Mr. Ashwani Kumar	June 30, 2020	Regularization as Non-Executive Independent Director
Mr. Naozer Aibara	June 30, 2020	Regularization as Non-Executive Independent Director
Mr. Ashwani Kumar	June 25, 2020	Appointment as Additional Non-Executive Independent Director
Mr. Naozer Aibara	June 25, 2020	Appointment as Additional Non-Executive Independent Director
Mr. Konthiyathu Chellappan Devadas Nair	June 1, 2020	Resignation
Mr. Ashok Kumar Luhadia	June 1, 2020	Resignation
Mr. Swapnil Jain	April 1, 2020	Re-designation as Managing Director
Mr. Asha Jain	April 1, 2020	Re-designation as Chairperson and Whole-Time Director
Mr. Pawan Jain	April 1, 2020	Re-designation as Non-Executive Director
Mr. Priya Jain	April 1, 2020	Appointment as Executive Director
Mr. Konthiyathu Chellappan Devadas Nair	September 10, 2019	Re-Appointment as Non-Executive Independent Director
Mr. Ashok Kumar Luhadia	September 10, 2019	Re-Appointment as Non-Executive Independent Director
Mr. Mukesh Jain	October 4, 2018	Resignation

CORPORATE GOVERNANCE

In addition to the applicability of provisions of Companies Act, 2013 with respect to corporate governance, provisions of the SEBI (LODR) Regulations, 2015 have also been complied with, to the extent applicable to our Company.

Our Company stands committed to good Corporate Governance practices based on the principles such as accountability, transparency in dealing with our stakeholders, emphasis on communication and transparent report. We have complied with the requirements of the applicable regulations, including Regulations, in respect of Corporate Governance including constitution of the Board and its Committees. The Corporate Governance framework is based on an effective Independent Board, the Board’s supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board functions either as a full Board or through the various committees constituted to oversee specific operational areas. As on the date of this Draft Prospectus, our Company has six (6) Directors. Out of six (6) Directors, there is one (1) Managing Director (2) Executive Director, one (1) Non – Executive Non – Independent Director and two (2) Non - Executive Independent Directors out of which two (2) Directors are Woman Directors.

The following committees have been constituted for compliance with Corporate Governance requirements:

- A. Audit Committee;
- B. Stakeholders Relationship Committee;
- C. Nomination and Remuneration Committee;
- D. Corporate Social Responsibility

A. AUDIT COMMITTEE

Our Board has constituted the Audit Committee vide Board Resolution dated June 15, 2019 and has been re-constituted on June 25, 2020 in accordance with the Section 177 of the Companies Act, 2013. The audit committee comprises of:

Name of the Directors	Nature of Directorship	Designation in Committee
Mr. Naozer Aibara	Non - Executive Independent Director	Chairman
Mr. Ashwani Kumar	Non - Executive Independent Director	Member
Mr. Swapnil Jain	Managing Director	Member

The Company Secretary & Compliance Officer of the Company will act as the Secretary of the Committee.

The scope of Audit Committee shall include but shall not be restricted to the following:

- 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.
- 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.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 1. 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
 2. Changes, if any, in accounting policies and practices and reasons for the same.
 3. Major accounting entries involving estimates based on the exercise of judgment by management.
 4. Significant adjustments made in the financial statements arising out of audit findings.
 5. Compliance with listing and other legal requirements relating to financial statements.
 6. Disclosure of any related party transactions.
 7. Qualifications in the draft audit report.
- Reviewing, with the management, the half yearly financial statements before submission to the board for approval.
- 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 Issue document/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.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;

- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- 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.
- Discussion with internal auditors any significant findings and follow up there on.
- 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.
- 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.
- 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.
- To review the functioning of the Whistle Blower mechanism.
- 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.
- 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:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise if it considers necessary.
5. 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 Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

Meeting Of Audit Committee and Relevant Quorum

The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

B. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Our Board has constituted the Stakeholders' Relationship Committee vide Board Resolution June 25, 2020 in accordance with Section 178 of the Companies Act, 2013. The Stakeholder's Relationship Committee comprises of:

Name of the Directors	Nature of Directorship	Designation in Committee
Mr. Pawan Jain	Non - Executive Director	Chairman
Mr. Swapnil Jain	Managing Director	Member
Mrs. Priya Jain	Executive Director	Member

The Company Secretary of the Company will act as the Secretary of the Committee.

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) To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

Meeting of Stakeholder's Relationship Committee and Relevant Quorum

The quorum necessary for a meeting of the Stakeholder's Relationship Committee shall be two members or one third of the members, whichever is greater.

C. NOMINATION AND REMUNERATION COMMITTEE

Our Board has constituted the Nomination and Remuneration Committee vide Board Resolution June 15, 2019 and has been re-constituted on June 25, 2020 in accordance with section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee comprises of:

Name of the Directors	Nature of Directorship	Designation in Committee
Mr. Ashwani Kumar	Non - Executive Independent Director	Chairman
Mr. Naozer Aibara	Non – Executive Independent Director	Member

Name of the Directors	Nature of Directorship	Designation in Committee
Mr. Pawan Jain	Non - Executive Director	Member

The Company Secretary of our Company acts as the Secretary to the Committee.

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.

Meeting of Nomination and Remuneration Committee and Relevant Quorum

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.

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Our Board has constituted the Corporate Social Responsibility Committee vide Board Resolution June 15, 2019 and has been re-constituted on June 25, 2020 in accordance with section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee comprises of:

Name of the Directors	Nature of Directorship	Designation in Committee
Mr. Swapnil Jain	Managing Director	Chairman
Mr. Naozer Aibara	Non – Executive Independent Director	Member
Mrs. Priya Jain	Executive Director	Member

The Company Secretary of our Company acts as the Secretary to the Committee.

The terms of reference, powers and scope of the Corporate Social Responsibility Committee of our Company is in accordance with Section 135 of the Companies Act, 2013. The terms of reference of the Corporate Social Responsibility Committee include the following:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII as amended from time to time;
2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) subject to the limit provided under Section 135 of the Companies Act;
3. To monitor the corporate Social Responsibility Policy of our Company from time to time;
4. To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;
5. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

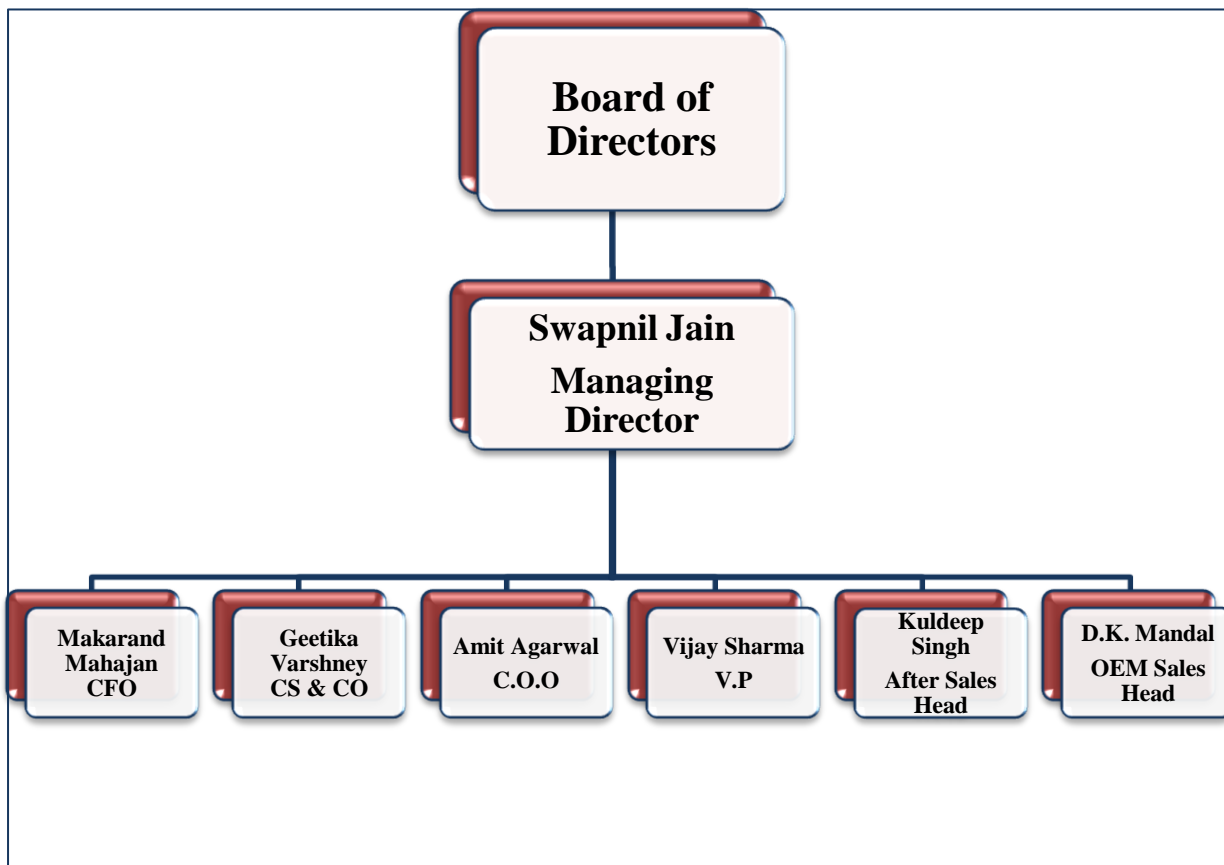
Meeting of Corporate Social Responsibility Committee and Relevant Quorum

The quorum necessary for a meeting of the Corporate Social Responsibility 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.

POLICY ON DISCLOSURES & INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING

The provisions of Regulation 8 and 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 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, 2015 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 issue. 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.

ORGANIZATIONAL STRUCTURE



Terms & Abbreviations

- C.F.O. - Chief Financial Officer
- C.S & C.O. - Company Secretary and Compliance Officer
- C.O.O - Chief Operating Officer
- V.P - Vice President
- OEM - Original Equipment Manufacturer

KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

Name of Employee	Designation	Date of Appointment	Compensation for last Financial Year (₹ in Lakhs)	1Qualification	Name of Previous Employee(s)	Total Years of Experience
Mr. Makarand Mahajan	Chief Financial Officer	June 1, 2020	NIL	<ul style="list-style-type: none"> Chartered Accountant 	<ul style="list-style-type: none"> R.V Healthcare Kothari Industries Varroc Engineering Private Limited Arrowids Private Limited Birla Kennametal Limited Vishnu Packages Limited Concept Pharmaceuticals Limited Anil Chemicals Limited 	30 Years
Ms. Geetika Varshney ⁽¹⁾	Company Secretary & Compliance Officer	June 1, 2020	3.49	<ul style="list-style-type: none"> Company Secretary M.COM B.COM 	<ul style="list-style-type: none"> JITM Skills Private Limited Entertainment City Limited IL&FS Skills Development Corporation Limited 	4 years
Mr. Amit Agrawal	Chief Operating Office	February 15, 2019	35.23	<ul style="list-style-type: none"> P.G.D.B.M B.E (Mechanical Engineering) 	<ul style="list-style-type: none"> Sandhar Technologies Limited Anand I-Power Limited Ador Weldings Limited Sterlite Technologies Limited Perfect Circle India Limited Jindal Stainless Steel Limited Samtel India Limited LML Limited 	22 Years

Name of Employee	Designation	Date of Appointment	Compensation for last Financial Year (₹ in Lakhs)	1Qualification	Name of Previous Employee(s)	Total Years of Experience
Mr. Vijay Sharma ⁽²⁾	Vice President	June 1, 2020	17.70	<ul style="list-style-type: none"> • B.E (Mechanical Engineering) • Diploma in Mechanical Engineering 	<ul style="list-style-type: none"> • Fiem Industries Limited • Sandhar Technologies Limited • Jairaj Ancillaries Private Limited • Ashok Auto Sales Limited • Tractors & Agro Industries Private Limited 	
Mr. Kuldeep Singh ⁽³⁾	After Sales Head	March 2, 2020	1.54	P.G.D.M (Sales and Marketing) B.Com	Jai Chintpurni Auto Auto Sparx India Private Limited Lumax Auto Technologies Limited Goldstar Glassware Private Limited Bakeman's Industries Limited	29 Years
Mr. Dibya Kusum Mandal ⁽⁴⁾	OEM Sales Head	May 1, 2019	8.71	M.B.A (Operations Management) M.E (CAD/CAM) B.Tech (Mechanical Engineering)	<ul style="list-style-type: none"> • Sandhar Technologies Limited 	9 Years

⁽¹⁾ Ms. Geetika Varshney is engaged with company since March 1, 2019 as Manager of the Legal and Compliance Department. Subsequently she was re-designated as Company Secretary with effect from June 1, 2020.

⁽²⁾ Mr. Vijay Sharma was appointed as Assistant Vice President from January 1, 2019 and was subsequently re-designated as Vice President with effect from June 1, 2020. Thus, the compensation stated above is as per her previous designation.

⁽³⁾ Mr. Kuldeep Singh is on the payroll of our Subsidiary Company i.e Pavna Marketing Private Limited.

⁽⁴⁾ Mr. Dibya Kusum Mandal was originally appointed as Executive – OEM sales with effect from July 31, 2018 and was subsequently re-designated as OEM Sales Head with effect from May 1, 2019.

Other Notes –

- The aforementioned KMP's are on the payrolls of our Company as permanent employees except Mr. Kuldeep Singh is on the Payroll of our Subsidiary Company Pavna Marketing Limited.
- Further, none of our KMPs is forming part of related parties as per the Accounting Standard 18. For details, please see the chapter titled “Financial Information- Annexure XXVI of Restated Standalone Financial Statements” and “Annexure XXVI of Restated Consolidated Financial Statements” on page no. 152 of this Draft Prospectus.

RELATIONSHIP BETWEEN KEY MANAGEMENT PERSONNEL

None of the aforementioned KMPs are related to each other.

SHAREHOLDING OF THE KEY MANAGEMENT PERSONNEL

None of our KMPs holds any shares of our Company as on the date of this Draft Prospectus.

SERVICE CONTRACTS WITH KEY MANAGERIAL PERSONNEL

Our Key Managerial Personnel have not entered into any service contracts with our Company which provide for any benefits upon termination of their employment in our Company.

INTEREST OF KEY MANAGERIAL PERSONNEL

None of our Key Management Personnel has any interest in our Company except to the extent of their remuneration, benefits, reimbursement of expenses incurred by them in the ordinary course of business. Our Key Managerial Personnel may also be interested to the extent of Equity Shares, if any, held by them and any dividend payable to them and other distributions in respect of such Equity Shares.

ARRANGEMENT OR UNDERSTANDING WITH MAJOR SHAREHOLDERS/ CUSTOMERS/ SUPPLIERS

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Key Managerial Personnel was selected as a member of our senior management.

BONUS OR PROFIT SHARING PLAN OF THE DIRECTORS AND KEY MANAGEMENT PERSONNEL

There is no profit sharing plan for the Key Managerial Personnel. However, our Company makes performance linked bonus payments, in accordance with their terms of appointment.

CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO OUR DIRECTORS AND KEY MANAGERIAL PERSONNEL

There is no contingent or deferred compensation payable to our Directors and Key Managerial Personnel, which does not form part of their remuneration.

EMPLOYEE SHARE PURCHASE AND EMPLOYEE STOCK OPTION PLAN

Presently, we do not have ESOP/ESPS scheme for employees.

PAYMENT OR BENEFIT TO OUR KEY MANAGERIAL PERSONNEL

Except for the payment of salaries and yearly bonus, we do not provide any other benefits to our employees.

CHANGES IN OUR KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS FROM THE DATE OF FILING OF THIS DRAFT PROSPECTUS

The changes in our Key Managerial Personnel during the three years immediately preceding the date of filing of this Draft Prospectus are set forth below.

Name	Designation	Date of Appointment / Change in Designation
Mr. Makarand Mahajan	Chief Financial Officer	June 1, 2020
Ms. Geetika Varshney	Company Secretary & Compliance Officer	June 1, 2020
Mr. Vijay Sharma	Vice President	June 1, 2020
Mr. Kuldeep Singh	After Sales Head	March 2, 2020
Mr. Dibya Kusum Mandal	OEM Sales Head	May 1, 2019
Ms. Geetika Varshney	Manager – Legal & Compliance	March 1, 2019
Mr. Amit Agrawal	Chief Operating Officer	February 15, 2019
Mr. Vijay Sharma	Assistant Vice President	January 1, 2019
Mr. Dibya Kusum Mandal	Executive – OEM Sales	July 31, 2018



OUR PROMOTER AND PROMOTER GROUP

THE PROMOTERS OF OUR COMPANY ARE:

Mrs. Asha Jain
Mr. Swapnil Jain

As on the date of this Draft Prospectus, our Promoters hold 44,86,660 Equity Shares in aggregate, representing 86.48% of the issued, subscribed and paid-up Equity Share capital of our Company. For details of the build-up of our Promoters' shareholding in our Company, please see "Capital Structure –Shareholding of our Promoters" beginning on page no. 58 of this Draft Prospectus.

The details of our Promoters are provided below:

Mr. Swapnil Jain	
	<p>Mr. Swapnil Jain, aged 36 years is the Co-Promoter and Managing Director of Our Company. In the year 2006, he graduated in the field of commerce from D.S. College, Aligarh. Due to his keen interest in the field of Education, Sports, Industry, Technology & Social Work he associated himself with Shri Adinath-kundkand-kahan Digamber Jain Trust as General Secretary, Kailashchandra Jain Keshavdev Jain Educational Trust as trustee, Shantinath Akampan Kahan Digamber Jain Trust as trustee and also discharged the role as pro Vice Chairman of Delhi Public School, Aligarh, Civil Lines, Hathras to enhance the Education Level in Aligarh. Apart from being the co-promoter and Managing director of Our Company he is also a member of the Board of some of our Subsidiary and Group Companies. He is responsible for the day to day management and overall growth and development of our company.</p>
	Date of Birth: October 30, 1984
	Address: Vimlanchalhari Nagar, Aligarh, Uttar Pradesh - 202001.
	PAN: AFGPJ6015D
	Passport No.: Z4864405
	Driver's License No.: UP81 20030015436
	Aadhaar Card No.: 6278 9248 6899
	Name of Bank: HDFC Bank Limited
	Bank A/c No.: 03801930000595
	Other Interests: NIL
Mrs. Asha Jain	
	<p>Mrs. Asha Jain, aged 68 years is the founding Promoter, Chairperson and Executive Director of our company. She is an undergraduate. She is associated with our company since inception. She is also actively involved in the Educational and Social Development of Aligarh and is associated with Kailashchandra Jain Keshavdev Jain Educational Trust and Shri Adinath-kundkand-kahan Digamber Jain Trust as Trustee. Apart from being the founding Promoter, Chairperson and Executive Director of our company she is also a member of the Board of some of our Subsidiary and Group Companies. She is responsible for the day to day activities and acts as a guiding force for overall growth and development of our company</p>
	Date of Birth: August 17, 1951
	Address: Vimlanchalhari Nagar, Aligarh, Uttar Pradesh - 202001.
	PAN: ABFPJ3119H
	Passport No.: Z3442136
	Driver's License No.: N.A
	Aadhaar Card No.: 7257 5892 5315
	Name of Bank: HDFC Bank Limited
	Bank A/c No.: 3801930000846
	Other Interests: NIL

For the complete profile of Our Promoter - educational qualifications, professional experience, position/posts held in the past, directorships held, special achievements and business and financial activities, see "Our Management" on page no. 131 of this Draft Prospectus.

Other Undertakings and Confirmations

We confirm that the Permanent Account Number, Bank Account Number, Passport Number of our Promoters have been 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 Promoter 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 Promoter Group or any Group Companies in the past or are currently pending against them. None of (i) our Promoters and members of our Promoter 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 promoters, 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.

Change in Control of our Company

There has not been any change in the control of our Company in the five years immediately preceding the date of this Draft Prospectus.

Experience of our Promoter in the Business of our Company

For details in relation to experience of our Promoter in the business of our Company, please refer the chapter “*Our Management*” beginning on page no. 131 of this Draft Prospectus.

Interest of Promoter

None of our Promoter / 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. 58, 152 and 131 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 Promoter is 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.

Interest of Promoter in the Promotion of our Company

Our Company is currently promoted by the promoter in order to carry on its present business. Our Promoter is 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 Promoter in the Property of our Company

Our Promoter has confirmed that he does not have any interest in any property acquired by our Company within three years preceding the date of this Draft Prospectus or proposed to be acquired by our Company as on the date of this Draft Prospectus except as mentioned under the section “*Our Business - Properties*” and “*Financial Information- Annexure XXVI of Restated Standalone Financial Statements*” and “*Annexure XXVI of Restated Consolidated Financial Statements*” on page nos. 91 and 152 respectively, of this Draft Prospectus.

Further, other than as mentioned in the chapter titled “*Our Business*” on page no. 91 of this Draft Prospectus our Promoter does not have any interest in any transactions in the acquisition of land, construction of any building or supply of any machinery.

Related Party Transactions

Except as stated in the “Financial Information- Annexure XXVI of Restated Standalone Financial Statements” and “Annexure XXVI of Restated Consolidated Financial Statements” on page no. 152 of this Draft Prospectus, our Company has not entered into related party transactions with our Promoters.

Common Pursuits of Promoters and Promoter Group Company

Pavna Auto Engineering Private Limited (PAEPL), Pavna Sunworld Auto Private Limited (PSAPL) and Starpavna Engineers Private Limited are the Promoter Group Entities of our Company and are engaged in activities similar to that of our Company. Our Company ensures necessary procedure and practices as permitted by laws and regulatory guidelines to address any conflict situations as and when they arise. For further details, please refer to the chapter titled “Financial Information- Annexure XXVI of Restated Standalone Financial Statements” and “Annexure XXVI of Restated Consolidated Financial Statements” beginning on page no. 152 of this Draft Prospectus.

Payment of Amounts or Benefits to the Promoter or Promoter Group During the last two years

Except as stated in the Section titled “Financial Information- Annexure XXVI of Restated Standalone Financial Statements” and “Annexure XXVI of Restated Consolidated Financial Statements” on page no. 152 of this Draft Prospectus, there has been no payment of benefits to our Promoter or Promoter Group during the two years preceding the date of this Draft Prospectus.

Material Guarantees

Except as stated in the “Financial Indebtedness” and “Financial Information” beginning on page nos. 201 and 152 of this Draft Prospectus respectively, our Promoter has not given any material guarantee to any third party with respect to the Equity Shares as on the date of this Draft Prospectus.

Our Promoter Group

Apart from our Promoter, as per Regulation 2(1)(pp) of the SEBI (ICDR) Regulation, 2018, the following individuals and entities shall form part of our Promoter Group:

A. Natural Persons who are Part of the Promoter Group

As per Regulation 2(1)(pp)(ii) of the SEBI (ICDR) Regulations, 2018, the following individuals form part of our Promoter Group:

Name of the Promoter	Name of Relative	Relationship with the Promoter
Mrs. Asha Jain	Late Keshav Dev Jain	Father
	Late Kasturi Devi Jain	Mother
	Pawan Jain	Spouse
	Swapnil Jain	Son
	Late Mahesh Kumar Jain, Late Sushil Kumar. Jain, Santosh Kumar Jain, Nirdosh Kumar Jain, Paras Kumar Jain, Sumit Kumar Jain, Late Pradeep Kumar Jain	Brothers
	Late Shaila Jain, Sudha Jain, Kusma Jain	Sisters
	Late Kailash Chand Jain	Spouse’s Father
	Late Vimla Jain	Spouse’s Mother

Name of the Promoter	Name of Relative	Relationship with the Promoter
	Kanta Jain, Shanti Jain, Kusum Lata Jain, Late Vinay Jain	Spouse's Sister
	Priya Jain	Son's Wife
Mr. Swapnil Jain	Pawan Jain	Father
	Asha Jain	Mother
	Priya Jain	Spouse
	Aarjav Jain Aarnav Jain	Son
	Sanjay Kumar Jain	Spouse's Father
	Manju Lata Jain	Spouse's Mother
	Prakhar Kumar Jain, Swarnim Jain	Spouse's Brother's

B. Companies / Corporate Entities Forming Part of the Promoter Group

As per Regulation 2(1)(pp)(iv) of the SEBI (ICDR) Regulations, 2018, the following Companies/Trusts/ Partnership firms/HUFs or Sole Proprietorships are forming part of our Promoter Group.

Sr. No.	Name of Promoter Group Entity/Company
1.	Swapnil Switches Private Limited
2.	Pavna Auto Engineering Private Limited
3.	Pavna Marketing Private Limited
4.	Pavna Sunworld Autotech Private Limited
5.	PJ Wealth Management & Consultants Private Limited
6.	Auto Movers (India) Private Limited
7.	Ascus Cricket Private Limited
8.	Pavna Sports Ventures Private Limited
9.	Starpavna Engineers Private Limited
10.	Kwality Auto Products
11.	Swapnil Jain HUF
12.	Pawan Jain HUF
13.	Kailashchandra Jain Keshavdev Jain Educational Trust
14.	Shantinath Akampan Kahan Digamber Jain Trust
15.	Shri Adinath Kundkund Kahan Digamber Jain Trust

Shareholding of the Promoter Group in our Company

For details of shareholding of members of our Promoter Group as on the date of this Draft Prospectus, please see the chapter titled “*Capital Structure – Notes to Capital Structure*” beginning on page no. 58 of this Draft Prospectus.

Companies with which the Promoter has disassociated in the last three years

Except as mentioned below our Promoters have not disassociated themselves from any companies, firms or entities during the last three years preceding the date of this Draft Prospectus:

Mr. Swapnil Jain has disassociated himself from Acharya Kund Kund Educational Society and Pavna Education Systems Private Limited as the company has been struck off by Registrar of Companies. Further, Mr. Swapnil Jain has also resigned from the directorship of Jan Sandesh News Private Limited and Pavna E-Systems and Electronic Private Limited with effect from May 9, 2019 and January 11, 2020.

Outstanding Litigation

There is no outstanding litigation against our Promoter except as disclosed in the section titled “*Risk Factors*” and chapter titled “*Outstanding Litigation and Material Developments*” beginning on page nos. 21 and 218 of this Draft Prospectus.

OUR GROUP COMPANY

The definition of ‘Group Companies’ as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, shall include such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board.

In terms of the SEBI ICDR Regulations and in terms of the policy of materiality defined by the Board pursuant to its resolution dated July 1, 2020, our Group Companies includes:

Those companies disclosed as related parties in accordance with Accounting Standard (“AS 18”) issued by the Institute of Chartered Accountants of India, in the Restated Financial Statements of the Company for the last three financial years.

Provided, companies which have been disclosed as related parties in the Restated Financial Statements of our Company for the last three financial years, and which are no longer associated with our Company have not been disclosed as Group Companies.

Accordingly, PJ Wealth Management And Consultant Private Limited (PJWMCPL) (formerly known as Sarva Shikha Samadhan Private Limited) is identified as our Group Company.

The details of our Group Company are provided below:

PJ WEALTH MANAGEMENT AND CONSULTANT PRIVATE LIMITED (PJWMCPL) (formerly known as Sarva Shikha Samadhan Private Limited)

Corporate Information

PJ Wealth Management And Consultant Private Limited was incorporated on April 9, 2010 under the Companies Act, 1956 in the name Sarva Shikha Samadhan Private Limited as a Private Limited Company, bearing Registration No. 201379. Pursuant to a shareholders resolution dated May 30, 2019, the name of the company was changed to PJ Wealth Management And Consultant Private Limited consequent to a Certificate of Incorporation dated July 16, 2019 issued by Registrar of Companies. The CIN of PJWMCPL is U35990DL2010PTC201379. The Registered Office is situated at A J Chambers (XVI/953-956), 108-109- First Floor Pyare Lal Road (Bank Street), Naiwala, Karol Bagh New Delhi - 110005.

Nature of business

The main objects of PJWMCPL include, *inter alia* to carry on the business globally and in India or elsewhere of manufacture, fabricate and assemble, buy, sell, import, export, distribute and deal in automobile parts of all kinds and descriptions etc. and act as consultants, joint manager, advisers and counsellors.

Financial Information

The financial results derived from the Audited Financial Statements for Fiscals 2019, 2018 and 2017 are set forth below:

(₹ in lakhs)

Particulars	As at March, 31		
	2019	2018	2017
Equity Capital	50.00	50.00	50.00
Reserves and Surplus	2,969.50	2,950.52	2,950.95
Net worth	3,019.50	3,000.52	3,000.95
Total Revenue (including other income)	60.04	-	-
Profit/ (Loss) after tax	18.98	(0.43)	(0.27)
Earnings per share (face value of ₹ 10 each)	3.796	(0.086)	(0.055)
Net asset value per share (₹)	603.90	600.10	600.19

There are no significant notes by the auditors of PJWMCPL in relation to the above mentioned financial statements for the specified last three audited Fiscals.

Material Litigations

There has been no material litigation arises in the group company, which may directly or indirectly affect our Company. For further details, please refer the chapter “*Outstanding Litigation and Material Developments*” on page no. 218 of this Draft Prospectus.

Group Companies which are sick industrial companies

None of our Group Companies has become a sick company under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended.

Group Companies under winding up/insolvency proceedings

None of our Group Companies are under winding up/insolvency proceedings.

Defunct Group Company

During the five years immediately preceding the date of the Draft Prospectus, our Group Companies has not remained defunct and no application has been made to the relevant registrar of companies for striking off the name of our Group Company(ies).

COMMON PURSUITS

PJWMCPL Our Group Company is engaged in activities similar to that of our Company. Our Company ensures necessary procedure and practices as permitted by laws and regulatory guidelines to address any conflict situations as and when they arise. For further details, please refer to the chapter titled “*Financial Information- Annexure XXVI of Restated Standalone Financial Statements*” and “*Annexure XXVI of Restated Consolidated Financial Statements*” beginning on page no. 152 of this Draft Prospectus.

Related Party Transactions and Significance on the Financial Statements

For details, please refer to the chapter titled “*Financial Information- Annexure XXVI of Restated Standalone Financial Statements*” and “*Annexure XXVI of Restated Consolidated Financial Statements*” beginning on page no. 152 of this Draft Prospectus.

Business Interests or Other Interests

Except as disclosed in “*Financial Statements*” on page no. 152 of this Draft Prospectus, our Group Company has no business interest in our Company.

OTHER CONFIRMATIONS

Our Group Company does not have any securities listed on any Stock Exchange. Further, our Group Company has not made any public or rights issue (as defined under the SEBI ICDR Regulations) of securities in the three years preceding the date of this Draft Prospectus.

Further, neither have any of the securities of our Company or our Group Company been refused listing by any stock exchange in India or abroad, nor has our Company or our Group Company failed to meet the listing requirements of any stock exchange in India or abroad.

DIVIDEND POLICY

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. 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 a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous 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 in the last three Financial Years.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the “record date” are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by Our Company.

SECTION VII – FINANCIAL INFORMATION
CONSOLIDATED FINANCIAL STATEMENTS

**INDEPENDENT AUDITOR’S REPORT ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS OF
PAVNA INDUSTRIES LIMITED**

To,

The Board of Directors,
Pavna Industries Limited
Vimlanchalhari Nagar,
Aligarh, Uttar Pradesh- 202001

Dear Sir/Ma’am,

1. We have examined the attached Restated Consolidated Financial Statement along with the significant accounting policies and related notes and Other Financial Information of Pavna Industries Limited (the “Holding Company” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at and for the financial year ended on March 31, 2020 annexed to this report and prepared by the Company for the purpose of inclusion in the Offer Document in connection with its proposed Initial Public Offer (“IPO”) on the Emerge Platform of the National Stock Exchange of India Limited (“NSE”).
2. The preparation of the Restated Consolidated Financial Information is the responsibility of the Management of the Holding Company. The Management’s responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Statement. The Management is also responsible for identifying and ensuring that the Holding Company complies with the Act, the Rules and ICDR Regulations.
3. The said Restated Consolidated 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) Section 26 of Part I of Chapter III to the Companies Act, 2013(“the Act”);
 - ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (“ICDR Regulations”);
 - iii) The terms of reference to our engagements with the Company requesting us to carry out the assignment, in connection with the Draft Prospectus / Prospectus being issued by the Company for its proposed IPO of equity shares; and
 - iv) The Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India (“Guidance Note”).
4. We have examined the accompanied ‘Restated Consolidated Statement of Profit and Loss’ (Annexure – II) for the financial year ended on March 31, 2020, ‘Restated Consolidated Statement of Assets and Liabilities’ (Annexure-I) and the ‘Restated Consolidated Cash Flow Statement’ (Annexure-III) 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 audited Financial Statements for the years ended as at March 31, 2020. The Consolidated Financial Statements for the year ended March 31, 2020 have been audited by us, M/s. Das Maheshwari & Company, Chartered Accountants being the statutory auditors of the company which are all approved by the Board of Directors as on that date and upon which we have placed our reliance while reporting.
5. In terms of Schedule VI (Part A) (11) (A) (II) (i) of the SEBI (ICDR) Regulations, 2018 and other provisions relating to accounts of Pavna Industries Limited, we, Das Maheshwari & Company, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and our certificate is valid as on date.

6. Based on our examination, we further report that:
- a. The “Restated Consolidated Statement of Assets and Liabilities” as set out in Annexure I to this report, of the Company for the year ended March 31, 2020 is prepared by the Company and approved by the Board of Directors. These Restated Consolidated Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure IV & V to this Report.
 - b. The “Restated Consolidated Statement of Profit and Loss” as set out in Annexure II to this report, of the Company for the year ended March 31, 2020 is prepared by the Company and approved by the Board of Directors. These Restated Consolidated Statement of Profit and Loss have been arrived at after making such adjustments and regroupings to the financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure III & IV to this Report.
 - c. The “Restated Consolidated Statement of Cash Flow” as set out in Annexure III to this report, of the Company for the year ended March 31, 2020 is prepared by the Company and approved by the Board of Directors. These Restated Consolidated Statement of Cash Flow have been arrived at after making such adjustments and regroupings to the financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure IV & V to this Report.
 - d. The Restated Consolidated 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 amount in the respective financial years to which they relate.

Which are stated in the Notes to Accounts as set out in **Annexure V**:
 - e. There were no qualifications in the Audit Reports issued by us, being the Statutory Auditor for the financial years ended on March 31, 2020 which would require adjustments in this Restated Consolidated Financial Statements of the Company.
7. 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:

Annexure of Restated Consolidated Financial Statements of the Company:-

- i) Restated Consolidated Statement of Share Capital (Annexure - VI)
- ii) Restated Consolidated Statement of Reserves & Surplus (Annexure - VII)
- iii) Restated Consolidated Statement of Long Term Borrowings (Annexure- VIII)
- iv) Restated Consolidated Statement of Other Long Term Liabilities (Annexure- IX)
- v) Restated Consolidated Statement of Long Term Provisions (Annexure- X)
- vi) Restated Consolidated Statement of Short Term Borrowings (Annexure- XI)
- vii) Restated Consolidated Statement of Trade Payables (Annexure- XII)
- viii) Restated Consolidated Statement of Other Current Liabilities (Annexure- XIII)
- ix) Restated Consolidated Statement of Short Term Provisions (Annexure- XIV)
- x) Restated Consolidated Statement of Property, Plants & Equipments (Annexure- XV)
- xi) Restated Consolidated Statement of Non-current Investment (Annexure - XVI)
- xii) Restated Consolidated Statement of Long Term Loans and Advances (Annexure- XVII)
- xiii) Restated Consolidated Statement of Inventories (Annexure - XVIII)
- xiv) Restated Consolidated Statement of Trade Receivables (Annexure - XIX)
- xv) Restated Consolidated Statement of Cash and Cash Equivalents (Annexure - XX)
- xvi) Restated Consolidated Statement of Short Term Loans and advances (Annexure- XXI)
- xvii) Restated Consolidated Statement of Other Current Assets (Annexure - XXII)

- xviii) Restated Consolidated Statement of Revenue from Operations (Annexure – XXIII)
 - xix) Restated Consolidated Statement of Other Income (Annexure – XXIV)
 - xx) Restated Consolidated Statement of Contingent Liabilities (Annexure XXV)
 - xxi) Restated Consolidated Statement of Related Party Transactions (Annexure – XXVI)
8. In our opinion, the Restated Consolidated Financial Statements and the other Financial Information set forth in Annexure I to XXVI read with the significant accounting policies and notes to the restated consolidated financial statements have been prepared in accordance with section 26 of Companies Act, 2013 and the SEBI Regulations and the Guidance Note on the reports in Company Prospectus (Revised 2019) 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.
9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other Firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for 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 Das Maheshwari & Company,
Chartered accountants
(Firm Registration No. 007259C)

Ghanshyam Das Maheshwari,
Membership No.: 076273
Place: Aligarh
Date: August 14, 2020
UDIN: 20076273AAAABS4425

Annexure I
RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹. in lakhs)

Particulars	As at March 31, 2020
EQUITY AND LIABILITIES	
1.Shareholder's fund	
a) Share Capital	259.40
b) Reserves and surplus	2,418.23
Total Shareholder's Fund(1)	2,677.63
2. Minority Interest	
	814.69
3. Non-Current liabilities	
a) Long Term Borrowings	2,084.54
b) Deferred Tax Liabilities (Net)	27.03
c) Other Long Term Liabilities	55.00
d) Long Term Provisions	254.67
Total(3)	2,421.24
4.Current liabilities	
a) Short Term Borrowings	2,530.91
b) Trade payables	2,338.29
c) Other Current liabilities	1,045.32
d) Short Term Provisions	207.53
Total(4)	6,122.05
TOTAL(1+2+3+4)	12,035.61
ASSETS	
1.Non - Current Assets	
a) Property, plant & equipment	
i.) Tangible assets	4,499.42
ii.) Intangible assets	25.00
b) Long Term Loans and Advances	805.78
c) Other Non-current Assets	2.09
Total (1)	5,332.28
2.Current Assets	
a) Inventories	2,789.22
b) Trade Receivables	2,958.77
c) Cash and Bank Balances	146.33
d) Short Term Loans & Advances	696.43
e) Other current assets	112.56
Total(2)	6,703.32
TOTAL(1+2)	12,035.61

Annexure II
RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020
INCOME:	
Revenue from operations	17,969.47
Other Income	13.38
Total Income	17,982.84
EXPENSES:	
Cost of Materials consumed	12,024.51
Change in inventories	(1,388.80)
Employee benefit expenses	2,216.62
Financial cost	381.13
Depreciation & Amortization expense	436.82
Other Expenses	3,260.47
Total expenses	16,930.76
Profit before Prior period item, exceptional item, extraordinary items and tax	1,052.09
Extraordinary items:	
Loss on sale of Fixed Asset	15.30
Loss on sale of Investment	118.53
Net Profit /(Loss) before tax	918.26
Less: Tax expense	
Current tax	261.62
Deferred tax (assets)/ liabilities	22.90
Total tax expense	284.52
Net profit / (loss) after tax	633.74
Add/(Less): Pre Acquisition Profit/(Loss)	204.86
Net Profit transferred to Reserves	428.88

Annexure III
RESTATED CONSOLIDATED CASH FLOW STATEMENT

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020
Cash Flow From Operating Activities	
Consolidated Net Profit before tax and after extra-ordinary items	918.26
Adjustments for items:	
Depreciation and amortisation expense	436.82
Loss on sale of asset	15.30
Loss on sale of shares	118.53
Interest Income	(1.50)
Finance Cost	381.13
Operating Profit Before Working Capital Adjustments	1,868.54
Adjustment for Changes in Working Capital	
Increase / (decrease) in trade payables	642.00
Increase / (decrease) in Long term Provisions	9.59
Increase / (decrease) in Short term Provisions	521.81
Increase / (decrease) in other long term liabilities	55.00
Increase / (decrease) in other current liabilities	77.13
(Increase) / decrease in trade receivables	(443.29)
(Increase) / decrease in Long Term Loans and advances	(682.83)
(Increase) / decrease in Short Term Loans and advances	(319.87)
Increase / (decrease) in non-other current assets	(0.07)
Increase / (decrease) in other current assets	(101.28)
Increase / (decrease) in Inventories	(1,900.89)
Cash Flow Generated from Operations	(274.15)
Taxes paid	262.54
Net Cash flow from Operating Activities (A)	(536.70)
Cash Flow From Investing Activities	
(Purchase)/ Sale of Property, plant & equipment	(2,499.58)
(Purchase) of Technical know how	(25.00)
Sale of Investment	349.31
Loss on sale of asset	(15.30)
Loss on sale of shares	(118.53)
Interest received	1.50
Net Cash Flow from Investing Activities (B)	(2,307.60)
Cash Flow From Financing Activities	
Issue of Share Capital	162.46
Securities Premium	644.27
Proceeds from/ (Repayment of) Borrowings	2,365.43
Finance cost	(381.13)
Net Cash Flow from Financing Activities (C)	2,791.02
Net Cash Flow during the year (A + B + C)	(53.28)
Cash & Cash equivalent at the beginning of the year	199.61
Cash & Cash Equivalent at the end of the year	146.33

Cash & Cash Equivalents comprises of:

(₹. in lakhs)

Particulars	As at March 31, 2020
Cash on hand	30.87
Balance with Banks	90.26
Balance in Fixed Deposits	25.21
Total	146.33

**ANNEXURE IV
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

1. Corporate Information

The Group consists of 5 units i.e. Pavna Industries Limited (Holding Company) and its 4 subsidiaries Companies namely (1) Pavna Marketing Private Limited (PMPL), (2) Pavna Sunworld Autotech Private Limited (PSAPL), (3) Swapnil Switches Private Limited (SSPL) and (4) Pavna Auto Engineering Private Limited (PAEPL). The Group has been recently re-organized (i.e in Q4 of FY 2019-20) such that all its key manufacturing activities are consolidated into a single corporate Holding Company.

2. Significant Accounting Policies

a. Basis of Consolidation

The Company consolidate entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (“the Group”). Control exists when the Parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- a) the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- b) potential voting rights held by the Company, other vote holders or other parties;
- c) rights arising from other contractual arrangements; and
- d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Profit or Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Whenever necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Details of subsidiary company considered in the consolidated accounts:

Particulars	Extent of Ownership / Control as on March 31, 2020
Pavna Marketing Private Limited	100.00%
Pavna Sunworld Autotech Private Limited	74.00%
Pavna Auto Engineering Private Limited	50.74%
Swapnil Switches Private Limited	50.74%

Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the year ended March 31, 2020 have been prepared using the historical audited general purpose financial statements of the Company as at Financial year ended March 31, 2020 which was prepared under generally accepted accounting principles in India (Indian GAAP) and originally approved by the Board of Directors of the Company at that relevant time.

The financial statements have been prepared on the basis of a going concern assumption, on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles in India, Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable and the provisions of the Companies Act, 2013 as adopted consistently by the Company.

Accounting policies adopted in the preparation of consolidated accounts:

The consolidated accounts related to Pavna Industries Limited (Holding Company) and its subsidiaries namely (1) Pavna Marketing Private Limited (PMPL), (2) Pavna Sunworld Autotech Private Limited (PSAPL), (3) Swapnil Switches Private Limited (SSPL) and (4) Pavna Auto Engineering Private Limited (PAEPL) (hereinafter collectively referred as "Subsidiary Companies"), have been prepared in accordance with AS - 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

The Consolidated Financial Statements have been prepared based on line-by-line consolidation by adding together the book values of each & every item like Assets, Liabilities, Income and Expenses as per the accounts of the Holding Company and its Subsidiary Company and intra group balances/ intra group transactions have been eliminated.

The difference between the cost of Investment in the subsidiaries over the Net Assets at the time of acquisition of shares in the Subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. The Consolidated Financial Statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the holding company's individual accounts.

Current events and actions, actual results could differ from these estimates.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, the useful lives and provision for impairment of fixed assets and intangible assets. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

c. Cash and Bank Balances

Cash and bank balances comprises of two sub-headings, viz., "Cash and cash equivalents" and "Other bank balances." Cash and Cash equivalents constitutes items defined in accordance with AS 3. Cash is defined to include cash on hand and demand deposits with banks. Cash Equivalents are defined as short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Other bank balances would comprise of items such as balances with banks to the extent of held as margin money or security against borrowings etc., and bank deposits with more than three months maturity.

d. Property, Plant & Equipment

Tangible Assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the written down value method, considering a salvage value of 5%. The estimated useful lives of assets are as follows:

Asset	Estimated useful life
Plant & equipment	8 years
Office equipment	10 years
Computers and Computer peripherals	3 years
Building	30 years
Car	8 years
Furniture and fixture	10 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. Subsequent expenditures relating to property, plant and equipment are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in net profit in the Statement of Profit and Loss when incurred. Depreciation is charged from the time asset is available for use. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss.

Intangible Assets

Technical knowhow

Amounts paid towards technical know-how fees for specifically identified projects/products being development expenditure incurred towards product design is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortized over the period of expected future sales from the related product commencing from the month of commencement of commercial production.

e. Depreciation and Amortization

Depreciation on property, plant & equipment is provided on pro-rata basis for the period of use based on useful lives of respective assets as prescribed in the Schedule II of the Companies Act, 2013.

f. Revenue Recognition

Revenue is recognized on mercantile basis.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head 'Other income' in the Statement of profit and loss.

g. Employee Benefits

The company accounts for salaries on accrual basis. Defined Contribution plans and short term employee benefits such as salary, bonus, provident fund, etc. are charged to Profit & Loss account when the contributions are due. The present value of the obligations under defined benefit plans is determined based on an actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit & Loss Account.

h. Foreign currency transactions

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss. Foreign

currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences except those qualifying for hedge accounting are recognized in the Statement of Profit and Loss.

i. Investments

Non-Current investments are stated at cost. Provision for diminution in the value of Non-Current investments is made only if such a decline is other than temporary.

j. Inventories

Inventories are valued at lower of cost and net realisable value; whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sales.

k. Taxes on Income

- i. Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income–tax is recognised as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.
- ii. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other deferred tax assets are recognised only when there is a reasonable certainty of their realization.

l. Provisions and Contingent Liabilities

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. All known liabilities till finalization of accounts are provided for except as disclosed in notes to accounts are contingent liability. Such provisions reflect best estimates based on available information.

However, a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m. Earnings Per Share

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).

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.

n. Segment Reporting

The Group is primarily engaged in the business of manufacture of auto components for two wheeler, four wheelers and commercial vehicle industry, which are governed by the same set of risks and returns but subject to the geographical industry trends and hence the Group's business activities fall within a single primary business segment. Hence disclosure of Segment wise information is not applicable under Accounting Standard – 17 “Segment Information” (AS-17). Geographical segment is not material and hence not reported.

Annexure V
NOTES TO ACCOUNTS

1. Managerial Remuneration

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020
Executive Directors Remuneration	
Salary and allowances	299.28
Non-executive Directors	
Professional Fees	-

2. Remuneration to Auditors

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020
Statutory Audit Fees	0.84
For Taxation Matters	0.25
Other Certification	-

3. Deferred Tax

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020
Deferred tax liabilities/(assets) arising on account of timing difference in:	
Opening Balance	4.12
Depreciation	34.83
Gratuity	(11.93)
Closing Balance	27.03

4. Information regarding Foreign Exchange earnings and expenditure

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020
Imports in Foreign Exchange	945.28
Expenditure in Foreign Exchange	13.69
Exports in Foreign Exchange	479.22

- The company has not received any intimation from supplier regarding their status under micro, small and medium enterprises development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the year-end together with interest payable as required under the said Act have not furnished.
- The Management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.
- There is no Auditor's Qualification in any of the audited Financial Statements of the holding company and the subsidiary companies as at and for the financial years ended on March 31, 2020.

ADJUSTMENTS MADE IN RESTATED CONSOLIDATED FINANCIAL STATEMENTS / REGROUPING NOTES

Adjustments Made In Restated Consolidated Financial Statements

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, 2018.

Material Regrouping:

Appropriate adjustments have been made in the Restated Consolidated Statement of Assets and Liabilities and Restated Consolidated Statement of Profit and Loss, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the Audited financials of the Company for the year ended March 31, 2020, prepared in accordance with Schedule III, and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018.

Annexure VI
RESTATED CONSOLIDATED STATEMENT OF SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2020
Authorised Share Capital- Equity Shares :	
61,00,000 Equity Shares of Rs. 10/- Each	610.00
Total	610.00
Issued Subscribed and Paid Up Capital- Equity Shares:	
25,94,000 Equity Shares of Rs. 10/- each, fully paid up	259.40
Total	259.40

Reconciliation of number of shares outstanding:

Particulars	For the Year ended March 31, 2020
Equity Shares at the beginning of the year	2,59,400
Add:- Increase in quantity of Shares on account of split of Equity Shares ⁽¹⁾	23,34,600
<i>Equity Shares outstanding at the end of the year</i>	25,94,000

⁽¹⁾ Pursuant to EGM held on March 16, 2020, our Company has split the Equity Shares of Face Value of ₹ 100/- each to Equity Shares of face value of ₹ 10/- each.

Details of Shareholders holding more than 5% shares

Name of Shareholder	As at March 31, 2020	
	No. of Shares held	% of Holding
<i>Equity Shareholders</i>		
Mrs. Asha Jain	1,904,290	73.41%
Mr. Swapnil Jain	249,260	9.61%
Mr. Mukesh Jain	339,040	13.07%
Total	2,492,590	96.09%

Annexure VII
RESTATED CONSOLIDATED STATEMENT OF RESERVES AND SURPLUS

(₹ in lakhs)

Particulars	As at March 31, 2020
General Reserve	
Opening Balance	1.12
Add / (Less): Changes during the year	-
Add / (Less): As a result of consolidation	-
Closing Balance (a)	1.12
Surplus	
Opening balance of Profit & Loss	1,980.56
Less: Adjustment in Opening Balance	(2.78)
Add / (Less): Additions during the period	
Profit after tax	408.45
Gratuity provision	(104.24)
Add / (Less): As a result of consolidation	20.43
Closing Balance (b)	2,302.42
Capital Reserve	
Opening Balance	
Add / (Less): As a result of consolidation	114.69
Closing Balance (c)	114.69
Total (a+b+c)	2,418.23

Annexure VIII
RESTATED CONSOLIDATED STATEMENT OF LONG TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2020
SECURED LOAN	
From Banks	55.93
From Financial Institutions	694.25
Total (a)	750.18
UNSECURED LOAN	
From Directors	800.37
From Corporate entities	533.99
Total (b)	1,334.36
Total (a+b)	2,084.54
<i>Current Maturities of Long Term Borrowings</i>	295.54

Note: For details of the Terms of Sanction, Maturity and other details of outstanding loans please refer chapter "Financial Indebtedness" on page 214 of this Draft Prospectus.

Annexure IX
RESTATED CONSOLIDATED STATEMENT OF OTHER LONG TERM LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020
Dealership Deposit	55.00
Total	55.00

Annexure X
RESTATED CONSOLIDATED STATEMENT OF LONG TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2020
Provision for Gratuity	158.42
Provision for Gratuity for earlier years	96.25
Total	254.67

Annexure XI
RESTATED CONSOLIDATED STATEMENT OF SHORT TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2020
SECURED LOAN	
From Banks	1,109.58
From Financial Institutions	1,421.33
Total	2530.91

Note: For details of the Terms of Sanction, Maturity and other details of outstanding loans please refer chapter "Financial Indebtedness" on page 214 of this Draft Prospectus.

Annexure XII
RESTATED CONSOLIDATED STATEMENT OF TRADE PAYABLE

(₹ in lakhs)

Particulars	As at March 31, 2020
Unsecured, considered goods	
Dues to Micro , Small and Medium Enterprises	-
Dues to creditors other than Micro , Small and Medium Enterprises	2,338.29
Total	2,338.29

Annexure XIII
RESTATED CONSOLIDATED STATEMENT OF OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2020
Current Maturities to Long Term Debt	
From Banks	52.72
From Financial Institutions	242.82
Advance from customers	438.88
Other Payables	
Trade mark royalty	86.22
Salary payable	134.70
Statutory Dues payable	75.45
Other Expenses payable	14.53
Total	1,045.32

Annexure XIV
RESTATED CONSOLIDATED STATEMENT OF SHORT TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2020
Provision for Employee Benefit expenses	132.32
Provision for audit fees	0.58
Provision for expense	18.45
Provisions for Income Tax	30.05
Provision for gratuity	18.14
Provision for gratuity for earlier years	7.99
Total	207.53

Annexure XV
RESTATED CONSOLIDATED STATEMENT OF PROPERTY, PLANT & EQUIPMENTS

(₹ in lakhs)

Particulars	As at March 31, 2020
A. TANGIBLE ASSETS	
LAND	
Opening Balance	348.05
Addition during the year/ period	-
Closing Balance	348.05
Building	
Gross Block	659.89
Addition during the year/ period	330.80
Reduction during the year/ period	-
Depreciation during the year/ period	(16.09)
Accumulated Depreciation	(231.67)

Particulars	As at March 31, 2020
Closing Balance(Net Block)	759.02
Plant and machinery	
Gross Block	2,989.76
Addition during the year/ period	2,137.87
Reduction during the year/ period	-
Depreciation During the year/ period	(362.84)
Accumulated Depreciation	(2,083.83)
Closing Balance(Net Block)	3,043.80
Furniture and Fixture	
Gross Block	65.18
Addition during the year/ period	47.62
Reduction during the year/ period	-
Depreciation During the year/ period	(5.01)
Accumulated Depreciation	(55.46)
Closing Balance(Net Block)	57.34
Office Equipment	
Gross Block	51.35
Addition during the year/ period	10.00
Reduction during the year/ period	-
Depreciation During the year/ period	(3.56)
Accumulated Depreciation	(35.29)
Closing Balance(Net Block)	26.06
Vehicles	
Gross Block	401.76
Addition during the year/ period	-
Reduction during the year/ period	(88.26)
Depreciation During the year/ period	(44.76)
Less: Disposal- depreciation	(54.96)
Accumulated Depreciation	(111.75)
Closing Balance(Net Block)	201.75
Computer And Computer Peripherals	
Gross Block	205.73
Addition during the year/ period	6.59
Reduction during the year/ period	-
Depreciation During the year/ period	(4.26)
Accumulated Depreciation	(148.94)
Closing Balance(Net Block)	63.39
B. INTANGIBLE ASSETS	
Technical Know How	25.00
Total Tangible Assets (Gross Block)	7,166.34
Accumulated Depreciation on Tangible Assets	(2,666.93)
A. Net Tangible Asset (Net Block)	4,499.42
B. Net Intangible Asset (Net Block)	25.00

Annexure XVI
RESTATED CONSOLIDATED STATEMENT OF LONG TERM LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at March 31, 2020
Advance for Land	80.00
Security Deposits	725.78
Total	805.78

Annexure XVII
RESTATED CONSOLIDATED STATEMENT OF OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2020
Preliminary Expense	2.09
Total	2.09

Annexure XVIII
RESTATED CONSOLIDATED STATEMENT OF INVENTORIES

(₹ in lakhs)

Particulars	As at March 31, 2020
Raw Materials	775.01
Work in progress	1,380.54
Store & spares	123.59
Finished goods-trading	510.08
Total	2,789.22

Annexure XIX
RESTATED CONSOLIDATED STATEMENT OF TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2020
Outstanding (more than six months)	
Doubtful	100.61
Total (a)	100.61
Others (Less Than Six Months)	
Unsecured, Considered Good :	2,858.16
Total (b)	2,858.16
Total (a+b)	2,958.77

Annexure XX
RESTATED CONSOLIDATED STATEMENT OF CASH & BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2020
Cash & Cash Equivalent	
Cash-in-Hand	30.86
Bank Balance	90.26
Other Bank Balances	
Fixed Deposit	25.21
Total	146.33

Annexure XXI
RESTATED CONSOLIDATED STATEMENT OF SHORT TERM LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at March 31, 2020
(Unsecured, considered good unless otherwise specified)	
Advances to suppliers	444.61
Balance with Government Authorities	233.21
Advance to employees	0.70
Tds receivable from BFL	1.40
Compensation receivable	7.65
Auto Expo expense	8.87
Total	696.43

Annexure XXII
RESTATED CONSOLIDATED STATEMENT OF OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2020
Prepaid Expense	18.67
Advance Tax	88.08
Preliminary Expense	5.82
Total	112.56

Annexure XXIII
RESTATED CONSOLIDATED STATEMENT OF REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2020
Sale of manufactured goods	18,327.76
Sale of Traded goods	2,002.75
Total	18,327.76
Local sales	17,848.54
Export Sales	479.22

Annexure XXIV
RESTATED CONSOLIDATED STATEMENT OF OTHER INCOME

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2020
Interest on FDR	1.50
Export incentive	8.39
Rate difference	0.25
Rent received	0.60
Interest on late payment	1.75
Other Income	0.89
Total	13.38

Annexure XXV
RESTATED CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES

(₹ in lakhs)

Particulars	For the Year Ended March 31, 2020
Contingent Liabilities	-
Total	

Annexure XXVI
RESTATED CONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTIONS

The company has entered into following related party transactions for the periods covered under audit. Such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

(i) Key Managerial Personnel and their Relatives

For the Year Ended March 31, 2020
Mrs. Asha Jain
Mr. Pawan Jain
Mr. Swapnil Jain
Mrs. Priya Jain
Mr. Ajay Maheshwari

(ii) Associates / Enterprises over which any person described in (i) is able to exercise significant influence

For the Year Ended March 31, 2020
P.J. Wealth Management and Consultant Private Limited
Die Cast Solutions (Partnership Firm)
Sunworld Moto Industrial Co Ltd

(iii) Particulars of Transactions with Related Parties

Key Management Personnel and their Relatives

(₹ in lakhs)

Particulars	As at March 31, 2020
1) Finance	
Loans Taken	
Opening Balance	22.04
Loan taken during the year	1,448.93
Interest (Net of TDS)	23.37
Loan repaid during the year	693.96
Outstanding at the end of the year	800.37
2) Expense	
Remuneration	299.28
Salary	54.00
Rent (including machine and lease rentals)	27.19
Trademark royalty	79.83
Interest (Gross)	26.31
3) Deposits	
Security Deposit	500.00

Associates / Enterprises over which any person described in (i) is able to exercise significant influence Associates

(₹ in lakhs)

Particulars	As at March 31, 2020
1) Finance	
Loans Taken	
Opening Balance	
Loan taken during the year	530.00
Interest (Net of TDS)	13.99
Loan repaid during the year	10.00
Outstanding at the end of the year	533.99
2) Expense	
Interest (Gross)	15.54
Diecasting charges	11.55
3) Intangible Asset	
Technical Know How	12.50
4) Money towards Investment in shares	
Sale of Investment in shares	762.28

(iv) Intercompany Transactions

On consolidation, following transactions and balances with the subsidiary companies namely (1) Pavna Marketing Private Limited (PMPL), (2) Pavna Sunworld Autotech Private Limited (PSAPL), (3) Swapnil Switches Private Limited (SSPL) and (4) Pavna Auto Engineering Private Limited (PAEPL) have been eliminated:

(₹ in lakhs)

Particulars	As at March 31, 2020
1) Purchase & Sales	
PIL & PAEPL	112.18
PIL & SSPL	22.56
PIL & PMPL	1,382.20
PIL & PSAPL	0.00
PAEPL & PIL	63.00
PAEPL & SSPL	4.24
PAEPL & PMPL	305.40
SSPL & PAEPL	0.05
SSPL & PIL	100.91
SSPL & PMPL	363.64
PSAPL & PMPL	6.86
2) Creditors & Debtors	
PIL & PAEPL	11.41
PIL & SSPL	7.59
PIL & PMPL	60.83
PIL & PSAPL	0.00
PAEPL & PIL	27.94
PAEPL & SSPL	0.30
PAEPL & PMPL	215.96
SSPL & PMPL	193.28
PSAPL & PMPL	8.78
3) Investment	
Investment by PIL in SSPL	197.76

Particulars	As at March 31, 2020
Investment by PIL in PAEPL	499.98
Investment by PIL in PMPL	10.00
Investment by PIL in PSAPL	74.00
Share call money paid in advance by PIL to PAEPL	0.04

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.

OTHER FINANCIAL INFORMATION

RESTATED CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS

(₹ in Lakhs except no. of shares)

Particulars	For the year ended March 31, 2020
Restated Consolidated Net Profit as per P&L Account	428.88
Actual Number of Equity Shares outstanding at the end of the year	25,94,000
Equivalent Weighted Average number of Equity Shares at the end of the year	51,88,000
Equity Share Capital	259.40
Reserves & Surplus	2,418.23
Less: Miscellaneous Expense written off	(2.09)
Net Worth	2,675.53
Earnings Per Share (EPS):	
Basic & Diluted EPS	8.27
Return on Net Worth (%)	16.03%
Net Asset Value Per Share (Rs) - based on actual no. of equity shares at the end of the year	103.14
Net Asset Value Per Share (Rs) - based on actual no. of equity shares with bonus effect at the end of the year ⁽¹⁾	51.57
Nominal Value per Equity share (Rs.)	10.00

⁽¹⁾ As on March 31, 2020; the Company's paid up equity capital consist of 25,94,000 fully paid up equity shares of face value of ₹ 10/- each. Our Company has after March 31, 2020 allotted an aggregate of 25,94,000 equity shares of ₹ 10 each as bonus issue.

Notes to Accounting Ratios:

- 1) Formulas used for calculating above ratios are as under:
 - a) Basic EPS is being calculated by using the formula: (Restated Consolidated Net Profit after Tax / Equivalent Weighted Average No. of equity Shares outstanding during the year)
 - b) Diluted EPS is being calculated by using the formula: (Restated Consolidated Net Profit after Tax / Diluted Equivalent Weighted Average No. of potential equity Shares outstanding during the year)
 - c) Net worth is being calculated by using the formula: (Equity Share Capital + Reserves & Surplus (excluding Revaluation Reserves) – Miscellaneous Expenses not written off)
 - d) Net Asset Value is being calculated by using the formula: (Restated Net Worth / Actual Number of Equity Shares at end of the year)
 - e) Return on Net worth (%) is being calculated by using the formula: (Restated Consolidated Profit After Tax / Restated Networth) *100
- 2) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the period adjusted by the number of Equity Shares issued during period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.
- 3) The Calculation of Earnings Per Share (EPS) as disclosed in the Profit and Loss Account has been made in accordance with Accounting Standard (AS - 20) on Earnings Per Share issued by the Institute of Chartered Accountants of India.

4) The above Ratios have been computed on the basis of the Restated Financial Information for the respective year/ period.

The above statements should be read with the Notes to Restated Financial Statements.

For Das Maheshwari & Company,
Chartered accountants
(Firm Registration No. 007259C)

Ghanshyam Das Maheshwari,
Membership No.: 076273
Place: Aligarh
Date: August 14, 2020
UDIN: 20076273AAAABT2946

CAPITALISATION STATEMENT

To,
The Board of Directors,
Pavna Industries Limited
 Vimlanchalhari Nagar,
 Aligarh, Uttar Pradesh- 202001

Sub: Proposed Public Issue of Pavna Industries Limited.

Dear Sir,

We have prepared the Statement of Capitalization based on the information & documents provided and relied upon for the purpose of inclusion of the same in the Draft Prospectus being issued by you. Statement of Capitalization is as under:

RESTATED CONSOLIDATED STATEMENT OF CAPITALISATION

(₹ in lakhs)

Particular	As at March 31, 2020		Post Issue
	Pre Bonus	Post Bonus*	
Borrowings			
Long Term Debt (including current maturities of long term debt) (A)	2,380.08	2,380.08	2,380.08
Short Term Debt (B)	2,530.91	2,530.91	2,530.91
Total debts (C=A+B)	4,910.99	4,910.99	4,910.99
Shareholders' funds			
Equity share capital (D)	259.40	518.80	[•]
Reserve and surplus - as restated (E)	2,418.23	2,158.83	[•]
Total shareholders' funds (F=D+E)	2,677.63	2,677.63	[•]
Long Term Debt (including current maturities of long term debt)/ shareholders funds	0.89	0.89	[•]
Total debt / shareholders funds	1.83	1.83	[•]

The above has been computed on the basis of Restated Consolidated Financials of the Company.

**Post March 31, 2020, Pursuant to Board Meeting held on June 13, 2020 the Company had issued 25,94,000 Bonus Shares in the proportion of 1 Equity Share for every 1 Equity Share held, by capitalization of Free Reserves.*

For Das Maheshwari & Company,
Chartered accountants
 (Firm Registration No. 007259C)

Ghanshyam Das Maheshwari,
 Membership No.: 076273
 Place: Aligarh
 Date: August 14, 2020
 UDIN: 20076273AAAABR3983

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT ON RESTATED STANDALONE FINANCIAL STATEMENTS OF PAVNA INDUSTRIES LIMITED

To,
The Board of Directors,
Pavna Industries Limited
Vimlanchalhari Nagar,
Aligarh, Uttar Pradesh- 202001

Dear Sir/Ma'am,

1. We have examined the attached Restated Standalone Financial Statement along with the significant accounting policies and related notes and Other Financial Information of Pavna Industries Limited (the 'Company') as at and for the financial years ended on March 31, 2020, 2019 and 2018 annexed to this report and prepared by the Company for the purpose of inclusion in the Offer Document in connection with its proposed Initial Public Offer ("IPO") on the Emerge Platform of the National Stock Exchange of India Limited ("NSE").
2. The said Restated Standalone Financial Statements and other Financial Information have been prepared in accordance with the requirements of:
 - i) Section 26 of Part I of Chapter III to the Companies Act, 2013("the Act");
 - ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ("ICDR Regulations");
 - iii) The terms of reference to our engagements with the Company requesting us to carry out the assignment, in connection with the Draft Prospectus / Prospectus being issued by the Company for its proposed IPO of equity shares; and
 - iv) The Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India ("Guidance Note").
3. We have examined the accompanied 'Restated Standalone Statement of Profit and Loss' (Annexure – II) for the financial years ended on March 31, 2020, 2019 and 2018 and the 'Restated Standalone 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 the financial years ended on March 31, 2020, 2019 and 2018. The Financial Statements for the year ended March 31, 2020 have been audited by us, M/s. Das Maheshwari & Company, Chartered Accountants being the statutory auditors of the company. Financials for the year ended March 31, 2019 and March 31, 2018 was audited by Arun Varshney & Associates, Chartered Accountant, being the then Statutory Auditor of the Company for the respective years, which are all approved by the Board of Directors as on that date and upon which we have placed our reliance while reporting.
4. In terms of Schedule VI (Part A) (11) (II) (A) (i) of the SEBI (ICDR) Regulations, 2018 and other provisions relating to accounts of Pavna Industries Limited, we, Das Maheshwari & Company, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and our certificate is valid as on date.
5. Based on our examination, we further report that:
 - a. The "Restated Standalone Statement of Assets and Liabilities" as set out in Annexure I to this report, of the Company for the years ended March 31, 2020, 2019 and 2018 is prepared by the Company and approved by the Board of Directors. These Restated Standalone Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure IV & V to this Report.

- b. The “Restated Standalone Statement of Profit and Loss” as set out in Annexure II to this report, of the Company for the years ended March 31, 2020, 2019 and 2018 is prepared by the Company and approved by the Board of Directors. These Restated Standalone Statement of Profit and Loss have been arrived at after making such adjustments and regroupings to the financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure IV & V to this Report.
- c. The “Restated Standalone Statement of Cash Flow” as set out in Annexure III to this report, of the Company for the years ended March 31, 2020, 2019 and 2018 is prepared by the Company and approved by the Board of Directors. These Restated Standalone Statement of Cash Flow have been arrived at after making such adjustments and regroupings to the financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in Annexure IV & V to this Report.
- d. The Restated Standalone 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 amount in the respective financial years to which they relate.

Which are stated in the Notes to Accounts as set out in **Annexure V**:

- e. There were no qualifications in the Audit Reports issued by Statutory Auditor(s) for the financial years ended on March 31, 2020, 2019 and 2018 which would require adjustments in this Restated Standalone Financial Statements of the Company.
 - f. The Company has not paid any dividend since its incorporation
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:

Annexure of Restated Standalone Financial Statements of the Company:-

- i) Restated Standalone Statement of Share Capital (Annexure - VI)
- ii) Restated Standalone Statement of Reserves & Surplus (Annexure - VII)
- iii) Restated Standalone Statement of Long Term Borrowings (Annexure- VIII)
- iv) Restated Standalone Statement of Long Term Provisions (Annexure- IX)
- v) Restated Standalone Statement of Short Term Borrowings (Annexure- X)
- vi) Restated Standalone Statement of Trade Payables (Annexure- XI)
- vii) Restated Standalone Statement of Other Current Liabilities (Annexure- XII)
- viii) Restated Standalone Statement of Short Term Provisions (Annexure- XIII)
- ix) Restated Standalone Statement of Property, Plants & Equipments (Annexure- XIV)
- x) Restated Standalone Statement of Non-current Investment (Annexure - XV)
- xi) Restated Standalone Statement of Long Term Loans and Advances (Annexure- XVI)
- xii) Restated Standalone Statement of Inventories (Annexure - XVII)
- xiii) Restated Standalone Statement of Trade Receivables (Annexure - XVIII)
- xiv) Restated Standalone Statement of Cash and Cash Equivalents (Annexure - XIX)
- xv) Restated Standalone Statement of Short Term Loans and advances (Annexure- XX)
- xvi) Restated Standalone Statement of Other Current Assets (Annexure - XXI)
- xvii) Restated Standalone Statement of Revenue from Operations (Annexure – XXII)
- xviii) Restated Standalone Statement of Other Income (Annexure – XXIII)
- xix) Restated Standalone Statement of Contingent Liabilities (Annexure XXIV)
- xx) Restated Standalone Statement of Dividend Declared (Annexure XXV)
- xxi) Restated Standalone Statement of Related Party Transactions (Annexure – XXVI)
- xxii) Standalone Statement of Tax Shelter (Annexure XXVII)

7. In our opinion, the Restated Standalone Financial Statements and the other Financial Information set forth in Annexure I to XXVII read with the significant accounting policies and notes to the restated standalone financial statements have been prepared in accordance with section 26 of Companies Act, 2013 and the SEBI Regulations and the Guidance Note on the reports in Company Prospectus (Revised 2019) 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 be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other Firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements 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 Das Maheshwari & Company,
Chartered accountants
(Firm Registration No. 007259C)

Ghanshyam Das Maheshwari,
Membership No.: 076273
Place: Aligarh
Date: August 14, 2020
UDIN: 20076273AAAABW5170

Annexure I
RESTATED STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
EQUITY AND LIABILITIES			
1.Shareholder's fund			
a)Share Capital	259.40	259.40	259.40
b)Reserves and surplus	2,283.11	1,874.66	1,288.53
Total Shareholder's Fund(1)	2,542.51	2,134.06	1,547.93
2. Non-Current liabilities			
a)Long Term Borrowings	2,076.30	271.88	364.41
b)Deferred Tax Liabilities (Net)	33.80	9.26	22.57
c)Long Term Provisions	124.74	96.25	80.09
Total(2)	2,234.84	377.39	467.07
3.Current liabilities			
a) Short Term Borrowings	1,761.29	1,509.85	1,293.97
b) Trade payables	1,866.06	1,766.22	944.72
c) Other Current liabilities	888.24	412.02	226.38
d) Short Term Provisions	143.39	154.41	95.93
Total(3)	4,658.99	3,842.51	2,560.99
TOTAL(1+2+3)	9,436.34	6,353.96	4,575.99
ASSETS			
1.Non - Current Assets			
a) Property, plant & equipment			
i.) Tangible assets	4,356.83	2,297.28	1,373.86
ii.) Intangible assets	-	-	-
b) Non-current Investment	781.74	1,131.05	1,131.05
c) Long Term Loans and Advances	101.72	122.44	2.44
Total (1)	5,240.30	3,550.77	2,507.35
2.Current Assets			
a) Inventories	1,811.66	505.25	196.16
b) Trade Receivables	1,922.94	1,884.45	1,530.87
c) Cash and Bank Balances	31.55	52.53	29.06
d)Short Term Loans & Advances	349.86	349.47	288.17
e) Other current assets	80.03	11.50	24.39
Total(2)	4,196.04	2,803.19	2,068.64
TOTAL(1+2)	9,436.34	6,353.96	4,575.99

Annexure II
RESTATED STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
INCOME:			
Revenue from operations	13,620.11	13,787.66	10,663.08
Other Income	11.11	10.25	14.56
Total Income	13,631.21	13,797.91	10,677.64
EXPENSES:			
Cost of Materials consumed	8,987.57	9,629.27	7,583.84
Change in inventories	(847.06)	(198.22)	(34.97)
Employee benefit expenses	1,637.85	928.47	543.64
Financial cost	321.32	162.75	190.21
Depreciation & Amortization expense	415.88	250.73	206.61
Other Expenses	2,369.33	2,228.99	1,698.52
Total expenses	12,884.88	13,001.99	10,187.84
Profit before Prior period item, exceptional item, extraordinary items and tax	746.33	795.93	489.80
Prior period items	-	-	-
Profit before exceptional item, extraordinary items and tax	746.33	795.93	489.80
Exceptional items	-	-	-
Profit before extraordinary items and tax	746.33	795.93	489.80
Extraordinary items:			
Loss on sale of Fixed Asset	15.30	-	-
Loss on sale of Investment	118.53	-	-
Net Profit /(Loss) before tax	612.51	795.93	489.80
Less: Tax expense			
Current tax	179.52	223.10	166.04
Deferred tax (assets)/ liabilities	24.54	(13.30)	(0.47)
Total tax expense	204.06	209.80	165.57
Net profit / (loss) after tax	408.45	586.13	324.23

Annexure III
RESTATED STANDALONE CASH FLOW STATEMENT

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Cash Flow From Operating Activities			
Net Profit before tax and after extra-ordinary items	612.51	795.93	489.80
Adjustments for items:			
Depreciation and amortisation expense	415.88	250.73	206.61
Loss on sale of asset	15.30	-	-
Loss on sale of shares	118.53	-	-
Interest Income	(0.97)	(0.90)	(0.78)
Finance Cost	321.32	162.75	190.21
Operating Profit Before Working Capital Adjustments	1,482.55	1,208.50	885.84
Adjustment for Changes in Working Capital			
Increase / (decrease) in trade payables	99.84	821.51	197.53
Increase / (decrease) in Long term Provisions	28.49	16.15	9.46
Increase / (decrease) in Short term Provisions	476.22	185.65	(32.85)
Increase / (decrease) in other current liabilities	(11.02)	58.49	46.27
(Increase) / decrease in trade receivables	(38.49)	(353.59)	258.70
(Increase) / decrease in Long Term Loans and advances	20.72	(120.00)	(0.41)
(Increase) / decrease in Short Term Loans and advances	(0.39)	(61.29)	(262.36)
Increase / (decrease) in Inventories	(1,306.41)	(309.09)	(46.20)
Increase / (decrease) in other current assets	(68.53)	12.89	(2.59)
Cash Flow Generated from Operations	682.98	1,459.22	1,053.39
Taxes paid	179.52	223.10	166.57
Net Cash flow from Operating Activities (A)	503.47	1,236.12	886.83
Cash Flow From Investing Activities			
(Purchase)/ Sale of Property, plant & equipment	(2,475.43)	(1,174.15)	(217.96)
Changes in Non-current Investment	349.31	-	(461.90)
Loss on sale of asset	(15.30)		
Loss on sale of shares	(118.53)	-	-
Interest received	0.97	0.90	0.78
Net Cash Flow from Investing Activities (B)	(2,258.98)	(1,173.25)	(679.08)
Cash Flow From Financing Activities			
Proceeds from/ (Repayment of) Borrowings	2,055.86	123.35	(51.18)
Finance cost	(321.32)	(162.75)	(190.21)
Net Cash Flow from Financing Activities (C)	1,734.54	(39.39)	(241.39)
Net Cash Flow during the year (A + B + C)	(20.97)	23.47	(33.64)
Cash & Cash equivalent at the beginning of the year	52.53	29.06	62.70
Cash & Cash Equivalent at the end of the year	31.55	52.53	29.06

Cash & Cash Equivalents comprises of:

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Cash on hand	7.85	7.90	4.04
Balance with Banks	8.97	30.59	13.27
Balance in Fixed Deposits	14.73	14.05	11.76
Total	31.55	52.53	29.06

**ANNEXURE IV
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

1. Corporate Information

Pavna Industries Limited ('PIL' or 'the Company'), having its registered office at Vimlanchal, Gopal Puri, Aligarh, India, was incorporated on April 19, 1994. The Company is engaged in business of manufacturing of Locks, Auto Locks and Auto Parts in India.

2. Significant Accounting Policies

a. Basis of preparation of Financial Statements

The financial statements have been prepared on the basis of a going concern assumption, on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles in India, Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable and the provisions of the Companies Act, 2013 as adopted consistently by the Company.

b. Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, the useful lives and provision for impairment of fixed assets and intangible assets. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

c. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period associated with investing or financial cash flows.

d. Cash and Bank Balances

Cash and bank balances comprises of two sub-headings, viz., "Cash and cash equivalents" and "Other bank balances". Cash and Cash equivalents constitutes items defined in accordance with AS 3. Cash is defined to include cash on hand and demand deposits with banks. Cash Equivalents are defined as short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Other bank balances would comprise of items such as balances with banks to the extent of held as margin money or security against borrowings etc., and bank deposits with more than three months maturity.

e. Property, Plant & Equipment

Tangible Assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the written down value method, considering a salvage value of 5%. The estimated useful lives of assets are as follows:

Asset	Estimated useful life
Plant & equipment	8 years
Office equipment	10 years
Computers and Computer peripherals	3 years
Building	30 years

Car	8 years
Furniture and fixture	10 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. Subsequent expenditures relating to property, plant and equipment are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in net profit in the Statement of Profit and Loss when incurred. Depreciation is charged from the time asset is available for use. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss.

f. Depreciation and Amortization

Depreciation on property, plant & equipment is provided on pro-rata basis for the period of use based on useful lives of respective assets as prescribed in the Schedule II of the Companies Act, 2013.

g. Revenue Recognition

Revenue is recognized on mercantile basis.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head 'Other income' in the Statement of profit and loss.

h. Employee Benefits

The company accounts for salaries on accrual basis. Defined Contribution plans and short term employee benefits such as salary, bonus, provident fund, etc. are charged to Profit & Loss account when the contributions are due. The present value of the obligations under defined benefit plans is determined based on an actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit & Loss Account.

i. Foreign currency transactions

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences except those qualifying for hedge accounting are recognized in the Statement of Profit and Loss.

j. Investments

Non-Current investments are stated at cost. Provision for diminution in the value of Non-Current investments is made only if such a decline is other than temporary.

k. Inventories

Inventories are valued at lower of cost and net realisable value; whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sales.

l. Taxes on Income

- i. Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income tax Act, 1961) over normal income-tax is recognised as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.
- ii. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax

losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other deferred tax assets are recognised only when there is a reasonable certainty of their realization.

m. Provisions and Contingent Liabilities

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. All known liabilities till finalization of accounts are provided for except as disclosed in notes to accounts are contingent liability. Such provisions reflect best estimates based on available information.

However, a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

n. Earnings Per Share

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).

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.

o. Segment Reporting

The Company's only identifiable reportable segment is manufacturing of automotive components and hence disclosure of Segment wise information is not applicable under Accounting Standard – 17 “Segment Information” (AS-17). Geographical segment is not material and hence not reported.

Annexure V
NOTES TO ACCOUNTS

1. Managerial Remuneration

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Executive Directors Remuneration			
Salary and allowances	108.00	97.25	84.00
Non-executive Directors			
Professional Fees	-	-	-

2. Remuneration to Auditors

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Statutory Audit Fees	0.22	0.20	0.20
For Taxation Matters	0.08	0.08	0.08
Other Certification	-	-	-

3. Deferred Tax

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Deferred tax liabilities/(assets) arising on account of timing difference in:			
Opening Balance	9.26	22.57	23.04
Depreciation	33.13	(13.30)	(0.47)
Gratuity	(8.58)	-	-
Closing Balance	33.80	9.26	22.57

4. Information regarding Foreign Exchange earnings and expenditure

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Imports in Foreign Exchange	943.38	193.40	180.18
Expenditure in Foreign Exchange	7.87	4.57	-
Exports in Foreign Exchange	479.22	458.90	496.95

5. The company has not received any intimation from supplier regarding their status under micro, small and medium enterprises development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the year-end together with interest payable as required under the said Act have not furnished.
6. The Management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.
7. Previous year figures have been regrouped and reclassified whenever necessary to confirm to the current year classification.
8. There is no Auditor's Qualification in any of the audited Financial Statements as at and for the financial years ended on March 31, 2020, 2019 and 2018.

ADJUSTMENTS MADE IN RESTATED STANDALONE FINANCIAL STATEMENTS / REGROUPING NOTES

Adjustments having impact on profit

Changes in Reserves and Surplus due to impact on profit after tax as detailed in the above table has been restated for the financial years 2019-20, 2018-19 and 2017-18.

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Reserves & Surplus as per audited financial statement	2,283.11	1,981.68	1,374.36
Add/ (Less): Impact on Profit/ Loss A/c			
Adjustment in rate difference- FY 17-18	-	(0.92)	0.92
Adjustment in rate difference- FY 18-19	-	(2.78)	
Gratuity Expense	-	(17.49)	(10.24)
Add/ (Less): Difference in opening reserves	--	(85.83)	(76.50)
Reserves & Surplus as per restated standalone financial statement	2,283.11	1,874.66	1,288.53

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 and Disclosure Requirements) Regulations 2018.

Annexure VI
RESTATED STANDALONE STATEMENT OF SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Authorised Share Capital :			
3,00,000 Equity Shares of Rs. 100/- Each	-	300.00	300.00
61,00,000 Equity Shares of Rs. 10/- Each	610.00		
Total	610.00	300.00	300.00
Issued Subscribed and Paid Up Capital:			
<i>Equity Shares</i>			
2,59,400 Equity Shares of Rs. 100/- each, fully paid up	-	259.40	259.40
25,94,000 Equity Shares of Rs. 10/- each, fully paid up	259.40	-	-
Total	259.40	259.40	259.40

Reconciliation of number of shares outstanding:

Particulars	Year ended March 31,		
	2020	2019	2018
<i>Equity Shares</i>			
Equity Shares at the beginning of the year	259,400	259,400	259,400
Add:- Increase in quantity of Shares on account of split of Equity Shares ⁽¹⁾	2,334,600	-	-
Equity Shares outstanding at the end of the year	2,594,000	259,400	259,400

⁽¹⁾ Pursuant to EGM held on March 16, 2020, our Company has subdivided the face value of the Equity Share from ₹ 100/- to ₹ 10/- each.

Details of Shareholders holding more than 5% shares

Name of Shareholder	As at March 31,					
	2020		2019		2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<i>Equity Shareholders</i>						
Mrs. Asha Jain	1,904,290	73.41%	190,429	73.41%	190,429	73.41%
Mr. Swapnil Jain	249,260	9.61%	24,926	9.61%	24,926	9.61%
Mr. Mukesh Jain	339,040	13.07%	33,904	13.07%	33,904	13.07%
Total	2,492,590	96.09%	249,259	96.09%	249,259	96.09%

Annexure VII
RESTATED STANDALONE STATEMENT OF RESERVES AND SURPLUS

(₹. in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
General Reserve			
Opening Balance	1.12	1.12	1.12
Add / (Less): Changes during the year			
Closing Balance (a)	1.12	1.12	1.12
Surplus			
Opening balance of Profit & Loss	1,873.54	1,287.41	1,040.21
Add/ (Less): Adjustments in opening balance			
Tax adjustment	-	-	(0.53)
Gratuity provision	-	-	(76.50)
Add / (Less): Additions during the period			

Particulars	As at March 31,		
	2020	2019	2018
Profit after tax	408.45	586.13	324.23
Closing Balance (b)	2,281.99	1,873.54	1,287.41
Total (a+b)	2,283.11	1,874.66	1,288.53

Annexure VIII
RESTATED STANDALONE STATEMENT OF LONG TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
SECURED LOAN			
From Banks	47.69	100.41	-
From Financial Institutions	694.25	149.43	279.67
Total (a)	741.94	249.84	279.67
UNSECURED LOAN			
From Directors	800.37	6.02	30.14
From Related Parties	-	16.02	54.60
From Corporate entities	533.99	-	-
Total (b)	1,334.36	22.04	84.74
Total (a+b)	2,076.30	271.88	364.41
<i>Current Maturities of Long Term Borrowings</i>	<i>288.09</i>	<i>163.81</i>	<i>142.11</i>

Note: For details of the Terms of Sanction, Maturity and other details of outstanding loans please refer chapter "Financial Indebtedness" on page 201 of this Draft Prospectus.

Annexure IX
RESTATED STANDALONE STATEMENT OF LONG TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Provision for Gratuity	28.49	16.15	9.46
Provision for Gratuity for earlier years	96.25	80.09	70.64
Total	124.74	96.25	80.09

Annexure X
RESTATED STANDALONE STATEMENT OF SHORT TERM BORROWINGS

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
SECURED LOAN			
From Banks	539.96	601.16	359.94
From Financial Institutions	1,221.33	908.69	934.03
Total	1,761.29	1,509.85	1,293.97

Note: For details of the Terms of Sanction, Maturity and other details of outstanding loans please refer chapter "Financial Indebtedness" on page 201 of this Draft Prospectus.

Annexure XI
RESTATED STANDALONE STATEMENT OF TRADE PAYABLE

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Unsecured, considered goods			
Dues to Micro, Small and Medium Enterprises	-	-	-
Dues to creditors other than Micro, Small and Medium Enterprises	1,866.06	1,766.22	944.72
Total	1,866.06	1,766.22	944.72

Annexure XII
RESTATED STANDALONE STATEMENT OF OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Current Maturities to Long Term Debt			
From Banks	52.72	48.20	-
From Financial Institutions	235.37	115.61	142.11
Advance from customers	369.78	130.16	14.32
Other Payables			
Trade mark royalty	73.55	-	-
Salary payable	103.71	76.45	-
Statutory Dues payable	53.11	41.60	69.95
Total	888.24	412.02	226.38

Annexure XIII
RESTATED STANDALONE STATEMENT OF SHORT TERM PROVISIONS

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Provision for Employee Benefit expenses	114.29	125.99	61.59
Provision for audit fees	0.30	0.28	0.28
Provision for expense	18.45	20.16	27.41
Provision for gratuity	2.37	1.34	0.79
Provision for gratuity for earlier years	7.99	6.65	5.87
Total	143.39	154.41	95.93

Annexure XIV
RESTATED STANDALONE STATEMENT OF PROPERTY, PLANT & EQUIPMENTS

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
A. TANGIBLE ASSETS			
LAND			
Opening Balance	348.05	51.55	51.55
Addition during the year/ period	-	296.50	-
Closing Balance	348.05	348.05	51.55
Building			
Gross Block	644.80	504.62	435.63
Addition during the year/ period	330.80	140.18	68.99

Particulars	As at March 31,		
	2020	2019	2018
Depreciation during the year/ period	(15.72)	(10.74)	(9.46)
Accumulated Depreciation	(226.50)	(210.77)	(200.04)
Closing Balance(Net Block)	749.10	434.02	304.58
Plant and machinery			
Gross Block	2,732.41	2,230.69	2,089.67
Addition during the year/ period	2,117.09	501.72	141.02
Reduction during the year/ period	-	-	-
Depreciation During the year/ period	(351.70)	(207.19)	(169.00)
Accumulated Depreciation	(1,878.26)	(1,526.56)	(1,319.37)
Closing Balance(Net Block)	2,971.24	1,205.85	911.32
Furniture and Fixture			
Gross Block	44.63	41.57	41.57
Addition during the year/ period	47.62	3.06	-
Reduction during the year/ period	-	-	-
Depreciation During the year/ period	(4.56)	(1.99)	(1.73)
Accumulated Depreciation	(36.83)	(32.27)	(30.28)
Closing Balance(Net Block)	55.42	12.36	11.29
Office Equipment			
Gross Block	38.65	22.81	21.47
Addition during the year/ period	7.73	15.84	1.34
Reduction during the year/ period	-	-	-
Depreciation During the year/ period	(3.23)	(3.27)	(1.63)
Accumulated Depreciation	(23.46)	(20.23)	(16.96)
Closing Balance(Net Block)	22.92	18.42	5.85
Vehicles			
Gross Block	346.97	151.02	146.71
Addition during the year/ period	-	220.55	4.31
Reduction during the year/ period	(88.26)	(24.60)	-
Depreciation During the year/ period	(36.81)	(25.29)	(16.04)
Less: Disposal- depreciation	(54.96)	(17.01)	-
Accumulated Depreciation	(62.85)	(81.00)	(72.72)
Closing Balance(Net Block)	195.86	265.97	78.30
Computer And Computer Peripherals			
Gross Block	118.19	114.29	111.99
Addition during the year/ period	5.49	3.90	2.30
Reduction during the year/ period	-	-	-
Depreciation During the year/ period	(3.85)	(2.26)	(8.75)
Accumulated Depreciation	(109.43)	(105.58)	(103.32)
Closing Balance(Net Block)	14.25	12.61	10.97
Total Tangible Assets (Gross Block)	6,694.16	4,273.69	3,116.54
Accumulated Depreciation on Tangible Assets	(2,337.33)	(1,976.41)	(1,742.69)
Net Tangible Asset (Net Block)	4,356.83	2,297.28	1,373.86

Annexure XV
RESTATED STANDALONE STATEMENT OF NON-CURRENT INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Investment in equity instruments (unquoted)			
Subsidiary companies			
Shares of Swapnil Switches Private Limited	197.76	-	-
Shares of Pavna Marketing Private Limited	10.00	-	-
Shares of Pavna Sunworld Autotech Private Limited	74.00	-	-
Shares of Pavna Auto Engineering Private Limited	499.98	-	-
Others			
Shares of P.J. Wealth Management and Consultant Private Limited	-	1,131.05	1,131.05
Total	781.74	1,131.05	1,131.05

Annexure XVI
RESTATED STANDALONE STATEMENT OF LONG TERM LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Advance for Land	80.00	120.00	-
Security Deposits	21.72	2.44	2.44
Total	101.72	122.44	2.44

Annexure XVII
RESTATED STANDALONE STATEMENT OF INVENTORIES

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Raw Materials	543.50	150.47	52.45
Work in progress	1,177.58	330.52	132.30
Store & spares	90.58	24.26	11.41
Total	1,811.66	505.25	196.16

Annexure XVIII
RESTATED STANDALONE STATEMENT OF TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Outstanding (more than six months)			
Doubtful	17.07	6.27	7.27
Total (a)	17.07	6.27	7.27
Others (Less Than Six Months)			
Unsecured, Considered Good :	1,905.87	1,878.18	1,523.60
Total (b)	1,905.87	1,878.18	1,523.60
Total (a+b)	1,922.94	1,884.45	1,530.87

Annexure XIX
RESTATED STANDALONE STATEMENT OF CASH & BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Cash & Cash Equivalents			
Cash-in-Hand	7.85	7.90	4.04
Bank Balance	8.97	30.59	13.27
Other Bank Balances			
Fixed Deposit	14.73	14.05	11.76
Total	31.55	52.53	29.06

Annexure XX
RESTATED STANDALONE STATEMENT OF SHORT TERM LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
(Unsecured, considered good unless otherwise specified)			
Advances to creditors	198.64	343.62	284.03
Balance with Government Authorities	151.22	5.84	4.14
Total	349.86	349.47	288.17

Annexure XXI
RESTATED STANDALONE STATEMENT OF OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Advance money for Shares call	0.04	-	-
Prepaid Expense	15.87	8.91	20.85
Advance Tax	64.13	2.59	3.54
Total	80.03	11.50	24.39

Annexure XXII
RESTATED STANDALONE STATEMENT OF REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Sale of manufactured goods	13,620.11	13,787.66	10,663.08
Total	13,620.11	13,787.66	10,663.08
Local sales	13,140.88	13,328.76	10,166.13
Export Sales	479.22	458.90	496.95

Annexure XXIII
RESTATED STANDALONE STATEMENT OF OTHER INCOME

(₹ in Lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Interest on FDR	0.97	0.90	0.78
Export incentive	8.39	8.23	8.13
Rate difference	0.25	-	5.65
Rent received	0.60	1.13	-
Other Income	0.89	-	-
Total	11.11	10.25	14.56

Annexure XXIV
RESTATED STANDALONE STATEMENT OF CONTINGENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
Contingent Liabilities	-	-	-
Total	-	-	-

Annexure XXV
STATEMENT OF DIVIDEND DECLARED

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
On Equity Shares			
Fully Paid up Share Capital (₹ in lakhs)	259.40	259.40	259.40
Face Value (₹)	10.00	10.00	10.00
Paid up value per share ⁽¹⁾ (₹)	10.00	10.00	10.00
Rate of Dividend	-	-	-
Total Dividend	-	-	-
Corporate Dividend tax on above	-	-	-

⁽¹⁾ The Face Value of the Equity Shares for the year March 31, 2019 and 2018 was ₹ 100/-. However, for comparison purposes, the same has been considered as face value of ₹ 10/- per Equity Share.

Annexure XXVI
RESTATED STANDALONE STATEMENT OF RELATED PARTY TRANSACTIONS

The company has entered into following related party transactions for the periods covered under audit. Such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

(v) Key Managerial Personnel

For the Year Ended March 31,		
2020	2019	2018
Mrs. Asha Jain	Mrs. Asha Jain	Mrs. Asha Jain
Mr. Pawan Jain	Mr. Pawan Jain	Mr. Pawan Jain
Mr. Swapnil Jain	Mr. Swapnil Jain	Mr. Swapnil Jain
-	Mr. Mukesh Jain	Mr. Mukesh Jain

(vi) Relatives of Key Managerial Personnel

For the Year Ended March 31,		
2020	2019	2018
Mrs. Priya Jain	Mrs. Priya Jain	Mrs. Priya Jain
-	Ms. Akanshsha Jain	Ms. Akanshsha Jain
-	Mrs. Shivani Jain	Mrs. Shivani Jain
-	Mrs. Mamta Jain	Mrs. Mamta Jain
-	Mukesh Jain HUF	Mukesh Jain HUF
Pawan Jain HUF	Pawan Jain HUF	Pawan Jain HUF

(vii) Associates / Enterprises over which any person described in (i) and (ii) is able to exercise significant influence

For the year ended March 31,		
2020	2019	2018
Swapnil Switches Private Limited	Swapnil Switches Private Limited	Swapnil Switches Private Limited
Pavna Auto Engineering Private Limited	Pavna Auto Engineering Private Limited	Pavna Auto Engineering Private Limited

P.J. Wealth Management and Consultant Private Limited	P.J. Wealth Management and Consultant Private Limited	P.J. Wealth Management and Consultant Private Limited
Pavna Sunworld Autotech Private Limited	Pavna Sunworld Autotech Private Limited	Pavna Sunworld Autotech Private Limited
Pavna Marketing Private Limited	Pavna Marketing Private Limited	Pavna Marketing Private Limited

(viii) Particulars of Transactions with Related Parties

Key Management Personnel

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
1) Finance			
<u>Loans Taken</u>			
Opening Balance	6.02	30.14	-
Loan taken during the year	1,268.50	114.00	58.00
Interest (Net of TDS)	20.77	2.81	1.20
Loan repaid during the year	494.91	140.94	29.07
Outstanding at the end of the year	800.37	6.02	30.14
2) Expense			
Remuneration	108.00	97.25	93.60
Rent (including lease rentals)	8.50	9.50	11.58
Trademark royalty	68.10	68.94	26.89
Interest (Gross)	23.08	3.12	1.33
3) Money towards Investment in shares			
Investment in shares	0.02	-	-

Relatives of Key Managerial Personnel

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
1) Finance			
<u>Loans Taken</u>			
Opening Balance	16.02	54.60	-
Loan taken during the year	79.00	31.00	58.75
Interest (Net of TDS)	2.60	3.22	0.85
Loan repaid during the year	97.62	72.80	5.00
Outstanding at the end of the year	-	16.02	54.60
2) Expense			
Salary	36.00	26.50	22.50
Interest (Gross)	2.89	3.58	0.94

Associates / Enterprises over which any person described in (i) and (ii) is able to exercise significant influence

(₹ in lakhs)

Particulars	As at March 31,		
	2020	2019	2018
1) Finance			
<u>Loans Taken</u>			
Opening Balance	-	-	-
Loan taken during the year	530.00	-	-
Interest (Net of TDS)	13.99	-	-
Loan repaid during the year	10.00	-	-
Outstanding at the end of the year	533.99	-	-

Particulars	As at March 31,		
	2020	2019	2018
2) Expense			
Interest (Gross)	15.54	-	-
3) Sales/ Purchase			
Purchase	163.91	141.44	48.34
Sales	1,516.95	218.62	23.73
4) Debtors/Creditors O/s Balance			
Debtors/ Advances to suppliers	79.84	6.70	-
Creditors/ Advances from customers	27.94	28.36	20.29
5) Money towards Investment in shares			
Investment in shares	781.72	-	-
Sale of Investment in shares	762.28	-	-
Advance money for share call	0.04	-	-

**Annexure XXVII
STANDALONE STATEMENT OF TAX SHELTER**

(₹ in Lakhs)

Particulars	As at March 31,		
	2020*	2019	2018
Tax Rates			
Income Tax Rate (%)	27.82%	27.82%	33.06%
Minimum Alternate Tax Rate (%)	19.24%	19.06%	19.06%
Income from Business or Profession			
Restated Profit before tax as per books (A)	612.51	795.93	489.80
Income considered separately			
Interest income	0.97	0.90	0.78
Total income considered separately (B)	0.97	0.90	0.78
Timing Differences			
Book Depreciation	415.88	250.73	206.61
Income Tax Depreciation Allowance	547.89	272.27	205.04
Total Timing Differences (C)	(132.01)	(21.54)	1.57
Permanent Differences			
Add : Disallowable under Sec 36	30.86	17.49	10.24
Add : Donation	0.01	1.41	3.01
Add : loss on sale of assets	15.30	2.59	
Add : loss on sale of investment	118.53	-	-
Add : Interest on Delay payment of TDS	0.09	-	-
Total Permanent Differences (D)	164.78	21.50	13.25
Income from Business or Profession (E)=(A-B+C+D)	644.31	794.98	503.84
Income from other sources			
Interest income	0.97	0.90	0.78
Total Income from other sources (F)	0.97	0.90	0.78
Capital Gain			
Long Term Capital Asset			
Loss on sale of investment	118.53	-	-

Particulars	As at March 31,		
	2020*	2019	2018
Less: Loss C/d	(118.53)	-	-
Total Income from Capital gain (G)	-	-	-
Deductions under Chapter VIA			
Deduction under 80G	-	-	1.50
Total Deductions under Chapter VIA (H)	-	-	1.50
Total Taxable income (E+F+G-H)	645.28	795.88	503.12
Income Tax on above	179.52	221.41	166.35
Book Profit for MAT	612.51	795.93	489.80
MAT on Book Profit	117.85	151.66	93.33
Tax paid as per normal or MAT	NORMAL	NORMAL	NORMAL
Less: TDS	0.10	1.90	0.08
Less: Advance Tax	240.00	220.25	169.50
Add: Interest Payable	-	0.67	1.87
Deposit u/s 140A	-	0.96	0
Tax Payable	(60.58)	(1.03)	(1.37)
Tax paid as per returns	(60.58)	-	(1.67)
Difference	0.00	(1.03)	0.30

*Income tax return for FY 19-20 is pending for filing as on the date of this Draft Prospectus.

Notes:

1. The aforesaid Restated Standalone 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.

OTHER FINANCIAL INFORMATION

RESTATED STANDALONE STATEMENT OF ACCOUNTING RATIOS

(₹. in Lakhs except no. of shares)

Particulars	For the year ended March 31,		
	2020	2019	2018
Restated Net Profit as per P&L Account	408.45	586.13	324.23
Actual Number of Equity Shares outstanding at the end of the year	25,94,000	25,94,000	25,94,000
Equivalent Weighted Average number of Equity Shares at the end of the year	51,88,000	51,88,000	51,88,000
Equity Share Capital	259.40	259.40	259.40
Reserves & Surplus	2,283.11	1,874.66	1,288.53
Less: Miscellaneous Expense written off	-	-	-
Net Worth	2,542.51	2,134.06	1,547.93
Earnings Per Share (EPS):			
Basic & Diluted EPS	7.87	11.30	6.25
Return on Net Worth (%)	16.06%	27.47%	20.95%
Net Asset Value Per Share (₹) - based on actual no. of equity shares at the end of the year	98.01	82.27	59.67
Net Asset Value Per Share (₹) - based on actual no. of equity shares with bonus effect at the end of the year ⁽¹⁾	49.01	41.13	29.84
Nominal Value per Equity share (₹) ⁽²⁾	10.00	10.00	10.00

⁽¹⁾ As on March 31, 2020; the Company's paid up equity capital consist of 25,94,000 fully paid up equity shares of face value of ₹ 10/- each. Our Company has after March 31, 2020 allotted an aggregate of 25,94,000 equity shares of ₹ 10 each as bonus issue.

⁽²⁾ The Face Value of the Equity Shares for the year March 31, 2019 and 2018 was ₹ 100/-. However, for comparison purposes, the same has been considered as face value of ₹ 10/- per Equity Share and accordingly equivalent no of shares are considered.

Notes to Accounting Ratios:

- 5) Formulas used for calculating above ratios are as under:
- f) Basic EPS is being calculated by using the formula: (Net Profit after Tax / Equivalent Weighted Average No. of equity Shares outstanding during the year)
 - g) Diluted EPS is being calculated by using the formula: (Net Profit after Tax / Diluted Equivalent Weighted Average No. of potential equity Shares outstanding during the year)
 - h) Net worth is being calculated by using the formula: (Equity Share Capital + Reserves & Surplus (excluding Revaluation Reserves) – Miscellaneous Expenses not written off)
 - i) Net Asset Value is being calculated by using the formula: (Restated Net Worth / Actual Number of Equity Shares at end of the year)
 - j) Return on Net worth (%) is being calculated by using the formula: (Restated Profit After Tax / Restated Networth) *100
- 6) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the period adjusted by the number of Equity Shares issued during period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.

- 7) The Calculation of Earnings Per Share (EPS) as disclosed in the Profit and Loss Account has been made in accordance with Accounting Standard (AS - 20) on Earnings Per Share issued by the Institute of Chartered Accountants of India.
- 8) The above Ratios have been computed on the basis of the Restated Financial Information for the respective year/period.

The above statements should be read with the Notes to Restated Financial Statements.

For Das Maheshwari & Company,
Chartered accountants
(Firm Registration No. 007259C)

Ghanshyam Das Maheshwari,
Membership No.: 076273
Place: Aligarh
Date: August 14, 2020
UDIN: 20076273AAAABV1500

CAPITALISATION STATEMENT

To,
The Board of Directors,
Pavna Industries Limited
 Vimlanchalhari Nagar,
 Aligarh, Uttar Pradesh- 202001

Sub: Proposed Public Issue of Pavna Industries Limited.

Dear Sir,

We have prepared the Statement of Capitalization based on the information & documents provided and relied upon for the purpose of inclusion of the same in the Prospectus being issued by you. Statement of Capitalization is as under:

RESTATED STANDALONE STATEMENT OF CAPITALIZATION

(₹ in lakhs)

Particular	As at March 31, 2020		Post Issue
	Pre Bonus	Post Bonus*	
Borrowings			
Long Term Debt (including current maturities of long term debt) (A)	2,364.40	2,364.40	2,364.40
Short Term Debt (B)	1,761.29	1,761.29	1,761.29
Total Debt (C=A+B)	4,125.69	4,125.69	4,125.69
Shareholders' Funds			
Equity Share Capital (D)	259.40	518.80	[•]
Reserve and Surplus - as Restated (E)	2,283.11	2,023.71	[•]
Total shareholders' Funds (F=D+E)	2,542.51	2,542.51	[•]
Long Term Debt (including current maturities of long term debt)/ shareholders funds	0.93	0.93	[•]
Total Debt/ Shareholders Funds	1.62	1.62	[•]

The above has been computed on the basis of Restated Standalone Financials of the Company.

**Post March 31, 2020, Pursuant to Board Meeting held on June 13, 2020 the Company had issued 25,94,000 Bonus Shares in the proportion of 1 Equity Share for every 1 Equity Share held, by capitalization of Free Reserves.*

For Das Maheshwari & Company,
Chartered accountants
 (Firm Registration No. 007259C)

Ghanshyam Das Maheshwari,
 Membership No.: 076273
 Place: Aligarh
 Date: August 14, 2020
 UDIN: 20076273AAAABU8262

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis of our financial condition and results of operations are based on, and should be read in conjunction with the Restated Financial Statements, the notes and significant accounting policies thereto and the Reports thereon included in the section “Financial Statements” beginning on page no. 152 of this Draft Prospectus.

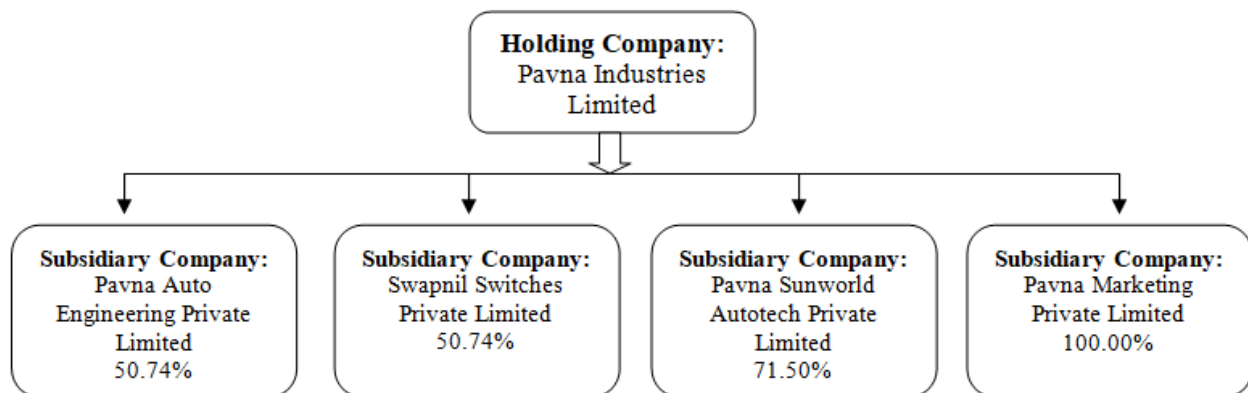
Our Restated Consolidated Financial Statements for the financial year ended March 31, 2020 and the Restated Standalone Financial Statements for the financial years ended March 31, 2020, 2019 and 2018; the notes and significant accounting policies thereto and the reports thereon in “Financial Statements” on page 152 of this Draft Prospectus, have been prepared in accordance with the Companies Act, Indian GAAP and the SEBI ICDR Regulations.

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. 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. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under “Risk Factors” on page no.21 of this Draft Prospectus.

BUSINESS OVERVIEW

Our Company along with its subsidiaries is engaged in the business of manufacturing of automotive parts, providing solutions for automobile applications and serving automobile & other applications worldwide. Our focus is manufacturing quality & customer oriented components, catering to Original Equipment Manufacturers (OEM) & providing automotive after-market solutions.

The current corporate structure of our Company is explained as below:



We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles. Our Company has a varied client base and we are committed to continuing to diversify our product offerings, customer base and geographical footprint, thereby minimizing our exposure to individual geographies and industry sectors.

Our Company along with its subsidiaries has a diversified product portfolio, which consists of high-quality reliable parts such as Ignition Switches, Fuel Tank Caps, Latches, Auto Locks, Handles, Switches, Oil Pump, Carburettor, Throttle Body, Fuel Cocks, Injection System, Casting Components etc. We also provide aftermarket sales and services. Our aftermarket products include products manufactured by us such as filters, clutch plates, bearings, wiper blades and brake shoes.

We have ultra modern manufacturing plants in India, located in Aligarh (Uttar Pradesh), Aurangabad (Maharashtra), & Pantnagar (Uttarakhand). Our facilities are located in key auto-clusters and some of the facilities are in close proximity to the plants of our OEM customers. The proximity of our facilities to the plants of our OEM customers also facilitates greater interaction with our customers, thereby enabling us to respond to their requirements in a timely manner. The

facilities have been laid out to match best plant engineering standards as our plants are busy producing automotive products in large quantities as per our customer's exacting standards. Our units are ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and IATF 16949:2016 certified.

We undertake research and development with a focus on technologically advanced products, innovation, enhancing our products portfolio, improving the quality of our products and our manufacturing processes both independently and through cooperation with our customers. Our research and development capabilities are a result of a combination of the technological knowledge of our joint venture partners and technical collaborators, and those that we have internally developed. We have entered into joint ventures and technical collaboration with Sunworld Moto Industrial Co.

The Founder of our Company Mr. Pawan Jain and the Managing Director and Promoters of our Company Mr. Swapnil Jain and Mrs. Asha Jain have substantial experience in the automotive industry. Our Promoters have sound knowledge of manufacturing process, marketing, finance and all kind of other commercial activities related to the automotive industry. Mr Swapnil Jain actively participates in timely execution of the orders and is the guiding force behind the growth and business strategy of our Company. We are also led by a qualified management team that has substantial industry, operational and financial experience, supported by a skilled work force. As on March 31, 2020, our company had a total work force of 737 full-time employees (other than Directors) (including skilled, semi skilled and unskilled employees).

Significant Factors Affecting our Results of Operations

Our business is subject to various risks and uncertainties, including those discussed in the section titled "*Risk Factors*" on page 21 of this Draft Prospectus.

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future:

Market conditions affecting the automotive industry

We are engaged in the manufacture of a wide range of automotive components primarily catering to various vehicle segments including two/ three/ four wheelers, heavy and light commercial vehicles, tractors, utility vehicles and off road vehicles. Sales of our products are directly related to the production and sales of automobiles by our major customers.

Production and sales of automobiles and off-highway vehicles may be affected by general economic or industry conditions, and may result in fluctuations in our revenues and is also subject to various factors beyond our control, including, widespread or prolonged changes in consumer confidence, employment levels, exchange rates, inflation rates, fuel prices, interest rates, labour relations issues, technological developments, regulatory requirements and trade agreements. In addition, a reduction in consumer spending in the countries including India where we sell our products, or generally weak economic conditions in the countries where our operations are located, could adversely impact our business and results of operations. The cyclical nature of the industry, both globally and in regions in which we operate, may result in fluctuation in our revenues across periods.

Our business operations are dependent on the demand for vehicles and production by our OEM customers in India and other jurisdictions, who are dependent on the general economic conditions in the regions in which they operate as well as the economic conditions that affect their customers. Our export sales are dependent upon the general economic condition of the countries where we sell our products. In addition, our export sales are also dependent upon the policies of the governments of the importing countries and any changes to the policies of these countries relating to the exports from India, or the quality, characteristics and variety of the products exported by us to such countries could impact our revenues from exports.

We have a diversified customer base across markets and geographies along with a wide range of products which we believe helps in reducing our sensitivity to economic cycles in certain geographies and markets, however, we are still particularly affected by factors affecting the vehicle industry globally. Any deterioration in economic conditions in any of our key markets that is widespread and/or long-lasting, such as the global economic downturn which resulted in a decline in sales could have a significant impact on our results of operations and financial condition

Relationship with and Purchasing Pattern of our Customers

We have a diversified customer base and believe that we have strong and long established relationships with most of our customers. Although our products are sold to a large number of customers across various markets, a significant portion of

our revenue is derived from our top five customers, which constitutes 74.71% and 86.16% of our revenue from operations for the year ending March 31, 2020, as per our restated consolidated financial statements and restated standalone financial statements respectively. Significant reliance on these and other major customers may result in certain pricing pressures. Any loss or significant decrease in business from one or more of our significant customers would have an adverse effect on our sales. In addition, the income from these customers may vary from year to year.

Demand for our products from these customers has a significant impact on our results of operations and financial condition, and our sales are particularly affected by the inventory and production levels of our key customers. We cannot predict when our customers will decide to either increase or reduce inventory levels which may have an impact on us. We may experience reduction in cash flows and liquidity if we lose one or more of our major customers or if the amount of business from them is reduced for any reason. For some of our customers, we have some arrangements which defines the terms and conditions of purchases by such customers. These purchase orders specify the price at which the products are to be supplied and the quantities are supplied based on delivery schedules provided by the customers based on their own demand and supply situation. Although our customers provide us with forecasts of annual business volumes, which enable us to predict our income for a portion of our business, the actual orders are only placed by way of on-going purchase orders. Our customers do not provide a firm commitment for any specific product quantity and purchase orders may be amended or cancelled prior to finalisation. Actual production volumes may vary from these estimates due to variations in consumer demand for the related vehicles leading to underutilized capacity or incurring additional expenditure to deploy additional resources to meet delivery timelines.

Further, our OEM customers choose automobile component manufacturers also based on pricing. We have in the past and will likely continue to experience pressure to reduce our prices. Accordingly, we intend to continue to innovate and introduce new products and applications as well as continue to carefully manage and reduce our operating costs in order to maintain our current margins and competitive position.

Availability and price of raw materials

Our business operations are primarily dependent on the supply of raw materials including, zinc aluminium, plastics, brass, sheet metal parts and nickel among others. We also purchase products which we use directly as input materials, including materials which do not require any processing. Such materials are referred as 'bought-out materials / parts'. Cost of raw material consumed represented 65.99%, 69.84% and 71.12% of our revenue from operations for the year ending March 31, 2020, 2019 and 2018, respectively as per our restated standalone financial statements. Our financial condition and results of operations are significantly impacted by the availability and cost of such raw materials.

The prices for the raw materials are influenced by various factors, including, changes in global economic conditions, industry cycles, demand-supply dynamics, attempts by particular producers to capture market share and speculation in the market. At times, we may not be able to pass on any increase in commodity or raw material prices to our customers. We seek to increase our margins by improving our procurement and obtaining better credit terms from our suppliers and better financing terms under our working capital facilities. We have a diversified supplier base and we believe that this helps us in minimising supplier risk due to low supplier concentration. While we do not have any long – term contracts with any of our raw material as well as bought out parts suppliers, we have maintained a long term relationship with each of the major suppliers. However, in certain cases, our customers specify the vendor from whom raw materials are to be procured as well as the price for such procurement. In such cases, we lose such margin which we could have otherwise obtained by procuring our raw materials at a cheaper price from other vendors.

Competition and pricing pressure

The automotive industry is highly competitive, and we primarily compete based on product quality and features, innovation and product development time, and ability to control pricing pressures. We face global competition in our business, which is based on many factors, including product quality and reliability, product range, product design and innovation, manufacturing capabilities, distribution channels, scope and quality, price, customer loyalty and brand recognition.

Our competition varies by market, geographic areas and type of product. We compete with a variety of independent suppliers and distributors, as well as the in-house operations of certain OEM. Some of our competitors are focused on sub-markets within targeted industries, while others have greater financial, technical and/or marketing resources than we have along with longer operating histories and greater market penetration, which could enhance their ability to finance acquisitions, fund international growth and/ or respond more quickly to technological changes. Further, there are no entry barriers in this industry and any expansion in capacity of existing manufacturers would further intensify competition. We

believe that the major competitors of our Company in the geographical markets that we operate in are Pritika Auto Industries Limited, Minda Corporation Limited, Sandhar Technologies Limited, Jay Ushin Limited, Aurangabad Electricals Limited, Pricol Limited, UCAL Auto Private Limited.

We also encounter competition from similar and alternative products. Additionally, as we further expand our presence in emerging markets we face competitive price pressures from low-cost producers in these markets, and we expect such price pressures to increase as our customers continue to expand their manufacturing footprints in these markets, thereby providing opportunities for local manufacturers to compete.

COVID-19 Pandemic

The current outbreak of COVID-19 pandemic and the preventative or protective actions that governments around the world have taken to counter the effects of the pandemic have resulted in a period of economic downturn and business disruption in India, as well as in countries where our customers and suppliers are located. The World Health Organization declared the outbreak of COVID-19 as a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020. The Government of India announced a nation-wide lockdown on March 24, 2020 and imposed several restrictions.

Since we are engaged in manufacturing of automotive components, our products were not categorized under the 'essential goods' and hence our manufacturing facilities were shut down during this pandemic. During the initial stages of the lockdown our business operations were disrupted. Since then, we have resumed operations in a phased manner as per the Government of India and state government's directives. We have resumed our manufacturing activities after making arrangements to meet the government's requirements on sanitization, people movement and social distancing. However, due to limited availability of labour, raw material suppliers, logistics and supply chain constraints, our plant is operating at sub-optimal capacity utilization. For further impact of COVID-19 on our business, our Company and our industry, please see "Risk Factors" on page 21 of this Draft Prospectus. We are continuing to closely monitor the economic conditions and the effect of COVID-19 and have outlined certain measures to combat the pandemic situation and to minimize the impact on our business.

Main Components of our Profit and Loss Account

Our revenue and expenses are reported in the following manner:

Revenue: Total revenue consists of revenue from operations and other income

Other Income: Other income includes Interest received on deposit with bank and others, export incentive, rental income, rate difference etc.

Expenses: Expenses consists of cost of material consumed, changes in inventories, employee benefit expenses, financial costs, depreciation and amortisation expense and other expenses.

Cost of Material Consumed: Cost of raw materials includes purchase of raw materials like zinc, aluminium, plastics, brass, sheet metal parts etc. for our manufacturing process.

Changes in inventories: Consists of changes in work-in-progress and finished products, if any.

Employee benefit expenses: Employee benefit expenses comprises of salaries, wages and bonus paid to employees, contribution to provident and other funds, staff welfare expenses and director's remuneration.

Finance Cost: Finance cost includes interest expenses on secured and unsecured loans availed from Banks/ Financial Institutions/ Directors etc. and other borrowing costs such as commission and charges by banks, Letter of Credit charges and other Bank charges.

Depreciation and Amortization expenses: Depreciation and amortization expenses comprises of depreciation on tangible assets.

Other expenses: Other expenses include Consumption of Stores, Spares, Packing & Tools, Diecasting & job work, freight & forwarding expense, legal and professional fees, non-competitive fee, power & fuel, repair & maintenance and other miscellaneous expenses.

RESULTS OF OUR CONSOLIDATED OPERATIONS

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020	
	Amount	% of Total Income
INCOME:		
Revenue from operations	17,969.47	99.93%
Other Income	13.38	0.07%
Total Income	17,982.84	100.00%
EXPENSES:		
Cost of Materials consumed	12,024.51	66.87%
Change in inventories	(1,388.80)	-7.72%
Employee benefit expenses	2,216.62	12.33%
Financial cost	381.13	2.12%
Depreciation & Amortization expense	436.82	2.43%
Other Expenses	3,260.47	18.13%
Total expenses	16,930.76	94.15%
Profit before Prior period item, exceptional item, extraordinary items and tax	1,052.09	5.85%
Extraordinary items:		
Loss on sale of Fixed Asset	15.30	0.09%
Loss on sale of Investment	118.53	0.66%
Net Profit /(Loss) before tax	918.26	5.11%
Less: Tax expense		
Current tax	261.62	1.45%
Deferred tax (assets)/ liabilities	22.90	0.13%
Total tax expense	284.52	1.58%
Net profit / (loss) after tax	633.74	3.52%
Add/(Less): Pre Acquisition Profit/(Loss)	204.86	1.14%
Net Profit transferred to Reserves	428.88	2.38%

NOTE:

The Group consists of our Company and our Subsidiary Companies namely (1) Pavna Marketing Private Limited (PMPL) (Date of control: April 30, 2019), (2) Pavna Sunworld Autotech Private Limited (PSAPL) (Date of control: January 27, 2020), (3) Swapnil Switches Private Limited (SSPL) (Date of control: March 30, 2020) and (4) Pavna Auto Engineering Private Limited (PAEPL) (Date of control: March 31, 2020). Figures for the year ended March 31, 2020 is computed on the basis of line by line consolidation of Our Company and our Subsidiary Companies.

Review for the year ended March 31, 2020

Income

Our total income for the year ending March 31, 2020 was ₹ 17,982.84 lakhs. In the current period, the revenue earned from operations is ₹ 17,696.47 lakhs or 99.93% of the total income. Other income for said period was recorded at ₹ 13.38 lakhs or 0.07% of total income.

Cost of Material Consumed

The cost of material consumed for the year ending March 31, 2020 was ₹ 12,024.51 lakhs. As a proportion of our total income, it was 66.87%.

Changes in Inventories

Changes in inventories of work-in-progress for the year ending March 31, 2020 was ₹ (1,388.80) lakhs. As a proportion of our total income, it was (7.72)%.

Employee Benefit Expenses

Our Employee Benefit Expenses for the year ending March 31, 2020 was ₹ 2,216.62 lakhs. As a proportion of our total income it was 12.33%.

Financial Cost

Our Financial Cost for the year ending March 31, 2020 was ₹ 381.13 lakhs i.e. 2.12% of the total income for the year.

Depreciation and Amortization Expenses

Our Depreciation and Amortization Expenses for the year ending March 31, 2020 ₹ 436.82 lakhs. As a proportion of total income it was 2.43%.

Other Expenses

Our Other Expenses for the year ending March 31, 2020 was ₹ 3,260.47 lakhs. As a proportion of our total income it was 18.13%.

Profit/ (Loss) Profit before exceptional and extraordinary items and tax

Profit before exceptional and extraordinary items and tax for the year ending March 31, 2020 was ₹ 1,052.09 lakhs i.e. 5.85% of our total income.

Profit/ (Loss) before Tax

After deducting extraordinary items amounting to ₹ 133.82 lakhs or 0.74% of our total income, Profit before Tax for the year ending March 31, 2020 was ₹ 918.26 lakhs i.e. 5.11% of our total income.

Tax Expenses

Our tax expenses during the year ended March 31, 2020 was ₹ 284.52 lakhs, consisting of ₹ 261.62 lakhs of current tax provision and ₹ 22.90 lakhs of deferred tax.

Profit/ (Loss) after Tax

Profit after Tax for the year ended March 31, 2020 was ₹ 633.74 lakhs, of which ₹ 428.88 lakhs was attributable to the shareholders of our Company and the remaining of ₹ 204.86 lakhs was attributable to the non-controlling interests.

RESULTS OF OUR STANDALONE OPERATIONS

(₹ in lakhs)

Particulars	For the Year ended March 31,					
	2020		2019		2018	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
INCOME:						
Revenue from Operations	13,620.11	99.92%	13,787.66	99.93%	10,663.08	99.86%
Other Income	11.11	0.08%	10.25	0.07%	14.56	0.14%
Total income	13,631.21	100.00%	13,797.91	100.00%	10,677.64	100.00%
EXPENSES:						
Cost of Materials Consumed	8,987.57	65.93%	9,629.27	69.79%	7,583.84	71.03%
Change in inventory	(847.06)	(6.21)%	(198.22)	(1.44)%	(34.97)	(0.33)%
Employee benefit expense	1,637.85	12.02%	928.47	6.73%	543.64	5.09%
Financial costs	321.32	2.36%	162.75	1.18%	190.21	1.78%
Depreciation and amortization expense	415.88	3.05%	250.73	1.82%	206.61	1.93%
Other expenses	2,369.33	17.38%	2,228.99	16.15%	1,698.52	15.91%
Total expenses	12,884.88	94.52%	13,001.99	94.23%	10,187.84	95.41%
Profit before Exceptional and Extraordinary Items and Tax	746.33	5.48%	795.93	5.77%	489.80	4.59%
Exceptional Items and Extraordinary Items						
Loss on sale of Fixed Asset	15.30	0.11%	-	-	-	-
Loss on sale of Investment	118.53	0.87%	-	-	-	-
Profit / (Loss) before tax	612.51	4.49%	795.93	5.77%	489.80	4.59%
Less: Tax expense						
Current tax	179.52	1.32%	223.10	1.62%	166.04	1.56%
Deferred tax (asset)/liability	24.54	0.18%	(13.30)	-0.10%	(0.47)	0.00%
Total Tax expense	204.06	1.50%	209.80	1.52%	165.57	1.55%
Profit / (Loss) after tax	408.45	3.00%	586.13	4.25%	324.23	3.04%

Fiscal 2020 compared with Fiscal 2019

Revenue from Operation

Revenue from operations decreased by ₹ 167.55 lakhs or 1.22%, from ₹ 13,787.66 lakhs in Fiscal 2019 to ₹ 13,620.11 lakhs in Fiscal 2020. This decrease was primarily driven by the lockdown announced in March 2020 due to the COVID-19 pandemic as a result of such lockdown our production and delivery of the products were adversely impacted as the automobile industry was overall affected.

Other Income

Other income increased by ₹ 0.85 lakhs or 8.32%, from ₹ 10.25 lakhs in Fiscal 2019 to ₹ 11.11 lakhs in Fiscal 2020. This increase was driven by increase in interest income on bank deposits and export incentive.

Cost of Material Consumed

Cost of material consumed decreased by ₹ 641.70 lakhs or 6.66%, from ₹ 9,629.27 lakhs in Fiscal 2019 to ₹ 8,987.57 lakhs in Fiscal 2020 on account of reduction in production level resulting from decrease in volume of sales.

Changes in inventories

Changes in Inventories shows a variance of 327.33 % from ₹ (198.22) lakhs in Fiscal 2019 to ₹ (847.06) lakhs in Fiscal 2020. This was primarily attributable to high level of inventory of WIP goods due to disruption in manufacturing activities due to lockdown on account of COVID-19 pandemic.

Employee Benefit Expenses

Employee benefit expense increased by ₹ 709.38 lakhs or 76.40%, from ₹ 928.47 lakhs in Fiscal 2019 to ₹ 1637.85 lakhs in Fiscal 2020. This was primarily due to a general increase in the salaries and wages, including bonus paid to our employees, which resulted from an increase in annual increments and the number of employees due to manpower requirements for new manufacturing unit of the company. Also, due to increase in the number of employees, there was an increase in contribution to Provident fund, gratuity and other funds.

Finance Cost

Finance Cost increased by ₹ 158.57 lakhs or 97.43% from ₹ 162.75 lakhs in Fiscal 2019 to ₹ 321.32 lakhs in Fiscal 2020. This is primarily on account of increase in interest rates and interest paid on loans taken and bank charges during the reporting period.

Depreciation and Amortization Expenses

Depreciation increased by ₹ 165.15 lakhs or 65.587%, from ₹ 250.73 lakhs in Fiscal 2019 to ₹ 415.88 lakhs in Fiscal 2020. The increase in depreciation was primarily due to purchase of new plant and machinery resulting from the new manufacturing unit set up in Financial Year 2019- 20 and also due to WDV effect on the existing assets.

Other Expenses

Other expenses increased by ₹ 140.34 lakhs or 6.30% from ₹ 2,228.99 lakhs in Fiscal 2019 to ₹ 2,369.33 lakhs in Fiscal 2020. The increase was majorly due to increase in certain expenses like electricity charges, rent expense, power and fuel expense, legal and professional fees, travelling & conveyance etc.

Extra-Ordinary items

As a percentage of our total income, loss due to extraordinary items was 0.98% of our total income in Fiscal 2020 on account of loss on sale of Fixed assets & loss on sale of investment amounting to ₹ 15.30 lakhs and ₹ 118.53 lakhs respectively.

Profit before tax

After accounting for extra ordinary items, the profit before tax reduced to Rs. 612.51 lakhs or 4.49% of our total income, from ₹ 795.93 lakhs in Fiscal 2019 to ₹ 612.51 lakhs in Fiscal 2020.

Tax Expenses

Our total tax expense also accordingly decreased by ₹ 5.74 lakhs or by 2.74% from ₹ 209.80 lakhs in the Fiscal 2019 to ₹ 204.06 lakhs in Fiscal 2020. Total tax expense comprises of current tax and deferred tax amounting to ₹ 179.52 lakhs and ₹24.54 lakhs, respectively in FY 19-20.

Profit after Tax

For the various reasons discussed above, and following adjustments for tax expense, we recorded decrease in our profit after tax by ₹ 177.68 lakhs or by 30.31% from ₹ 586.13 lakhs in Fiscal 2019 to ₹ 408.45 lakhs in Fiscal 2020.

Fiscal 2019 compared with Fiscal 2018

Revenue from Operation

Revenue from operations increased by ₹ 3,124.58 or 29.30%, from ₹ 10,663.08 lakhs in Fiscal 2018 to ₹ 13,787.66 lakhs in Fiscal 2019 due to an increase in volume of sales of our products as a result of our growth strategy as well as improved industry conditions.

Other Income

Other income decreased by ₹ 4.31 lakhs or 29.57%, from ₹ 14.56 lakhs in Fiscal 2018 to ₹ 10.25 lakhs in Fiscal 2019 on account of decrease in interest income and foreign currency gain.

Cost of Material Consumed

Cost of material consumed increased by ₹ 2,045.43 lakhs or 26.97%, from ₹ 7,583.84 lakhs in Fiscal 2018 to ₹ 9,629.27 lakhs in Fiscal 2019. This increase was on account of increase in overall production volumes as well as an increase in prices of raw materials during Fiscal 2019.

Changes in inventories

Changes in Inventories showed a variance of 466.83 % from ₹ (34.97) lakhs in Fiscal 2018 to ₹ (198.22) lakhs in Fiscal 2019. This was primarily attributable to increase in production of goods due to an increase in sales volume in 2019, as compared to Financial Year 2018.

Employee Benefit Expenses

Employee benefit expenses increased by ₹ 384.83 lakhs or 70.79%, from ₹ 543.64 lakhs in Fiscal 2018 to ₹ 928.47 lakhs in Fiscal 2019 primarily on account of annual increments in salary and wages and further on increase in contribution to Provident fund, gratuity and other funds.

Finance Cost

Finance Cost decreased by ₹ 27.46 lakhs or 14.44 % from, ₹ 190.21 lakhs in Fiscal 2018 to ₹ 162.75 lakhs in Fiscal 2019, as a result of a decrease in the interest expense.

Depreciation and Amortization Expenses

Depreciation increased by ₹ 44.12 lakhs or 21.35%, from ₹ 206.61 lakhs in Fiscal 2018 to ₹ 250.73 lakhs in Fiscal 2019. The increase in depreciation was primarily due to purchase of new plant and machinery and increase in gross block of Property, Plant & Equipment as compared to Fiscal 2018.

Other Expenses

Other expenses increased by ₹530.48 lakhs or 31.23% from ₹ 1,698.52 lakhs in Fiscal 2018 to ₹ 2,228.99 lakhs in Fiscal 2019 due to growth in production volumes which lead to increase in certain expense like job work charges, electricity expenses, power and fuel and other expense like Insurance, legal & Professional charges, Non Competitive fee, repairs & Maintenance etc.

Profit before tax

In light of above discussions, our profit before tax increased by ₹ 306.13 lakhs or by 62.50%, from ₹ 140.84 lakhs in Financial Year 2018 to ₹ 306.13 lakhs in Financial Year 2019.

Tax Expenses

The Company's tax expense also accordingly increased by ₹ 44.23 lakhs or 26.71 %, from ₹ 165.57 lakhs in the Fiscal 2018 to ₹ 209.80 lakhs in Fiscal 2019. Total tax expense comprises of current tax and deferred tax write off amounting to ₹ 223.10 lakhs and ₹ 13.30 lakhs respectively in FY 19-20.

Profit after Tax

For the various reasons discussed above, and following adjustments for tax expense, we recorded decrease in our profit after tax by ₹ 261.90 lakhs or by 80.78% from ₹ 324.23 lakhs in Fiscal 2018 to ₹ 586.13 lakhs in Fiscal 2019.

Cash Flows- On the basis of Restated Standalone Financial Statements

The table below sets forth our net cash flows with respect to operating activities, investing activities and financing activities for the periods indicated

(₹ in lakhs)

Particulars	Year ended March 31,		
	2020	2019	2018
Net Cash generated from Operating Activities	503.47	1,236.12	886.83
Net Cash generated from/ (used) in Investing Activities	(2,258.98)	(1,173.25)	(679.08)
Net Cash generated from/ (used) in Financing Activities	1,734.54	(39.39)	(241.39)
Net increase/ (decrease) in Cash and Cash Equivalents	(20.97)	23.47	(33.64)

Cash Flows from Operating Activities

Our net profit before tax was ₹ 612.51 lakhs. Net cash generated from operating activities in the Financial Year 2020 was ₹ 503.47 lakhs and our operating profit before working capital changes for that period was ₹ 1,482.55 lakhs. The difference was primarily attributable to change in inventories, change in long term and short term provisions, change in trade payables and receivables and other assets and liabilities. We paid income tax of ₹ 179.52 lakhs.

Our net profit before tax was ₹ 795.93 lakhs. Our net cash from operating activities in Fiscal 2019 was ₹ 1,236.12 lakhs and our operating profit before working capital changes for that period was ₹ 1,208.50 lakhs. The difference was primarily attributable to change in inventories, change in long term and short term provisions, change in trade payables and receivables and other assets and liabilities. We paid income tax of ₹ 223.10 lakhs.

Our net profit before tax was ₹ 489.80 lakhs. Our net cash from operating activities in Fiscal 2018 was ₹ 886.83 lakhs and our operating profit before working capital changes for that period was ₹ 885.84 lakhs. The difference was primarily attributable to change in inventories, change in long term and short term provisions, change in trade payables and receivables and other assets and liabilities. We paid income tax of ₹ 166.57 lakhs.

Cash Flows from Investment Activities

In the Fiscal 2020, our net cash used in investing activities was ₹ 2,258.98 lakhs. This majorly reflected (i) our payments of ₹ 2,475.43 lakhs towards the purchase of property, plant and equipment which primarily consisted of plant and machinery for our new manufacturing unit, (ii) loss on sale of shares (investment) of ₹ 118.53 lakhs, (iii) investment of in subsidiary companies.

In the Fiscal 2019, our net cash used in Investing Activities was ₹ 1,173.25 lakhs. A major part of the net cash used comprises of payments of ₹ 1,174.15 lakhs towards purchase of property, plant and equipment which primarily consisted of plant and machinery and additional land and building.

In the Fiscal 2018, our net cash used in Investing Activities was ₹ 679.08 lakhs. This majorly reflected (i) our payments of ₹ 217.96 lakhs towards the purchase of property, plant and equipment, (ii) additional investment in unquoted equity shares of ₹ 461.90.

Cash Flows from Financing Activities

In the Fiscal 2020, our net cash generated from financing activities was ₹ 1,734.54 lakhs. This reflected ₹ 2,055.86 lakhs received as proceeds from long term and short term borrowings (net). These cash flows were partially offset by ₹ 321.32 lakhs paid towards interest on such loans.

In the Fiscal 2019, our net cash used in financing activities was ₹ 39.39 lakhs. This reflected ₹ 123.35 lakhs received as proceeds from long term and short term borrowings (net). These cash flows were offset by ₹ 162.75 lakhs paid towards interest on such loans.

In the Fiscal 2018, our net cash used in financing activities was ₹ 241.39 lakhs. This reflected ₹ 51.18 lakhs paid towards repayment of long term and short term borrowings (net) and additionally ₹ 190.21 lakhs paid as interest on such loans.

Off-Balance Sheet Arrangements and Contingent Liabilities

We do not have any material off-balance sheet arrangements. As on March 31, 2020, there are no contingent liabilities.

Indebtedness

The following table sets forth our secured and unsecured debt position on the basis of our restated consolidated financial statement as at March 31, 2020.

Particulars	Amount
<i>(₹ in lakhs)</i>	
Secured	
Long Term Borrowings (Including current maturities of Long Term Borrowings)	1,045.72
Short Term Borrowings	2,530.91
Unsecured	
Long Term Borrowings	1,334.36
Total	4,910.99

For more information regarding our indebtedness, please see “*Financial Indebtedness*” and “*Financial Information*” on page nos. 214 and 152 respectively, of this Draft Prospectus.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, including with promoters and certain key management members on an arm’s lengths basis. Such transactions could be for remuneration, rent paid, loan availed etc. For details of our related party transactions, please see “*Financial Information*” on page no.152 of this Draft Prospectus.

Quantitative and qualitative disclosure about market risk

Commodity risk

Commodity price risk is the possibility of impact from changes in the prices of raw materials, which we use in the manufacture of our products. Raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates. This volatility in commodity prices can significantly affect our raw material costs.

Inflation Risk

Inflationary factors such as increases in the input costs and overhead costs may adversely affect our operating results. There may be time lag in recovering the inflation impact from our customer and we may not be able to recover the full impact of such inflation. A high rate of inflation in the future may, therefore, have an adverse effect on our ability to maintain our profit margins.

Interest Rate Risk

As of March 31, 2020, a part of the indebtedness incurred by us carried interest at floating rates with the provision for periodic reset of interest rates and thus, we are exposed to market risk as a result of changes in interest rates. Upward fluctuations in interest rates increase the cost of both existing and new debts. It is likely that in the current Fiscal and in future periods, our borrowings and interest expenses may rise substantially, given our growth plans.

Credit Risk

We are subject to the risk that our counterparties under various financial or customer agreements will not meet their obligations. Our credit risk exposure relates to our operating activities and our financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. In relation to credit risk arising from financing activities, we monitor our credit spreads and financial strength on a regular basis, and based on our on-going assessment of counterparty risk, we adjust our exposure to various counterparties. We also face the risk of the uncertainty regarding the receipt of the outstanding amounts from our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for, or write off, such amounts. As at March 31, 2020, our trade receivables were ₹ 2,958.77 lakhs on consolidated basis.

Foreign exchange risk

We face foreign exchange risk in respect of (i) sale of products and services exported (ii) royalty and technical know-how fees paid or payable (iii) capital expenditure in the nature of imports (iv) currency mismatches between our income and our expenditures, which we seek to manage as much as possible by matching income currency to expenditure currency, and (v) currency translation for the purpose of preparing our consolidated financial statements, on account of our global operations.

OTHER MATTERS

1. Unusual or Infrequent Events or Transactions

Except as described in “*Risk Factors*” and “*Our Business*”, on page no. 21 and 91, respectively, of this Draft Prospectus there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

2. Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations

Except as described in “*Risk Factors*” and “*Key Regulations and Policies*” on page nos. 21 and 111, respectively, of this Draft Prospectus, to the best of our knowledge, there have been no significant economic or regulatory changes that we expect could have a material adverse effect on our results of operations.

3. Known trends and uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified above in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations– Significant Factors Affecting Our Results of Operations and Financial Condition*” and the uncertainties described in “*Risk Factors*” on page nos. 201 and 21, respectively of this Draft Prospectus. To our knowledge, except as we have described in this Draft Prospectus, there are no known factors that we expect to have a material adverse impact on our revenues or income from operations.

4. *Future relationship between costs and income*

Other than as described in this section and in “*Risk Factors*” and “*Our Business*” on page nos. 21 and 91, respectively of this Draft Prospectus to the best of our knowledge, there are no factors that are expected to have a material adverse effect on the relationship between our costs and income.

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 introduction of new products and volume of business activity carried out by the Company.

6. *Total turnover of each major industry segment in which our Company operates.*

Our Company is engaged in the business of manufacturing of automotive parts solutions for automobile applications, serving automobile and other applications worldwide. Relevant industry data, as available, has been included in the chapter titled “*Industry Overview*” on page 77 of this Draft Prospectus.

7. *Status of any publicly announced new products or business segments*

Please refer to the chapter titled “*Our Business*” on page 91 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 81.49% and 92.06% based on consolidated operations and standalone operations respectively for Fiscal 2020. For further details, please refer chapter “*Risk Factors*” on page 21 of this Draft Prospectus.

10. *Competitive Conditions*

The automotive industry is highly competitive, and we primarily compete based on product quality and features, innovation and product development time, and ability to control pricing pressures. We face global competition in our business, which is based on many factors, including product quality and reliability, product range, product design and innovation, manufacturing capabilities, distribution channels, scope and quality, price, customer loyalty and brand recognition. We compete with a variety of independent suppliers and distributors, as well as the in-house operations of certain OEM. This we believe may impact our financial condition and operations.

Significant Developments after March 31, 2020 that may affect our Future Results of Operations

In the opinion of our Board, other than as disclosed below, there have not arisen any circumstances since March 31, 2020, which materially and adversely affect or are likely to materially and adversely affect our business or profitability, the value of our assets or our ability to pay our liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

Our Company and our subsidiary companies, i.e. Swapnil Switches Private Limited (SSPL), Pavna Auto Engineering Private Limited (PAEPL), Pavna Marketing Private Limited (PMPL) and Pavna Sunworld Autotech Private Limited (PSAPL) have availed borrowings in the ordinary course of our business.

Set forth below is a brief summary of our aggregate outstanding borrowings on a consolidated basis including our above mentioned Subsidiary Companies as on March 31, 2020

(₹ in lakhs)

Nature of Borrowing	Amount
Secured Borrowings ⁽¹⁾	2,380.08
Unsecured Borrowings	2,530.91
Total	4,910.99

⁽¹⁾ Includes ₹ 295.54 lakhs shown under Current Liabilities as 'Current Maturities of Long Term Debt'.

A. Details of Secured Loans

I. Pavna Industries Limited (PIL)

(₹ in lakhs)

Name of Lenders	Sanction Letter Date	Nature of the Facility	Amount Sanctioned	Amount outstanding as on March 31, 2020	Interest Rate and Security
Punjab National Bank	March 31, 2019	Cash Credit	600.00	537.67	Note 1
Punjab National Bank	August 20, 2018	Overdraft	9.50	2.29	Note 2
HDFC Bank	December 06, 2018	Auto Loan (Car)	160.00	100.41	Note 3
Bajaj Finance Limited	April 09, 2019 ⁽¹⁾	Term Loan 3	293.00	21.33	Note 4
		Term Loan 4		129.62	
		Term Loan 5	800.00	800.00	Note 5
		Purchase order*	1000.00	600.00	Note 6
		STRL**		400.00	
WCDL	200.00	200.00	Note 7		

⁽¹⁾ The company has received revised sanction letter on July 21, 2020 with revised limits and interest rate.

Revised limit: Term Loan 3 + Term Loan 4- ₹ 121.00 lakhs; Term Loan 5- ₹ 786.00 Lakhs; whereas limits for Purchase Order, STRL and WCDL is the same.

*Purchase order facility against payables from Bajaj Auto Limited

**STRL shall be sub-limit of Purchase order facility

Interest Rate and Security Details

Particulars	Interest Rate	Security Details
Note 1	MCLR 1 year+ .60 i.e. 8.65 % p.a.	✓ Primary Security: Hypothecation of stock and debtors upto 90 days ✓ Collateral Security: Plot No. 2233, H. No. 19/407, 19/411, 19/417, 19/415, 19/416 known as Vimlanchal, Hari nagar, Agra road, Aligarh
Note 2	7.75 % p.a.	✓ Pledge of FDR (Maturity date: August 20, 2020)
Note 3	9.00 % p.a.	✓ Hypothecation of car.
Note 4	10.00 % p.a. ⁽²⁾ Floating rate linked to BFL base rate	✓ Primary Security: Exclusive charge over the Plant & Machinery with asset cover of 1.25x. ✓ Collateral Security: Personal Guarantee is given by Mr. Swapnil Jain and Mrs. Asha Jain.
Note 5	10.00% p.a. ⁽³⁾	✓ Primary Security: Exclusive charge over entire Fixed Assets of new unit

Particulars	Interest Rate	Security Details
	Floating rate linked to BFL base rate	located at Tehsil Coal, Aligarh with minimum asset cover of 1.33x. <ul style="list-style-type: none"> ✓ Collateral security: <ul style="list-style-type: none"> ▪ Personal guarantee is given by Mr. Swapnil Jain and Mrs. Asha Jain ▪ Security given for existing loan.
Note 6	9.50% p.a. ⁽⁴⁾ Floating rate	<ul style="list-style-type: none"> ✓ Primary Security: Tripartite agreement between BAL: BFL: PIL ✓ Collateral Security: Personal Guarantee is given by Mr. Swapnil Jain and Mrs. Asha Jain.
Note 7	9.50% p.a. ⁽⁵⁾ Floating rate	<ul style="list-style-type: none"> ✓ Primary Security: <ul style="list-style-type: none"> ▪ Extension of First charge over all present & future fixed assets and current assets of the company. ▪ Exclusive charge over industrial land and building situated at 317/1 & 2 GT Road, Village Bhankri, Aligarh ▪ Exclusive charge over industrial land located at Tehsil Coal ✓ Collateral Security: Personal Guarantee is given by Mr. Swapnil Jain and Mrs. Asha Jain.

As mentioned in ⁽¹⁾ above, the Company had received revised sanction letter dated July 21, 2020 and the revised interest rates are as mentioned below:

⁽²⁾ 10.40% linked with BFL base rate

⁽³⁾ 9.65% linked with BFL base rate

⁽⁴⁾ 9.75% linked with BFL base rate

⁽⁵⁾ 9.75% linked with BFL base rate

II. Swapnil Switches Private Limited (SSPL)

(₹ in lakhs)

Name of Lenders	Nature of the Facility	Sanction Letter Date	Amount Sanctioned	Amount outstanding as on March 31, 2020	Interest Rate and Security
HDFC Bank	Overdraft	December 07,	50.00	83.24	Note 8
	Drop Line Overdraft (DLOD)	2019	41.60		
HDFC Bank	Auto Loan (Car)	November 28,	25.00	15.69	Note 9

Interest Rate and Security Details

Particulars	Interest Rate	Security Details
Note 8	Floating Rate*	<p>Primary Security:</p> <ul style="list-style-type: none"> ✓ First Charge on moveable fixed assets (present and future) as may be acceptable to the lender. ✓ First Charge on current assets (present and future) of the company. <p>✓ PG and CG</p> <ol style="list-style-type: none"> 1. Mr. Swapnil Jain 2. Ms. Priya Jain 3. Mr Pawan Jain 4. Ms. Asha Jain 5. Pavna Auto Engineering Pvt Ltd 6. Pavna Zadi Security Systems Limited (Now Pavna Industries Limited) <p>Collateral Security:</p> <ol style="list-style-type: none"> 1. Land and building situated at 19/161, 339.38 Sq. Mtr. Hari Nagar, Aligarh (Sr. No. 5420/19.11.1996) 2. Land and Building: 19/17, Hari Nagar, 205.00 Sq Mtr. Gopal Puri, Agra

Particulars	Interest Rate	Security Details
		Road, Aligarh, (UP) (Sr. No. 2355/06.03.1991) 3. Land and Building: 19/17, Hari Nagar, 205.00 Sq. Mtr Gopal Puri, Agra Road, Aligarh, (UP) (Sr. No. 2356/06.03.1991) 4. Land and Building: 19/16, (4/6 Portion) 78.05 Sq. Mtr. Gopal Puri, Agra Road, Aligarh (Sr. No. 4190/06.05.2010) 5. Land and Building: 19/16, (2/6 Portion) 39.05 Sq. Mtr. Gopal Puri, Agra Road, Aligarh (Sr. No. 4027/01.05.2010)
Note 9	9.00 % p.a.	✓ Hypothecation of Car

*The interest rate for our working capital facilities is typically tied to a base rate/ MCLR as specified by respective lenders with a yearly reset option. The base rate/ MCLR may vary from lender to lender.

III. Pavna Auto Engineering Private Limited (PAEPL)

(₹ in lakhs)

Name of Lenders	Nature of the Facility	Sanction Letter Date	Amount Sanctioned	Amount outstanding as on March 31, 2020	Interest Rate and Security
Axis Bank	Cash Credit	January 31, 2020	300.00	149.60	Note 10
Bajaj Finance Limited	Purchase Order	April 09, 2019 ⁽¹⁾	200.00	200.00	Note 11 ⁽¹⁾

⁽¹⁾ The company has received revised sanction letter on July 21, 2020 with revised limits and interest rate. However, sanctioned limit for Purchase order facility is the same as previous sanction letter.

Interest Rate and Security Details

Particulars	Interest Rate	Security Details
Note 10	Repo rate + 3.85% i.e. 9.00% p.a.	✓ <u>Equitable mortgage on below mentioned properties on exclusive charge basis: -</u> 1. Residential property bearing House no 19/411 & old no. 19/158B with all rights, built on land area measuring 111.18 sq. mtrs. situated at Gopal Puri, Agra Road, Aligarh standing in the name of Mrs. Asha Jain. 2. Residential property bearing House no 19/414 with all rights, built on land area measuring 119.15 sq. mtrs. situated at Gopal Puri, Agra Road, Aligarh standing in the name of Mrs. Asha Jain 3. Residential property bearing House no 19/408 with all rights, built on land area measuring 101.51 sq. mtrs. situated at Gopal Puri, Agra Road, Aligarh standing in the name of Mrs. Asha Jain 4. Commercial property bearing House no 19/181 with all rights, built on land area measuring 249.07 sq. mtrs. situated at Gopal Puri, Agra Road, Aligarh standing in the name of Mr. Pawan Jain 5. Commercial property bearing House no 19/75A with all rights, built on land area measuring 91.96 sq. mtrs. situated at Gopal Puri, Agra Road, Aligarh standing in the name of Mr. Pawan Jain ✓ <u>Personal Guarantee of:</u> 1. Mr. Pawan Jain 2. Mr. Swapnil Jain 3. Mrs. Priya Jain 4. Mrs. Asha Jain
Note 11	9.50% p.a. ⁽⁶⁾ (Floating rate)	✓ Tripartite agreement between BAL:BFL:PZSL ✓ <u>Personal Guarantee of:</u> 1. Mr. Swapnil Jain 2. Mrs. Asha Jain

⁽⁶⁾ As mentioned in ⁽¹⁾ above, the Company had received revised sanction letter dated July 21, 2020 and the revised interest rate has been changed to 9.75% linked with BFL base rate.

IV. Pavna Marketing Private Limited (PMPL)

(₹ in lakhs)

Name of Lenders	Nature of the Facility	Sanction Letter Date	Amount Sanctioned	Amount outstanding as on March 31, 2020	Interest Rate and Security
HDFC Bank	Cash Credit	December 06, 2019	350.00	336.78	Note 12

Interest Rate and Security Details

Particulars	Interest Rate	Security Details
Note 12	Floating Rate*	<ul style="list-style-type: none"> ✓ Primary Security: First Charge on moveable fixed assets (present and future) as may be acceptable to the lender; First Charge on current assets (present and future) of the company. ▪ Personal Guarantee of: <ol style="list-style-type: none"> 1. Mr. Swapnil Jain 2. Mrs. Priya Jain And collateral owners (other than applicant company) ▪ Comfort letter from Pavna Auto Engineering Pvt Ltd and Pavna Zadi Security Systems Pvt Ltd now known as Pavna Industries Limited for any shortfall in repayments and maintaing Network of the applicant company ✓ Collateral security: <ol style="list-style-type: none"> 1. Land and building situated at 19/161, 339.38 Sq. Mtr. Hari Nagar, Aligarh (Sr. No. 5420/19.11.1996) 2. Land and Building: 19/17, Hari Nagar, 205.00 Sq Mtr. Gopal Puri, Agra Road, Aligarh, (UP) (Sr. No. 2355/06.03.1991) 3. Land and Building: 19/17, Hari Nagar, 205.00 Sq. Mtr Gopal Puri, Agra Road, Aligarh, (UP) (Sr. No. 2356/06.03.1991) 4. Land and Building: 19/16, (4/6 Portion) 78.05 Sq. Mtr. Gopal Puri, Agra Road, Aligarh (Sr. No. 4190/06.05.2010) 5. Land and Building: 19/16, (2/6 Portion) 39.05 Sq. Mtr. Gopal Puri, Agra Road, Aligarh (Sr. No. 4027/01.05.2010)

*The interest rate for our working capital facilities is typically tied to a base rate/ MCLR as specified by respective lenders with a yearly reset option. The base rate/ MCLR may vary from lender to lender.

B. Details of Unsecured Borrowings

I. Pavna Industries Limited (PIL)

Pavna Industries Limited (PIL) has availed unsecured loans as on March 31, 2020 details of which are set out below:

(₹ in lakhs)

Name of Lenders	Amount outstanding as on March 31, 2020	Interest Rate
Loan from Directors	800.37	10.00 % p.a.
Loan from Others	533.99	10.00 % p.a.

SECTION VIII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no: (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 or Group Companies. Our Board, in its meeting held on July 1, 2020, determined that litigation involving the Company, Directors, its Promoters and Group Companies: (a) where the monetary liability quantified exceeds 1% of the revenue of our Company as per the restated financial statements for the last full Fiscal; and (b) all such pending litigation, where the monetary liability is not quantifiable, however, the outcome of any such pending proceeding may have a material bearing on the business, operations, performance, prospects or reputation of our Company will be considered as material litigation (“Material Litigation”).

As per the materiality policy adopted by the Board of our Company in its meeting held on July 1, 2020, creditors of our Company to whom an amount in excess of 1% of the revenue of the Company as per the last audited financial statements was outstanding, were considered ‘material’ creditors. 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.pavnagroup.com.

Our Company, Directors, Promoters, Subsidiary Companies and Group Companies are not Wilful Defaulters and there have been no violations of securities laws in the past or pending against them.

LITIGATION INVOLVING OUR COMPANY

A. LITIGATION AGAINST OUR COMPANY

1. Criminal matters

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities

(i) Direct Tax Liabilities

NIL

(ii) Indirect Taxes Liabilities

NIL

4. Other Pending Litigations

NIL

B. LITIGATION 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

NIL

(ii) Indirect Taxes Liabilities

NIL

4. Other Pending Litigations

NIL

LITIGATION INVOLVING OUR DIRECTORS

A. LITIGATION AGAINST OUR DIRECTORS

1. Criminal matters

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities

(i) Direct Tax Liabilities

NIL

(ii) Indirect Taxes Liabilities

NIL

4. Other Pending Litigations

NIL

B. LITIGATION 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

NIL

(ii) Indirect Taxes Liabilities

NIL

4. Other Pending Litigations

NIL

LITIGATION INVOLVING OUR PROMOTERS

A. LITIGATION AGAINST 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

NIL

(ii) Indirect Tax Liabilities

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

NIL

(ii) Indirect Taxes Liabilities

NIL

4. Other Pending Litigations

NIL

LITIGATION INVOLVING OUR SUBSIDIARY COMPANIES

A. LITIGATION AGAINST OUR SUBSIDIARY COMPANIES

1. Litigation Involving Criminal matters

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities

(iii) Direct Tax Liabilities

NIL

(iv) Indirect Tax Liabilities

NIL

4. Other Pending Litigations

NIL

B. LITIGATION FILED BY OUR SUBSIDIARY 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

NIL

(ii) Indirect Taxes Liabilities

NIL

4. Other Pending Litigations

NIL

LITIGATION INVOLVING GROUP COMPANY

A. LITIGATION AGAINST OUR GROUP 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

NIL

(ii) Indirect Taxes Liabilities

NIL

4. Other Pending Litigations

NIL

B. LITIGATION FILED BY OUR GROUP COMPANY

1. Criminal matters

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Tax Liabilities

(i) Direct Tax Liabilities

NIL

(ii) Indirect Taxes Liabilities

NIL

4. Other Pending Litigations

NIL

Outstanding dues to creditors

The details of dues payable to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development, 2006 as of March 31, 2020 are as given below:

Particulars	Number of Creditors	Amount involved (₹ in lakhs)
Micro, Small and Medium Enterprise	NIL	NIL

As per the materiality policy, creditors of our Company to whom an amount exceeding 1% of the revenue was outstanding, were considered 'material' creditors. Based on this criterion, our Company had the following creditors as on March 31, 2020:

Particulars	Number of Creditors	Amount involved (₹ in lakhs)
Micro, Small and Medium Enterprise	NIL	NIL
Material Creditors	NIL	NIL
Other Creditors	417	1,866.06

For further details, please see the website of the Company at www.pavnagroup.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.

Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years

There are no disciplinary actions including penalty imposed by SEBI or Stock Exchanges against the Promoters during the last 5 financial years including outstanding actions.

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. For further details, please see the chapter titled "*Management Discussions and Analysis of Financial Conditions and Result of Operations*" beginning on page 201.

GOVERNMENT AND OTHER KEY APPROVALS

Our Company can undertake the Issue and our Company and Subsidiaries can undertake their respective current business activities, including on the basis of the list of material approvals provided below, and other than as stated below, no further material approvals from any regulatory authority are required to undertake the Issue or continue such business activities. Unless otherwise stated, these material approvals are valid as of the date of this Draft Red Herring Prospectus.

I. APPROVALS FOR THE ISSUE

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 July 27, 2020 authorized the Issue, 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) of the Companies Act, 2013, by special resolution passed in the extra ordinary general meeting held on July 30, 2020 authorized the Issue.
3. In-principle approval dated [●] from the NSE Emerge for listing of the Equity Shares issued by our Company pursuant to the Issue.
4. Our Company's International Securities Identification Number (“ISIN”) is INE07S101020.

II. APPROVALS PERTAINING TO INCORPORATION

A. Approvals obtained by the Company

1. Certificate of Incorporation dated April 19, 1994 issued under the name Pavna Locks Private Limited by Registrar of Companies.
2. Fresh Certificate of Incorporation dated November 13, 2000 issued by Registrar of Companies consequent to name change from Pavna Locks Private Limited to Pavna Locks Limited pursuant to the conversion of our Company into a Public Limited Company.
3. Fresh Certificate of Incorporation dated November 17, 2000 issued by Registrar of Companies pursuant to change of name from Pavna Locks Limited to Pavna Zadi Security Systems Limited.
4. Fresh Certificate of Incorporation dated May 21, 2019 issued by Registrar of Companies pursuant to change of name from Pavna Zadi Security Systems Limited to Pavna Industries Limited.
5. The Corporate Identity Number of the Company is U34109UP1994PLC016359 .

B. Approvals obtained by subsidiary – Pavna Auto Engineering Private Limited

1. Certificate of Incorporation dated April 19, 1994 issued under the name Pavna Auto Engineering Private Limited by Registrar of Companies.
2. The Corporate Identity Number of the Company is U50300UP1994PTC016358. .

C. Approvals obtained by subsidiary – Swapnil Switches Private Limited

1. Certificate of Incorporation dated January 22, 1991 issued under the name Swapnil Switches Private Limited by Registrar of Companies.
2. The Corporate Identity Number of the Company is U74899DL1991PTC042822.

D. Approvals obtained by subsidiary – Pavna Marketing Limited

1. Certificate of Incorporation dated April 23, 2019 issued under the name Pavna Marketing Private Limited by Registrar of Companies.

- The Corporate Identity Number of the Company is U50400UP2019PTC116110.

E. Approvals obtained by subsidiary – Pavna Sunworld Autotech Private Limited

- Certificate of Incorporation dated January 23, 2018 issued under the name Pavna Sunworld Autotech Private Limited by Registrar of Companies.
- The Corporate Identity Number of the Company is U74994UP2018PTC100570.

III. TAX AND LABOUR RELATED APPROVALS

A. Approvals obtained by the Company

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	Permanent Account Number (PAN)	AACCP0664L	Income Tax Department, Government of India	April 19, 1994	Valid until cancelled
2.	Tax Deduction Account Number (TAN)	AGRP10436G	Income Tax Department, Government of India	October 26, 2019	Valid until cancelled
3.	Certificate of Registration and Allotment of Tax Identification Number (TIN) issued under the provisions of Uttar Pradesh Value Added Tax Act, 2007	09725401025	Department of Commercial Taxes, Government of Uttar Pradesh	June 10, 2011	Valid until cancelled
4.	Certificate of Registration issued under the provisions of Central Goods and Service Tax Act, 2017 for premise at 9KM, Aligarh Delhi Road Vill Bhankari, Aligarh, Uttar Pradesh, 202001	09AACCP0664L1Z6	Government of India	June 27, 2019 (valid with effect from July 01, 2017)	Valid until cancelled
5.	Certificate of Registration issued under the provisions of Central Goods and Service Tax Act, 2017 for premise at Gut No 41 at Village, Ramrai, Gangapur, Aurangabad, Maharashtra, 431133	27AACCP0664L1Z8	Government of India	August 07, 2019 (valid with effect from July 01, 2017)	Valid until cancelled
6.	Certificate of Registration issued under the provisions of Central Goods and Service Tax Act, 2017 for premise at Sector 2, Plot No. 24C, IIE Pant Nagar, Rudrapur, Udham Singh Nagar, Uttarakhand, 263153	05AACCP0664L1ZE	Government of India	July 12, 2019 (valid with effect from March 06, 2019)	Valid until cancelled
7.	Udyog Aadhar Registration Certificate, 9KM Delhi Road, GT Road, Bhankri, Aligarh, 202001, Uttar Pradesh	UP02C0013204	Ministry of Micro, Small and Medium Industries.	August 05, 2019	Valid until cancelled

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
8.	Employees Provident Fund, 9KM Delhi Road, Vill. Bhankri, GT Road, Aligarh, Uttar Pradesh	MRAGR0023575000	Employees' Provident Fund, Ministry of Labour and Employment	November 24, 2018	Valid until cancelled
9.	Certificate Of Importer-Exporter Code (IEC)	0695003003	Additional Director General Of Foreign Trade, Ministry of Commerce and Industry	September 27, 1995	Valid until cancelled

B. Approvals obtained by the Subsidiary - Pavna Auto Engineering Private Limited

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	Permanent Account Number (PAN)	AABCP1758J	Commissioner of Income – Tax, Agra	April 19, 1994	Valid until cancelled
2.	Tax Deduction Account Number (TAN)	AGRP10437A	Income Tax Department, Government of India	October 26, 2019	Valid until cancelled
3.	Certificate of Registration and Allotment of Tax Identification Number (TIN) issued under provisions of the Uttar Pradesh Value Added Tax Act, 2007	09925401024	Department of Commercial Taxes, Government of Uttar Pradesh	December 08, 2010	Valid until cancelled
4.	Certificate of Registration issued under the provisions of Central Goods and Service Tax Act, 2017 for premise at Gut No 41 at Village, Ramrai, Gangapur, Aurangabad, Maharashtra, 431133	27AABCP1758J1Z8	Government of India	July 18, 2019 (valid with effect from 1 st July 2017)	Valid until cancelled
5.	Certificate of Registration issued under the provisions of Central Goods and Service Tax Act, 2017 for premise at 1, Pala Sahibabad Road, Gopalpuri, Aligarh, Uttar Pradesh, 202001	09AABCP1758J1Z6	Government of India	December 20, 2018 (valid with effect from 1 st July 2017)	Valid Until Cancelled
6.	Employees State Insurance Certificate under E.S.I. Act, 1948	21000083330000606	Employees' State Insurance Corporation	November 20, 2010	Valid until cancelled
7.	Udyog Aadhar Registration Certificate, 9KM Delhi Road, GT Road, Bhankri, Aligarh, 202001	UP02B0000016	Ministry of Micro, Small and Medium Industries.	November 17, 2015	Valid until cancelled
8.	Udyog Aadhar Registration Certificate, Unit 2, Gut No. 41, Ramrai, Gangapur, Aurangabad, Maharashtra	MH04A0067319	Ministry of Micro, Small and Medium Industries.	September 02, 2019	Valid until cancelled

C. Approvals obtained by the Subsidiary – Swapnil Switches Private Limited

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	Permanent Account Number (PAN)	AAACS4730N	Income Tax Department, Government of India	January 22, 1992	Valid until cancelled
2.	Tax Identification Number (TIN)	09225400622	Department of Commercial Taxes, Government of Uttar Pradesh	December 10, 2010	Valid until cancelled
3.	Certificate of Registration issued under the provisions of Central Goods and Service Tax Act, 2017 for premise at 19/17, Hari Nagar, Aligarh, Uttar Pradesh, 202001	09AAACS4730N1Z2	Government of India	September 21, 2017 (valid with effect from 1 st July 2017)	Valid until cancelled
4.	Udyog Aadhar Registration Certificate, 19/17, Harinagar, Aligarh, Uttar Pradesh	UP02B0DD5366	Ministry of Micro, Small and Medium Industries.	March 17, 1991	Valid until cancelled
5.	Employees Provident Fund, 19/17, Harinagar, Aligarh, Uttar Pradesh	MRAGR1901959000	Ministry of Labor and Employment	March 02, 2019	Valid until cancelled

D. Approvals obtained by the Subsidiary – Pavna Marketing Private Limited

Sr. No.	Description	Registration /Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	Permanent Account Number (PAN)	AAKCP5062C	Income Tax Department, Government of India	April 23, 2019	Valid until cancelled
2.	Tax Deduction Account Number (TAN)	AGRP12551A	Income Tax Department, Government of India	April 24, 2019	Valid until cancelled
3.	Certificate of Registration issued under the provisions of Central Goods and Service Tax Act, 2017 for premise at 19/407, Hari Nagar, Gopalpuri, Agra Road, Aligarh, Uttar Pradesh, 202001	09AAKCP5062C1ZF	Government of India	July 08, 2019 (valid with effect from 8 th July 2019)	Valid until cancelled
4.	Employees State Insurance Certificate under E.S.I. Act, 1948	21000616610001002	Employees' State Insurance Corporation	November 07, 2019	Valid until cancelled
5.	Employees Provident Fund, 19/17, Harinagar, Aligarh, Uttar Pradesh	MRAGR2049062000	Ministry of Labour and Employment	December 08, 2019	Valid until cancelled
6.	Udyog Aadhar Registration Certificate, 19/17, Harinagar, Gopalpuri, Aligarh, Uttar Pradesh	UP02A0018358	Ministry of Micro, Small and Medium Industries.	July 08, 2019	Valid until cancelled

E. Approvals obtained by the Subsidiary – Pavna Sunworld Autotech Private Limited

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	Permanent Account Number (PAN)	AAJCP6518J	Income Tax Department, Government of India	January 23, 2019	Valid until cancelled
2.	Tax Deduction Account Number (TAN)	AGRP12629B	Income Tax Department, Government of India	September 09, 2019	Valid until cancelled
3.	Certificate of Registration issued under the provisions of Central Goods and Service Tax Act, 2017 for premise at Hari Nagar, Aligarh, Uttar Pradesh, 202001	09AAJCP6518J1ZY	Government of India	February 28, 2019 (valid with effect from 28 th February 2019)	Valid until cancelled
4.	Certificate of Importer-Exporter Code (IEC)	AAJCP6518J	Additional Director General Of Foreign Trade, Ministry of Commerce and Industry	March 30, 2019	Valid until cancelled
5.	Udyog Aadhar Registration Certificate, Vimalanchal, Harinagar. Gopalpuri, Aligarh, Uttar Pradesh	UP02A0013469	Ministry of Micro, Small and Medium Industries.	January 23, 2018	Valid until cancelled

IV. KEY BUSINESS RELATED APPROVALS

A. Approvals obtained by the Company

1. Aligarh Factory No. 1, Gopalpuri, Hari Nagar, Aligarh (Unit 3)

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	License under Section 6 of The Factories Act 1948, Vill.- Bhankari, Aligarh, District Aligarh, Uttar Pradesh	UPFA12000142	Labour Department, Government of Uttar Pradesh,	October 17, 2019	December 31, 2024
2.	Employees State Insurance Certificate under E.S.I. Act, 1948	21000558870000506	Regional Office, Employees' State Insurance Corporation, Kanpur	March 08, 2017	Valid until cancelled
3.	Consent Order under Section 21/22 of the Air (Prevention and Control of Pollution) Act, 1981*	43565/U PPCB/Aligarh(U PPCBRO)/CTO/air/ALIG ARH/2018	U.P. Pollution Control Board	December 28, 2018	March 31, 2021
4.	Consent Order under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974*	43567/U PPCB/Aligarh(U PPCBRO)/CTO/water/ALIGARH/2018	U.P. Pollution Control Board	December 28, 2018	March 31, 2021
5.	Fire and Life Safety Certificate*	UPFS/2019/3761/ALG/A LIGARH/120/CFO	Fire Department	March 02, 2019	March 01, 2022

*The Company is in process of making an application to the respective authority for updating the aforesaid certificate to reflect our Company's current name.

2. **Aligarh Factory No. 4, located at Khasara No. 29, Bhankri, Aligarh (Unit 4)**

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	Consent Order under the Water (Prevention and Control of Pollution) Act, 1974 under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 for Pavna Industries Limited (Unit – 4), Chuawali Road, Village – Bhankri, G.T. Road, Tehsil – Koil, District Aligarh.	64980/UPPCB/Aligarh (UPPCBRO)/CTO/water/ALIGARH/2019	U.P. Pollution Control Board	September 18, 2019	March 31, 2022
2.	Consent Order under Section 21/22 of the Air (Prevention and Control of Pollution) Act, 1981 for Pavna Industries Limited (Unit – 4), Chuawali Road, Village – Bhankri, G.T. Road, Tehsil – Koil, District Aligarh.	6498/UPPCB/Aligarh(UPPCBRO)/CTO/air/ALIGARH/2019	U.P. Pollution Control Board	September 18, 2019	March 31, 2022
3.	Fire NOC for Khasra No. 29, Chauwali Lane, Bhankhari Khas, Aligarh	UPFS/2020/18137/ALG/ALIGARH/479/CFO	Chief Fire Officer, Aligarh	March 07, 2020	March 07, 2023

3. **Aurangabad Factory No. 2, 41P, Ramrai, Aurangabad (Unit 7)**

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	License under Section 6 of the Factories Act 1948, Unit 3, Gut No. 41(P), Ramrai, Gangapur, Aurangabad, Maharashtra, 431133	111503091100856	Industrial Safety & Health, Maharashtra Government, Aurangabad	September 16, 2019	December 31, 2020
2.	Certificate of Registration under Section 7 of The Contract Labor (Regulation and Abolition) Act, 1970	1941500710016065	Government of Maharashtra, Office of the Registering Officer, Aurangabad	September 16, 2019	Valid until cancelled
3.	Consent to Operate under Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981 and Rule 5 of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016	SRO-AURANGABAD I/CONSENT/1908000781	Maharashtra Pollution Control Board	August 27, 2019	August 31, 2022

4. **Uttarakhand Factory No. 1, 19B, Sector 12, Pantnagar, Uttarakhand (Unit 8)**

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	In-Principle Project Approval Under Sec (3) (4) (a) of the Uttarakhand Enterprise Single Window Facilitation and Clearance Act-2012*	02-16-CAFIP-715128736487	State/District Nodal Agency Single Window Clearance System Government Of Uttarakhand	August 13, 2019	Valid until cancelled
2.	Consent for Establishment under Water (Prevention & Control of Pollution) Act, 1974 & Air (Prevention & Control of Pollution) Act, 1981	UEPPCB/ROKP-115/19/840	Uttarakhand Environment Protection and Pollution Control Board	October 01, 2019	--
3.	Fire NOC issued by the office of the Chief Fire Officer, Udham Singh Nagar, Uttarakhand	N-3/FS/ONLINE/244/2019	Fire Department	October 05, 2019	October 04, 2020
4.	Consent to Operate under Water (Prevention & Control of Pollution) Act, 1974 & Air (Prevention & Control of Pollution) Act, 1981 [^]	UEPPCB/ROKP-115/19/110	Uttarakhand Environment Protection and Pollution Control Board	December 07, 2019	March 31, 2020

*The Company is in process of making an application to the respective authority for updating the aforesaid certificate to reflect our Company's current name.

[^]The Company is in process of making an application before the respective authority to renew the aforesaid consent.

B. Approvals obtained by the Subsidiary – Pavna Auto Engineering Private Limited

1. **Aligarh Factory No. 2 located at Palasahibad Road, Gopalpuri, Aligarh (Unit 1)**

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	License under Section 6 of The Factories Act 1948, Gopalpuri, Aligarh, District Aligarh, Uttar Pradesh	UPFA1200092	Labour Department, Government of Uttar Pradesh,	January 06, 2020	December 31, 2024
2.	Certificate Of Importer-Exporter Code (IEC)	0695003011	Additional Director General Of Foreign Trade, Ministry of Commerce and Industry	September 27, 1995	Valid until cancelled
3.	Consent to Operate under Water (Prevention & Control of Pollution) Act, 1974 & Air (Prevention & Control of Pollution) Act, 1981	2063/AP – 238/2001/ 3	Uttar Pradesh State Pollution Control Board	December 29, 2011	Valid until cancelled

2. **Aurangabad Factory No. 1, 41, Ramrai, Aurangabad (Unit 6)**

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	License under Section 6 of The Factories Act 1948, Unit 3, Gut No. 41(P), Ramrai, Gangapur, Aurangabad, Maharashtra, 431133	321503091100856	Industrial Safety & Health, Maharashtra Government, Aurangabad	December 07, 2019	December 31, 2020
2.	Factory plan approval in respect of factory situated at Gut No. 41, Village Ramrai, Aurangabad, Maharashtra, 431133	32150000020633	Maharashtra Government, Department of Industrial Safety & Health, Aurangabad	December 09, 2019	Valid until cancelled
3.	Consent to Operate under Section 26 of the Water (Prevention & Control of Pollution) Act, 1974, under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorization under Rule 5 of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016	SRO-AURANGABAD I/CONSENT/1912000729	Maharashtra Pollution Control Board	December 12, 2019	November 30, 2022

C. **Approvals obtained by the Subsidiary – Swapnil Switches Private Limited**

Aligarh Factory No. 1, Gopalpuri, Hari Nagar, Aligarh (Unit 2)

Sr. No.	Description	Registration / Approval / Certificate Number	Issuing Authority	Date of Issue	Date of Expiry
1.	License under Section 6 of The Factories Act 1948, 19/17, Harinagar, Aligarh, Uttar Pradesh	UPFA12000122	Labour Department, Government of Uttar Pradesh	December 23, 2019	December 31, 2024
2.	Employees State Insurance Certificate under E.S.I. Act, 1948	21000082800000607	Employees' State Insurance Corporation	October 28, 2010	Valid until cancelled
3.	NOC under Water (Prevention & Control of Pollution) Act, 1974 & Air (Prevention & Control of Pollution) Act, 1981 issued by Uttar Pradesh Pollution Control Board	2062/AS-655/2001/3	U.P. Pollution Control Board	December 29, 2001	Valid until cancelled

V. **INTELLECTUAL PROPERTY**

For details regarding Intellectual Property, please refer chapter titled “Our Business” beginning on page no. 91 of this Draft Prospectus.

VI. PENDING APPROVALS

A. Applications for Registrations

1. The Company is in the process of applying to the concerned authorities for obtaining fire approval in respect of factory no. 2 (Unit 7) situated at 41P, Ramrai, Aurangabad and its subsidiary Pavna Auto Engineering Private Limited is in process of obtaining fire approval in respect of factory no. 3 (Unit 6) situated at 41P, Ramrai, Aurangabad Aurangabad.
2. The Company's subsidiary Pavna Marketing Private Limited is in the process of applying to the concerned authorities for obtaining Shops and Establishment certificate in respect of its shop at Delhi.
3. The Company is in process of applying for registration under Factories Act, 1948 in respect of its factory no. 4 (Unit 4) situated at Khasra No. 29, Bhankari, Aligarh.

B. Applications for Renewal

4. The Company has obtained Consent to Operate under Water (Prevention & Control of Pollution) Act, 1974 & Air (Prevention & Control of Pollution) Act, 1981 from the Uttarakhand Environment Protection and Pollution Control Board which was valid till 31st March 2020 in respect of its Uttarakhand factory No.1 (Unit 8). The Company has applied for renewal of the Consent to Operate for continuing its operations.

C. Name Change Process

5. The Company has obtained the registrations mentioned herein below in respect of its factory no. 1 (Unit 3) and has applied to the following authorities for changing its name on its registrations from Pavna Zadi Security Systems Limited to Pavna Industries Limited:
 - (i) Employees' Provident Fund – Registration under Employees Provident Fund and Miscellaneous Provisions Act, 1952;
 - (ii) UP Pollution Control Board – Registration under the Water (Prevention and Control of Pollution) Act, 1974;
 - (iii) UP Pollution Control Board – Registration under the Air (Prevention and Control of Pollution) Act, 1981; and
 - (iv) Chief Fire Officer, Aligarh – Fire No – Objection Certificate.
6. The Company is in process of applying to the office of the Chief Fire Officer, Udham Singh Nagar, Uttarakhand for changing the name on its registration to Pavna Industries Limited.

SECTION IX – OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors have vide resolution dated June 27, 2020 authorized the Issue, 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 Issue, by passing a Special Resolution at the Extra-Ordinary General Meeting held with a shorter notice on June 30, 2020, 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 Shareholder by their consent letter dated June 27, 2020 and the No. of Equity Shares offered are as follows:

Sr. No.	Name of the Selling Shareholder	No. of Equity Shares Offered
1	Mrs. Asha Jain	Up to 8,97,600
	Total	Up to 8,97,600

The Selling Shareholder has 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 Shareholder 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

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 SME platform of the NSE i.e. NSE EMERGE. NSE is the designated stock exchange.

Prohibition by SEBI or Governmental Authorities

Our Company, our Promoters, Promoter Group, our Directors and our Selling Shareholders are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other securities market regulator or any Governmental authority in any other jurisdiction or any other authority/court.

The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

Prohibition by RBI

Neither our Company, nor our Promoter, Selling Shareholders or Directors have been identified as a wilful defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations.

Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018

Our Company is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 (“SBO Rules”), to the extent applicable, as on the date of this Draft Prospectus.

Further, in view of the General Circular No. 07/2018 dated September 06, 2018 and General Circular No. 08/2018 dated September 10, 2018 issued by the Ministry of Corporate Affairs, Government of India (“MCA”), our Company, our Promoters and our Promoter Group will ensure compliance with the SBO Rules, upon notification of the relevant forms, as may be applicable to them.

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, Promoter Group”, “Our Group Company” and “Outstanding Litigations and Material Developments” beginning on page nos. 21, 145, 149 and 218 respectively, of this Draft Prospectus.

Eligibility for the Issue

Our Company is an “Unlisted Company” in terms of the SEBI (ICDR) Regulation; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 229 (1) of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, our Company 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 SME Platform of National Stock Exchange of India Limited i.e. NSE EMERGE).

As per Regulation 229 (3) of the SEBI ICDR Regulations, our Company satisfies track record and/or other eligibility conditions of SME platform of the NSE in accordance with the Restated Standalone and Consolidated Financial Statements, prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations as below:

- Our Company was incorporated on April 19, 1994, with the Registrar of Companies, Kanpur under the Companies Act, 1956 in India.
- The Post-Issue paid up capital of the Company shall not be more than Rs. 10 Crores. The post Issue capital of our Company is Rs. 609.04 lakhs.
- Our Company has a track record of three years as on date of filing of this Draft Prospectus.
- Our Company has positive cash accruals (Earnings before depreciation and tax) from operations for at least 2 (two) financial years preceding the date of filing of this Draft Prospectus and the net worth of our Company is positive as per the latest audited financial statements.
- Our Company has not been referred to Board for Industrial and Financial Reconstruction (BIFR).
- No petition for winding up is admitted by a Court of competent jurisdiction against our Company.
- No material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the applicant Company.
- Our Company has a website: www.pavanagroup.com

Our Company’s net worth and cash accruals from operations (earnings before depreciation and tax), based on the Restated Financial Statements included in this Draft Prospectus for the last three Fiscals ended March 31, 2020, 2019 and 2018 are set forth below:

(₹ in lacs)

Particulars	Restated Consolidated	Restated Standalone		
		For the year ended March 31,		
	For the year ended March 31, 2020	2020	2019	2018
Net Worth	2,675.53	2,542.51	2,134.06	1,547.93
Cash Accruals	1,341.70	1017.28	1036.41	681.85

⁽¹⁾ Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.

⁽²⁾ Cash accruals” has been defined as the Earnings before depreciation and tax from operations.

Other Disclosures:

- We have Disclosed all material regulatory or disciplinary action by a stock exchange or regulatory authority in the past one year in respect of promoters/promoting Company(ies), group Company(ies), companies promoted by the promoters/promoting Company(ies) of the applicant Company in the Draft Prospectus.
- There are no 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), Company(ies), companies promoted

by the promoters/promoting Company(ies) during the past three years. Except as mentioned in the Draft Prospectus. An auditor's certificate will be provided by the issuer to the exchange, in this regard.

- iii. We have Disclosed the details of the applicant, Promoters/Promoting Company(ies), Group Company(ies), companies promoted by the promoters/promoting Company(ies) litigation record, the nature of litigation, and status of litigation, For details, please refer the chapter “*Outstanding Litigation & Material Developments*” on page no. 218 of this Draft Prospectus.
- iv. We have disclosed all details of the track record of the directors, the status of criminal cases filed or nature of the investigation being undertaken with regard to alleged commission of any offence by any of its directors and its effect on the business of the Company, where all or any of the directors of issuer have or has been charge-sheeted with serious crimes like murder, rape, forgery, economic offences etc. For Details, refer the chapter “*Outstanding Litigation & Material Developments*” on page no. 218 of this Draft Prospectus.

As per Regulation 230 (1) of the SEBI ICDR Regulations, our Company has ensured that:

- The Draft Prospectus has been filed with NSE and our Company has made an application to NSE for listing of its Equity Shares on the NSE EMERGE platform. NSE is the Designated Stock Exchange.
- Our Company has entered into an agreement dated April 19, 2019 with NSDL and agreement dated June 26, 2020 with CDSL for dematerialisation of its Equity Shares already issued and proposed to be issued.
- The entire pre-Issue capital of our Company has shares fully paid-up Equity Shares and the Equity Shares proposed to be issued pursuant to this IPO will be fully paid-up.
- The entire Equity Shares held by the Promoter will be in dematerialised form before opening of the Issue for subscription.
- Our Company has made firm arrangements of finance through verifiable means towards seventy five per cent of the stated means of finance for funding from the issue proceeds, excluding the amount to be raised through the proposed public Issue or through existing identifiable internal accruals. For details, please refer the chapter “*Objects of the Issue*” on page no. 67 of this Draft Prospectus.

Our Company confirms that it will ensure compliance with the conditions specified in Regulation 230 (2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Issue in terms of Regulation 228 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 228 of the SEBI ICDR Regulations are as follows:

- (a) Neither our Company nor our Promoter, members of our Promoter Group or our Directors is debarred from accessing the capital markets by the SEBI.
- (b) None of our Promoter or Directors is Promoter or Directors of companies which are debarred from accessing the capital markets by the SEBI.
- (c) Neither our Company nor our Promoter or Directors is a wilful defaulter.
- (d) None of our Promoter or Directors is a fugitive economic offender.

We further confirm that we shall be complying with all other requirements as laid down for such offer under Chapter IX of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

Further, in accordance with Regulation 268 (1) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue shall be greater than or equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within eight (8) Working Days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act 2013. 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.

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 ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, ARYAMAN FINANCIAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED SHALL FURNISH TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●] IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THE DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT PROSPECTUS.

Note:

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 26, 28 and 30 of the Companies Act, 2013.

Disclaimer from our Company, the Selling Shareholder and the Lead Manager

Our Company, the Selling Shareholder, the Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are 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 Issue 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 of the NSE

As required, a copy of this Draft Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). The disclaimer clause as intimated by NSE to us, post scrutiny of this Draft Prospectus, shall be included in the Prospectus prior to RoC filing.

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.

Listing

Application has been made to Emerge Platform of National Stock Exchange of India Limited for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. NSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

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 shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the prospectus. The allotment letters shall be issued or application money shall be refunded / unblocked within fifteen days from the closure of the Issue 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 shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Emerge Platform of National Stock Exchange of India Limited mentioned above are taken within 6 Working Days of the Issue Closing Date.

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 Emerge Platform of National Stock Exchange of India Limited.

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 th calendar days from listing		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing	
1	Nirmitee Robotics India Limited	3.24	185.00	21/04/2020	189.00	19.46%	0.97%	35.14%	22.14%	N.A	N.A
2	Valencia Nutrition Limited	7.23	46.00	06/01/2020	46.45	0.00%	1.15%	0.00%	-32.17%	-2.17%	-11.44%
3	Vishwaraj Sugar Industries Limited	60.00	60.00	15/10/2019	61.20	10.38%	5.58%	50.33%	8.71%	9.75%	-19.08%
4	Galactico Corporate Services Limited	3.70	23.00	09/10/2019	23.20	0.00%	6.48%	6.96%	7.05%	-0.87%	-27.73%
5	Shiv Aum Steels Limited	15.48	44.00	01/10/2019	44.25	0.57%	4.56%	2.27%	7.89%	2.27%	-23.76%
6	Transpact Enterprises Limited	1.35	130.00	05/09/2019	132.50	4.62%	2.81%	1.54%	11.48%	3.85%	5.40%
7	Meera Industries Limited ⁽¹⁾	11.75	225.00	26/06/2019	215.00	-6.04%	-4.32%	-17.78%	-1.25%	-45.56%	5.18%
8	Roopshri Resorts Limited	3.60	20.00	01/04/2019	20.25	1.25%	0.41%	1.25%	1.34%	12.00%	-0.13%
9	Gleam Fabmat Limited	3.12	10.00	05/03/2019	9.00	-36.50%	6.15%	-45.40%	10.50%	-67.50%	2.44%
10	DRS Dilip Roadlines Limited	31.50	75.00	10/12/2018	75.15	1.33%	3.50%	0.33%	5.21%	0.67%	13.18%

⁽¹⁾ Equity Shares of Meera Industries Limited was listed on May 15, 2017 on BSE Limited. Aryaman Financial Services Limited was appointed as lead manager for the Further Public Issue by the Company on BSE Limited pursuant to which its additional shares were listed on June 26, 2019.

Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year)

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in Cr.)	Nos. of IPOs trading at discount - 30 th calendar day from listing day			Nos. of IPOs trading at premium - 30 th calendar day from listing day			Nos. of IPOs trading at discount - 180 th calendar day from listing day			Nos. of IPOs trading at premium - 180 th 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%
2020-21	1 ⁽¹⁾	3.24	0	0	0	0	0	1	N.A	N.A	N.A	N.A	N.A	N.A
2019-20	7 ⁽²⁾	103.47	0	0	1	0	0	4	0	1	2	0	0	4
2018-19	14 ⁽³⁾	327.66	0	1	1	0	1	9	1	0	2	1	1	9

⁽¹⁾ Details indicated in 2020-21 are for the public issues completed as on date.

⁽²⁾ As on the 30th Calendar day from the listing day, the price of Galactico Corporate Services Ltd. and on 30th and 90th Calendar day from the listing day, the price of Valencia Nutrition Ltd., is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

⁽³⁾ As on the 30th and 90th Calendar day from the listing day, the price of Silgo Retail Limited and on 30th Calendar day from the listing day, the price of Saketh Exim Limited is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

Notes:

- (1) *Since the listing dates of Nirmitee Robotics India Limited was April 21, 2020, information related to closing price and benchmark index as on the 180th calendar day from the listing date is not available.*
- (2) *The respective Designated Stock Exchange for each Issue has been considered as the Benchmark index for each of the above Issues.*
- (3) *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.*
- (4) *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 Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please see the website of Aryaman Financial Services Limited – www.afsl.co.in

Stock Market Data of Equity Shares

This being an initial public Issue of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Consents

Consents in writing of: (a) The Selling Shareholder, the Directors, the Chief Financial Officer, Company Secretary & Compliance Officer and the Statutory Auditors; and (b) the Lead Manager, Registrar to the Issue, the Legal Advisors to the Issue, Banker to the Company*, Banker to the Issue*, 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 Prospectus with the RoC, as required under Section 26 and 28 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.

**The aforesaid will be appointed prior to filing of the Prospectus with RoC and their consents as above would be obtained prior to the filing of the Prospectus with RoC.*

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, M/s Das Maheshwari & Company, Chartered Accountants, have provided their written consent to the inclusion of their (1) Report on Restated Standalone Financial Statements dated August 14, 2020, (2) Report on Restated Consolidated Financial Statements dated August 14, 2020 and (3) Report on Statement of Tax Benefits dated August 14, 2020, 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

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 Das Maheshwari & Company, 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 to their (1) Report on Restated Standalone Financial Statements dated August 14, 2020, (2) Report on Restated Consolidated Financial Statements dated August 14, 2020 and (3) Report on Statement of Tax Benefits dated August 14, 2020 and 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.

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 Issue 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. 58 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 Company(ies) / Subsidiaries / Associates

None of our Group Company(ies) / Subsidiaries / Associates that are listed on any Stock Exchange has made any Capital Issue in the last three (3) years.

PERFORMANCE VIS-À-VIS OBJECTS

Our Company

Our Company has not made any public issue (including any rights issue to the public) since its incorporation.

Listed Subsidiaries / Promoter

None of our Subsidiaries / Promoter is listed on any Stock Exchange and not made any rights and public issues in the past five (5) years.

OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY THE COMPANY

The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past.

DISPOSAL OF INVESTOR GRIEVANCES

Mechanism for Redressal of Investor Grievances

The Company and the Selling Shareholder has appointed Bigshare Services Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue will handle investor’s grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the Issue 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 Issue 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.

The Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES

Our Board by a resolution on June 25, 2020 constituted a Stakeholders Relationship Committee. The composition of the Stakeholders Relationship Committee is as follows:

Name of the Directors	Nature of Directorship	Designation in Committee
Mr. Pawan Jain	Non - Executive Director	Chairman
Mr. Swapnil Jain	Managing Director	Member
Mrs. Priya Jain	Executive Director	Member

For further details, please see the chapter titled “*Our Management*” beginning on page no. 131 of this Draft Prospectus.

The Company has also appointed Ms. Geetika Varshney as the Company Secretary and Compliance Officer for this Issue and he may be contacted at the Registered Office of our Company. The contact details are as follows:

Name: Ms. Geetika Varshney
Address: Vimlanchalhari Nagar Aligarh Uttar Pradesh - 202001
Tel No: +91 8006409332
Email: cs@pavnagroup.com

Investors can contact the Compliance Officer or the Registrar to the Issue or the Lead Manager in case of any pre- Issue or post- Issue 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

For details of Investor Grievances by Listed Companies under the same Management, see the chapter “*Our Group Company*” beginning on page no. 149 of this Draft Prospectus.

SECTION X – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being Allotted pursuant to this Issue shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA, SCRR, our Memorandum of Association and Articles of Association, the terms of the Draft Prospectus, the Prospectus, the Abridged Prospectus, Application Form, any Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, 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 Exchange(s), 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 the SEBI, the RBI, the Government of India, the Stock Exchange(s), the RoC and/or any other authorities while granting its approval for the Issue.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self Certified Syndicate Banks (SCSBs) for the same. Further, SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019 and circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 and any subsequent circulars issued by SEBI in this regard, SEBI has introduced an alternate payment mechanism using Unified Payments Interface (UPI) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIIs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“UPI Phase I”). The UPI Phase I was effective till June 30, 2019. With effect from July 1, 2019, with respect to Application by retail individual investors through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Applicants with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently, the final reduced timeline will be made effective using the UPI Mechanism for applications by retail individual investors (“UPI Phase III”), as may be prescribed by SEBI.

Further vide the said circular Registrar to the Issue and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official websites of the concerned stock exchanges for any information on operationalization of this facility of form collection by Registrar to the Issue and DPs as and when the same is made available.

Ranking of Equity Shares

The Equity Shares being issued and transferred shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association, SEBI ICDR Regulations, SCRA 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 from page no. 270 of this Draft Prospectus.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Applicants who have been Allotted Equity Shares in the Issue, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see “Dividend Policy” and “Main Provisions of the Articles of Association” beginning on page nos. 151 and 270 of this Draft Prospectus.

Face Value and Issue Price

The Equity Shares having a face value of ₹ 10 each are being issued in terms of this Draft Prospectus at the price of [●] per Equity Share. The Issue Price is determined by our Company and Selling Shareholder, in consultation with the Lead Manager and is justified under the chapter titled "*Basis for Issue Price*" beginning on page no. 71 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 SEBI (ICDR) Regulations, 2018

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations, 2018. Our Company shall 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 our Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, 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 and e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of the Equity Shares, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation or splitting, see "*Main Provisions of Articles of Association*" beginning on page no. 270 of this Draft Prospectus.

Allotment only in Dematerialised Form

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- 1) Tripartite agreement dated April 30, 2019 between our Company, NSDL and the Registrar and Share Transfer Agent to the Issue.
- 2) Tripartite agreement dated June 26, 2020 between our Company, CDSL and the Registrar and Share Transfer Agent to the Issue.

The Company's shares bear ISIN INE07S101020.

Market Lot and Trading Lot

Trading of the Equity Shares will happen in the minimum contract size of [●] 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 NSE from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Issue will be done in multiples of [●] Equity Share subject to a minimum allotment of [●] Equity Shares to the successful Applicants. Further, in accordance with SEBI (ICDR) Regulations the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.

Minimum Number of Allottees

In accordance with Regulation 268 (1) of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within eight (8) Working days of closure of Issue.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

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.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Applicant would prevail. If the Applicant wants to change the nomination, they are requested to inform their respective Depository Participant.

Withdrawal of the Issue

Our Company and the Selling Shareholder in consultation with the Lead Manager, reserve the right not to proceed with the Fresh Issue and the Selling Shareholder reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of Offered Shares, at any time after the Issue 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-Issue advertisements were published, within two days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Lead Manager, through the Registrar to the Issue, shall notify the SCSBs and Sponsor Bank (in case of RII's using the UPI Mechanism), to unblock the bank accounts of the ASBA Applicants and the Escrow Collection Bank to release the Application Amounts to the Anchor Investors, if applicable, 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.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company and the Selling Shareholder, in consultation with the Lead Manager

withdraw the Issue after the Application/ Issue Closing Date and thereafter determine that they will proceed with public Issue of the Equity Shares, our Company shall file a fresh Draft Prospectus with the Stock Exchanges.

Issue Program

ISSUE OPENS ON	[●]
ISSUE CLOSES ON	[●]

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

Event	Indicative Date
Issue Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Refunds / unblocking of funds from ASBA Account	[●]
Credit of Equity Shares to demat account of the Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholder 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 Issue Closing Date, the timetable may change due to various factors, such as extension of the Issue 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 Issue Period (except for the Issue Closing Date). On the Issue 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 Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue 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 Issue Closing Date, as is typically experienced in public Issues, 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 Issue. Applications will be accepted only on Business Days. Neither our Company nor the Selling Shareholder nor the Lead Manager are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

In accordance with the SEBI ICDR 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 Issue Closing Date. Except Allocation to Retail Individual Investors, Allocation in the Issue 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 Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of Prospectus, the application money has

to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the Issue through the Offer Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received, if there is a delay beyond eight (8) days, after our Company become liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest as prescribed under the SEBI Regulations, the Companies Act, 2013 and applicable laws.

In accordance with Regulation 260 (1) of the SEBI ICDR Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the Issue through this Draft Prospectus and shall not be restricted to the minimum subscription level. Further, in accordance with Regulation 267 (2) of the SEBI ICDR Regulations, our Company shall ensure that the minimum application size shall not be less than ₹ 1,00,000 (Rupees One Lakh) per application.

The Equity Shares have not been and will not registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the application law of such jurisdiction.

Arrangements for Disposal of Odd Lots

The trading of the Equity Shares will happen in the minimum contract size of [●] 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.

Application by Eligible NRIs, FPIs or VCFs registered with SEBI

It is to be understood that there is no reservation for Eligible NRIs, FPIs or VCF registered with SEBI. Such Eligible NRIs, FPIs or VCF registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

As per the extent Guidelines of the Government of India, OCBs cannot participate in this Issue.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors. The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

Restrictions, if any on Transfer and Transmission of Equity Shares

The lock-in of the pre- Issue capital of our Company as provided in “*Capital Structure*” beginning on page no. 58 of this Draft Prospectus and except as provided in our Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, see “*Main Provisions of the Articles of Association*” beginning on page no. 270 of this Draft Prospectus.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

New Financial Instruments

As on the date of this Draft Prospectus, there are no outstanding warrants, new financial instruments or any rights, which would entitle the shareholders of our Company, including our Promoter, to acquire or receive any Equity Shares after the Issue.

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 NSE EMERGE 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 IX of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter IX of the SEBI ICDR Regulation, our Company may migrate to the main board of NSE from the NSE EMERGE 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 promoter 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 promoter 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 issued through this Issue are proposed to be listed on the NSE EMERGE with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on NSE EMERGE. For further details of the market making arrangement please refer the chapter titled “*General Information*” beginning on page no. 50 of this Draft Prospectus.

ISSUE STRUCTURE

This issue is being made in terms of Regulation 229 (1) of the Chapter IX of SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, our post issue face value capital does not exceed ten crore rupees. The Company shall issue specified securities 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 Issue, please see the chapters titled "Terms of the Issue" and "Issue Procedure" beginning on page nos. 242 and 251 respectively, of this Draft Prospectus.

Issue Structure

Initial Public Issue of upto 18,00,000 Equity Shares for cash at a price of ₹ [●] per Equity Share (including a Share Premium of ₹[●] per Equity Share), aggregating up to ₹ [●] Lakhs consisting of a Fresh Issue of upto 9,02,400 Equity Shares aggregating up to ₹ [●] Lakhs by our Company and an Offer for Sale of 8,97,600 Equity Shares aggregating up to ₹ [●] Lakhs by the Promoter Selling Shareholder.

The Issue comprises a reservation of upto 96,000 Equity Shares of ₹ 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion") and Net Issue to Public of upto 17,04,000 Equity Shares of ₹ 10 each ("the Net Issue"). The Issue and the Net Issue will constitute 29.55% and 27.98%, respectively of the post Issue paid up equity share capital of the Company. The Issue is being made through the Fixed Price Process.

Particulars	Net Issue to Public	Market Maker Reservation Portion
Number of Equity Shares available for allocation ⁽¹⁾	Upto 17,04,000 Equity Shares	Upto 96,000 Equity Shares
Percentage of Issue Size available for Allocation	94.40% of the Issue Size	5.60% of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of [●] Equity Shares and further allotment in multiples of [●] Equity Shares each. ⁽¹⁾ For further details please refer section explaining the Basis of Allotment in the GID.	Firm Allotment
Mode of Application	All the applicants shall make the application (Online or Physical) through the ASBA Process only (including UPI mechanism for Retail Investors using Syndicate ASBA).	
Mode of Allotment	Compulsorily in dematerialised form.	
Minimum Application Size	<i>For Other than Retail Individual Investors:</i> Such number of Equity Shares in multiples of [●] Equity Shares such that the Application Value exceeds ₹ 2,00,000. <i>For Retail Individuals Investors:</i> [●] Equity Shares	Upto 96,000 Equity Shares
Maximum Application Size	<i>For Other than Retail Individual Investors:</i> Such number of Equity Shares in multiples of [●] Equity Shares such that the Application Size does not exceed 17,04,000 Equity Shares, subject to applicable limits to the Applicant. <i>For Retail Individuals Investors:</i> Such number of Equity Shares in multiples of [●] Equity Shares such that the application	Upto 96,000 Equity Shares

Particulars	Net Issue to Public	Market Maker Reservation Portion
	value does not exceed ₹ 2,00,000.	
Trading Lot	[●] Equity Shares	[●] Equity Shares. However the Market Maker may buy odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2018.
Who can Apply ⁽²⁾	<p><i>For Other than Retail Individual Investors:</i></p> <p>Resident Indian individuals, Eligible NRIs, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions societies and trusts.</p> <p><i>For Retail Individuals Investors:</i></p> <p>Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs.</p>	Market Maker
Terms of Payment ⁽³⁾	The entire Application Amount will be payable at the time of submission of the Application Form.	
Application Lot Size	[●] Equity Share and in multiples of [●] Equity Shares thereafter	

⁽¹⁾ Since present issue is a fixed price issue, the allocation in the net Issue to the public category in terms of Regulation 253(2) of the SEBI (ICDR) Regulations, 2018 shall be made as follows:

- a) Minimum fifty per cent to retail individual investors; and
- b) Remaining to:
 - (i) individual applicants other than retail individual investors; and
 - (ii) other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;

Provided that the unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

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⁾ In case of ASBA Applicants, the SCSB shall be authorised to block such funds in the bank account of the ASBA Applicant (including retail applicants applying through UPI mechanism) that are specified in the Application Form. SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB.

ISSUE PROGRAMME

ISSUE OPENING DATE	[●]
ISSUE CLOSING DATE	[●]

Applications and any revisions to the same will be accepted only between 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form. On the Issue Closing Date applications will be accepted only between 10.00 a.m. to 4.00 p.m. (Indian Standard Time).

Due to limitation of time available for uploading the application on the Issue Closing Date, Applicants are advised to submit their applications one day prior to the Issue Closing Date and, in any case, not later than 1.00 p.m. IST on the Issue Closing Date. Any time mentioned in this Draft Prospectus is IST. Applicants are cautioned that, in the event a large number of applications are received on the Issue Closing Date, as is typically experienced in public Issues, 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 this Issue.

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday)

Lot Size

SEBI vide circular CIR/MRD/DSA/06/2012 dated February 21, 2012 (the “Circular”) standardized the lot size for Initial Public Issue proposing to list on SME exchange/platform and for the secondary market trading on such exchange/platform, as under:

Issue Price (in ₹)	Lot Size (No. of shares)
Up to 14	10,000
More than 14 up to 18	8,000
More than 18 up to 25	6,000
More than 25 up to 35	4,000
More than 35 up to 50	3,000
More than 50 up to 70	2,000
More than 70 up to 90	1,600
More than 90 up to 120	1,200
More than 120 up to 150	1,000
More than 150 up to 180	800
More than 180 up to 250	600
More than 250 up to 350	400
More than 350 up to 500	300
More than 500 up to 600	240
More than 600 up to 750	200
More than 750 up to 1,000	160
Above 1,000	100

Further to the circular, at the Initial Public Offer stage the Registrar to Issue in consultation with Book Running 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. At the Initial Public Offering stage if the price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into. For example: if the proposed price band is at 24-28 than the Lot size shall be 4,000 shares.

ISSUE PROCEDURE

All Applicants should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 notified by SEBI and updated pursuant to the circular (SEBI/HO/CFD/DIL2/CIR/P/2) dated March 30, 2020 (the “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 Regulations. The General Information Document is available on the websites of the Stock Exchanges and the LMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

The General Information Document highlights certain key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 the Securities Contracts (Regulation) Act, 1956 (“SCRA”), the Securities Contracts (Regulation) Rules, 1957 (“SCRR”), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“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.

SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, and as modified through its circular SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 and the circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 (collectively the “UPI Circulars”) has proposed to introduce an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI mechanisms for RIIs applying through Designated Intermediaries have been made effective along with the existing process and existing timeline of T+6 days. The same was applicable until June 30, 2019 (“UPI Phase I”). With effect from July 1, 2019, with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Further, as per the SEBI circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, the UPI Phase II has been extended until March 31, 2020. Further still, as PER SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, the current Phase II of Unified Payments Interface with Application Supported by Blocked Amount be continued till further notice. Subsequently, the final reduced timeline will be made effective using the UPI mechanism for applications by RIIs (“UPI Phase III”), as may be prescribed by SEBI.

Phased implementation of Unified Payments Interface

SEBI has issued a **UPI Circulars** in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circulars, UPI will be introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six working days to up to three working days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI Mechanism, the UPI Circular proposes to introduce and implement the UPI Mechanism in three phases in the following manner:

Phase I: This phase has become applicable from January 1, 2019 and will continue till June 30, 2019. Under this phase, a Retail Individual Applicant would also have the option to submit the Application Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six Working Days.

Phase II: This phase commenced on completion of Phase I i.e. with effect from July 1, 2019 and was to be continued for a period of three months or launch of five main board public issues, whichever is later. Further, as per the SEBI circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, the UPI Phase II has been extended until March 31, 2020. Further still, as per SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, the current Phase II of Unified Payments Interface with Application Supported by Blocked Amount be continued till further notice. Under

this phase, submission of the Application Form by a Retail Individual Applicant through intermediaries to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.

Phase III: Subsequently, the time duration from public issue closure to listing would be reduced to be three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using the UPI Mechanism. The Issuers are to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Applicants into the UPI mechanism.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Lead Manager.

FIXED PRICE ISSUE PROCEDURE

The Issue is being made in compliance with the provisions of Reg. 229(1) of Chapter IX of the SEBI (ICDR) Regulations, 2018 and through the Fixed Price Process wherein 50% of the Net Issue 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 compliance with Regulation 253(2) of the SEBI ICDR Regulations and subject to valid Applications being received from them at or above the Issue Price.

Subject to the valid Applications being received at or above the Issue Price, allocation to all categories in the Net Issue, 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/UPI ID (as applicable) 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 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

All Applicants shall mandatorily participate in the Issue only through the ASBA process. ASBA Applicants (other than Applicants using the UPI Mechanism) 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. Further Retail Individual Applicants may participate in the Issue through UPI by providing details in the relevant space provided in the Application Form and the Application Forms that do not contain the UPI ID 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.

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and the 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 Issue Opening Date.

The prescribed colour of the Application Form for various categories is as follows:

Category	Colour ⁽¹⁾
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

⁽¹⁾ Excluding electronic Application Form

Designated Intermediaries shall submit Application Forms (except the Application Form for a Retail Applicant using the UPI Mechanism) to SCSBs and shall not submit it to any non-SCSB bank.

In case of ASBA Forms, Designated Intermediaries shall upload the relevant Application details in the electronic Bidding system of the Stock Exchanges. Subsequently, for ASBA Forms (other than RIIs using UPI mechanism) Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a RIIs using the UPI mechanism) to the respective SCSB, where the Applicant has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. For RIIs using UPI mechanism, the Stock Exchanges shall share the Application details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. 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) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and 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 Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Who Can Apply?

In addition to the category of Applicants set forth in the *General Information Document*, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- Scientific and/or industrial research organizations in India, which are authorised to invest in equity shares; and
- Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them.

PARTICIPATION BY ASSOCIATES/AFFILIATES OF LEAD MANAGER, PROMOTERS, PROMOTER GROUP AND PERSONS RELATED TO PROMOTER/PROMOTER GROUP

The Lead Manager shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Lead Manager may subscribe to Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

The Promoters, Promoter Group, Lead Manager and any persons related to the Lead Manager (except Mutual Funds sponsored by entities related to the Lead Manager) cannot apply in the Issue.

APPLICATION BY MUTUAL FUNDS

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company’s paid up share capital carrying voting rights.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

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.

APPLICATION by HUFs

Applications by HUFs 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 may be considered at par with Applications from individuals.

APPLICATION BY ELIGIBLE NRIs

Eligible NRIs may obtain copies of Application Form from the Designated Intermediaries. Eligible NRI Applicant 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 Applicant applying on a non-repatriation basis by using Resident Forms should authorize their SCSB or should confirm/accept the UPI Mandate Request (in case of RIBs applying using the UPI Mechanism) to block their Non-Resident Ordinary (“NRO”) accounts for the full Application Amount, at the time of the submission of the Application Form. However, NRIs applying in the Issue through the UPI Mechanism are advised to enquire with the relevant bank where their account is UPI linked prior to submitting their Application.

Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non- Residents (blue in colour).

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents. (white in colour).

Pursuant to the provisions of the FEMA regulations, investments by NRIs under the Portfolio Investment Scheme (“PIS”) are subject to certain limits, i.e., 10.00% of the paid-up equity share capital of the company. Such limit for NRI investment under the PIS route can be increased by passing a board resolution, followed by a special resolution by the shareholders, subject to prior intimation to the RBI. Our Company has not passed any resolution to increase this limit.

APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRIs APPLYING ON NON-REPATRIATION

Application must be made only in the names of individuals, limited companies or statutory corporations / institutions and not in the names of minors (other than minor having valid depository accounts as per demographic details provided by the depository), foreign nationals, non-residents (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu Undivided Families (HUF), partnership firms or their nominees. In case of HUFs, application shall be made by the Karta of the HUF.

Eligible NRIs applying on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE / FCNR accounts as well as NRO accounts.

An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public.

APPLICATION 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 Issue, 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.

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 Issue, 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 Issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10.00% of our post- Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% 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% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Issue 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 21 of the SEBI FPI Regulations, only Category I FPIs, may issue, subscribe to 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 recognised stock exchange In India, as its underlying) directly or indirectly, only in the event (i) such offshore derivate instruments are issued only to persons eligible to be registered as Category I FPIs; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI may transfer offshore derivative instruments to persons compliant with the requirements of Regulation 21(1) of the SEBI FPI Regulations and subject to receipt of consent except where pre - approval is provided.

FPIs who wish to participate in the Issue are advised to use the Application Form for Non-Residents (blue in colour).

APPLICATION BY SEBI REGISTERED ALTERNATIVE INVESTMENT FUND (AIF), VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. 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 Shareholder 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 which, the Company reserves the right to reject any application, without assigning any reason thereof.

APPLICATIONS BY INSURANCE COMPANIES

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company and the Selling Shareholder reserves the right to reject any Application without assigning any reason thereof.

The exposure norms for insurers prescribed in Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (“IRDAI Investment Regulations”) are set forth below:

- a. Equity shares of a company: the lower of 10%⁽¹⁾ of the investee company’s outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/investment assets in case of a general insurer or a reinsurer;
- b. 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 a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- c. The industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, 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 points (i), (ii) or (iii) above, as the case may be.

⁽¹⁾ The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of Rs. 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of Rs. 500,000 million or more but less than Rs. 2,500,000 million.

Insurer companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time including the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 (“**IRDA Investment Regulations**”).

APPLICATION BY PROVIDENT FUNDS / PENSION FUNDS

In case of applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 25 Crores, 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, the Company reserves the right to reject any application, without assigning any reason thereof.

Application by Systemically Important Non-Banking Financial Companies

In case of Applications made by systemically important non-banking financial companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Application Form. Failing this, our

Company reserves the right to reject any Application, without assigning any reason thereof. Systemically Important Non Banking Financial Companies participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

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 reserve the right to reject any Application without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("Banking Regulation Act"), and the Reserve Bank of India ("Financial Services provided by Banks") Directions, 2016, is 10% of the paid-up share capital of the investee company not being its subsidiary engaged in non-financial services or 10% of the banks own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks 'interest on loans / investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

APPLICATIONS BY SCSBS

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

APPLICATION UNDER POWER OF ATTORNEY

In case of Applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof. Our Company in consultation with the Lead manager, in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form.

The above information is given for the benefit of the Applicants. The Company, Selling Shareholder 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 number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

Participation by associates and affiliates of the Lead Manager

The Lead Manager shall not be allowed to subscribe to this Issue 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 Issue in non Retail Portion, where the allocation is on a proportionate basis.

Pre- Issue Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after registering the Prospectus with the RoC, publish a pre-Issue 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- Issue advertisement, we shall state the Issue Opening Date and the Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

Signing of the Underwriting Agreement

- a) Our Company, the Lead Manager, the Selling Shareholder and the Market Maker have entered into an Underwriting Agreement on [●].
- b) For terms of the Underwriting Agreement please see chapter titled “*General Information*” beginning on page no. 50 of this Draft Prospectus.
- c) We will file a copy of the Prospectus with the RoC in terms of Section 26 and all other provision applicable as per Companies Act.

FILING OF THE PROSPECTUS WITH THE ROC

Our Company shall file the Prospectus with the RoC at least three working days before the Issue Opening Date in terms of Section 26 of Companies Act, 2013.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES DESIGNATED DATE

On the Designated date, the SCSBs shall transfers the funds represented by allocations of the Equity Shares into Public Issue Account with the Bankers to the Issue.

ISSUANCE OF ALLOTMENT ADVICE

Upon approval of the Basis of Allotment by the designated stock exchange, the Registrar shall upload on its website. On the basis of approved basis of allotment, the Issuer shall pass necessary corporate action to facilitate the allotment and credit of equity shares. Applicants are advised to instruct their Depository Participants 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 Applicants who have been allotted Equity Shares in the Issue. The dispatch of allotment advice shall be deemed a valid, binding and irrevocable contract.

Issuer will make the allotment of the equity shares and initiate corporate action for credit of shares to the successful applicants Depository Account within 4 working days of the Issue Closing date. The Issuer also ensures the credit of shares to the successful Applicants Depository Account is completed within one working Day from the date of allotment, after the funds are transferred from ASBA Public Issue Account to Public Issue account of the issuer.

Designated Date: On the Designated date, the SCSBs shall transfers the funds represented by allocations of the Equity Shares into Public Issue Account with the Bankers to the Issue.

The Company will issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 6 working days of the Issue Closing Date. The Company will intimate the details of allotment of securities to Depository immediately on allotment of securities under Section 56 of the Companies Act, 2013 or other applicable provisions, if any.

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), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Issue Opening Date.

INFORMATION FOR THE APPLICANTS

In addition to the instructions provided to the Applicants in the *General Information Document for Investing in Public Offers*, Applicants are requested to note the following additional information in relation to the Issue.

1. The Issue Period shall be for a minimum of three Working Days and shall not exceed ten Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding ten Working Days.
2. The relevant Designated Intermediary will enter each Application into the Electronic Bidding System and generate an acknowledgement slip (“**Acknowledgement Slip**”), and give the same to the Applicant. It is the Applicant’s responsibility to obtain the TRS from the relevant Designated Intermediary. The registration of the Application by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/ allotted. Such Acknowledgement will be non-negotiable and by itself will not create any obligation of any kind. When a Applicant revises his or her Application (in case of revision in the Price), he /she shall surrender the earlier Acknowledgement Slip and may request for a revised TRS from the relevant Designated Intermediary as proof of his or her having revised the previous Application.
3. In relation to electronic registration of Applications, the permission given by the Stock Exchanges to use their network and software of the Electronic Bidding System should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus or the Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
4. In the event of an upward revision in the Price, Retail Individual Applicants could either (i) revise their Application or (ii) shall make additional payment based on the revised Price (such that the total amount i.e., original Application Amount plus additional payment does not exceed Rs. 200,000. The revised Applications must be submitted to the same Designated Intermediary to whom the original Application was submitted. If the total amount (i.e., the original Application Amount plus additional payment) exceeds ₹ 200,000, the Applicant will be considered for allocation under the Non-Institutional Portion. If, however, the Retail Individual Applicant does not either revise the Application or make additional payment the number of Equity Shares applied for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Applicant and the Retail Individual Applicant is deemed to have approved such revised Application.
5. In the event of a downward revision in the Price, Retail Individual Applicant may revise their Application; otherwise, the excess amount paid at the time of Application would be unblocked after Allotment is finalised.
6. Any revision of the Application shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Application.

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.

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) Retail Applicants using the UPI mechanism should ensure that the correct UPI ID is mentioned in the Application Form;
- 10) Retail Applicants shall ensure that the bank, with which such Retail Applicants has a bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by the NPCI;
- 11) 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);
- 12) Submit revised Applications to the same Designated Intermediary, through whom the original Application was placed and obtain a revised acknowledgment;
- 13) 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;
- 14) Ensure that the Demographic Details are updated, true and correct in all respects;
- 15) Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- 16) Ensure that the category and the investor status is indicated;
- 17) Ensure that in case of Applications under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
- 18) Ensure that Applications submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

- 19) 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;
- 20) Ensure that the Application Forms are delivered by the Applicants within the time prescribed as per the Application Form and the Prospectus;
- 21) For Retail Applicants using the UPI mechanism, ensure that you approve the request generated by the Sponsor Bank to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment, in a timely manner;
- 22) Retail Applicants shall ensure that details of the Applications are reviewed and verified by opening the attachment in the UPI mandate request and then proceed to authorize the UPI request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, a Retail Applicant may be deemed to have verified the attachment containing the application details of the Retail Applicant in the UPI mandate request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to block the Application Amount mentioned in the Application Form;
- 23) Retail Applicants using the UPI mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Application Form;
- 24) Retail Applicants using the UPI mechanism, who have revised their Application subsequent to making the initial Application, should also approve the revised request generated by the Sponsor Bank to authorize blocking of funds equivalent to the revised Application Amount and subsequent debit of funds in case of allotment in a timely manner;
- 25) Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- 26) 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;
- 27) Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
- 28) 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 apply by another Application Form after submission of Application to the Designated Intermediary.
- 4) Do not pay the Application Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest or any mode other than blocked amounts in the bank account maintained with SCSB;
- 5) Do not send Application Forms by post; instead submit the same to the Designated Intermediary only;
- 6) Do not submit the Application Forms to any non-SCSB bank or our Company;
- 7) Do not apply on a Application Form that does not have the stamp of the relevant Designated Intermediary;
- 8) Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
- 9) Do not apply for a Application Amount exceeding Rs. 200,000 (for Applications by Retail Individual Applicants);

- 10) Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue size and / or investment limit or maximum number of 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 this Draft Prospectus;
- 11) Do not submit the General Index Register number instead of the PAN;
- 12) Do not submit the Application without ensuring that funds equivalent to the entire Application Amount are blocked in the relevant ASBA Account;
- 13) Do not submit more than 1 Application Form for each UPI ID in case of Retail Applicants Applying through the Designated Intermediary using the UPI Mechanism;
- 14) 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;
- 15) 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;
- 16) 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);
- 17) Do not make applications using third party bank accounts or using third party linked bank account UPI IDs;
- 18) Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Applications submitted by Retail Applicants using the UPI mechanism;
- 19) Do not submit incorrect UPI ID details, if you are a Retail Applicants applying through UPI Mechanism;
- 20) Do not submit more than One Application Form per ASBA Account;
- 21) Do not submit an Application in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise
- 22) If you are a Non-Institutional Applicant or Retail Individual Applicant, do not submit your Application after 3.00 p.m. on the Issue Closing Date;

The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

In addition to the instructions for completing the Application Form provided in the sub-section “*General Information Document for Investing in Public Offers – Applying in the Issue – Instructions for filing the Application Form / Application Form*” Applicants are requested to note the additional instructions provided below.

1. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Applications must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
2. Applications must be made in a single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant), and completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Prospectus and in the Application Form.
3. Applications on a repatriation basis shall be in the names of FIIs or FPIs but not in the names of minors, OCBs, firms or partnerships and foreign nationals.

Payment instructions

The entire Issue Price of [●] 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.

Issuance of a Confirmation of Allocation Note (“CAN”) and Allotment in the Issue

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the Lead Manager or Registrar to the Issue shall send to the SCSBs a list of their Applicants who have been allocated Equity Shares in the Issue.
2. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

BASIS OF ALLOTMENT

Allotment will be made in consultation with National Stock Exchange of India Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:
 - a) Each successful applicant shall be allotted [●] equity shares; and
 - b) The successful applicants out of the total applicants for that category shall be determined by the drawls of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of [●] equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.
5. If the Shares allocated on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares.
6. Since present Issue is a fixed price issue, the allocation in the net Issue to the public category in terms of Regulation 253 of the SEBI (ICDR) Regulations, 2018 shall be made as follows:
 - a) The 50% net Issue of shares to the Public (i.e. upto 8,52,000 Equity Shares) shall be made available for allotment to retail individual investors; and
 - b) The balance net Issue of shares to the public (i.e. Upto 8,52,000 Equity Shares) shall be made available for allotment to Non-Institutional Investors, including Qualified Institution Buyers, Corporate Bodies/ Institutions.
 - c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

Explanation: If the retails individual investor category is entitled to more than allocated portion on proportionate basis, the retails individual investors shall be allocated that higher percentage.

Please note that the Allotment to each Retail Individual Investor shall not be less than the minimum application lot, subject to availability of Equity Shares in the Retail portion. The remaining available Equity Shares, if any in Retail portion shall be allotted on a proportionate basis to Retail individual Investor in the manner in this para titled “*Basis of Allotment*” on page no. 263 of this Draft Prospectus.

“Retail Individual Investor” means an investor who applies for shares of value of not more than ₹ 2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with the National Stock Exchange of India Limited.

In the event of under subscription in the Issue, the obligations of the Underwriter shall get triggered in terms of the Underwriting Agreement. The Minimum subscription of 100% of the Issue size as specified in page no. 245 shall be achieved before our company proceeds to get the basis of allotment approved by the Designated Stock Exchange.

The Executive Director/Managing Director of the National Stock Exchange of India Limited– the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2018.

RIGHT TO REJECT APPLICATIONS

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

GROUND FOR REJECTIONS

In addition to the grounds for rejection of Application on technical grounds as provided in the “*General Information Document for Investing in Public Offers*” Applicants are requested to note that Applications may be rejected on the following additional technical grounds.

1. Applications submitted without payment of the entire Application Amount;
2. Applications submitted by Applicants which do not contain details of the Application Amount and the bank account details / UPI ID in the Application Form;
3. Applications submitted on a plain paper;
4. Applications submitted by Applicants using third party bank accounts or using a third party linked bank account UPI ID;
5. Applications by HUFs not mentioned correctly as given in the sub-section “*Who can Apply?*” on page no. 253 of this Draft Prospectus;
6. Application Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Application submitted without the signature of the First Applicant or sole Applicants;
8. Applications by person for whom PAN details have not been verified and whose beneficiary accounts are ‘suspended for credit’ in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July29, 2010;
9. GIR number furnished instead of PAN;
10. Application by Retail Individual Applicants with Application Amount for a value of more than ₹ 200,000
11. Applications by person who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

12. Applications by Applicants (who are not Anchor Investors) accompanied by cheques or demand drafts;
13. Applications accompanied by stock invest, money order, postal order or cash;
14. Application by OCB.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- Tripartite agreement dated April 30, 2019 with NSDL, our Company and Registrar to the Issue;
- Tripartite agreement dated June 30, 2020 with CDSL, our Company and Registrar to the Issue;
- The Company's shares bear an ISIN: INE07S101020.

DESIGNATED DATE AND ALLOTMENT

- (a) Our Company will ensure that the Allotment and credit to the successful Applicants' depository account will be completed within six Working Days, or such period as may be prescribed by SEBI, of the Issue Closing Date or such other period as may be prescribed.
- (b) Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so allotted as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue 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- Issue or post- Issue related problems such as non-receipt of letters of Allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Applications submitted to the Designated Branches of the SCSBs, the Applicants can contact the Designated Branches of the SCSBs

Letters of Allotment or Refund Orders or Instructions to the SCSBs

The Registrar to the Issue shall give instructions for credit to the beneficiary account with depository participants within 6 Working Days from the Issue Closing Date. the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar, unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful Applications within 6 Working Days of the Issue Closing Date.

Mode of Refund

Within 6 Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.

Interest in Case of Delay in Allotment or Refund

The Issuer shall allot the equity shares offered to the public within the period prescribed by the Board. The Issuer may pay interest at the rate of 15% per annum in case demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within 15 Days of the Issue Closing Date.

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”**

Undertaking by our Company

We undertake the following:

- 1) If our Company does not proceed with the Issue after the Issue 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 Issue Closing Date. The public notice shall be issued in the same newspapers where the Pre- Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 2) If our Company withdraw the Issue after the Issue 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 Issue;
- 3) The complaints received in respect of the Issue 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 Issue Closing Date;
- 5) Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Issue Closing Date, or such time period as specified by SEBI, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 6) 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 Issue by our Company;
- 7) 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;
- 8) The certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time;
- 9) No further Issue of Equity Shares shall be made till the Equity Shares offered through this Offer Document are listed or until the Application monies are refunded on account of non-listing, under-subscription etc;
- 10) Adequate arrangements shall be made to collect all Application Forms and

Undertaking by the Selling Shareholder

Only statements and undertakings which are specifically “confirmed” or “undertaken” by the Selling Shareholder in this Draft Prospectus shall be deemed to be “statements and undertakings made by the Selling Shareholder”. All other statements and/ or undertakings in this Draft Prospectus shall be statements and undertakings made by our Company even if the same relates to the Selling Shareholder. Each Selling Shareholder severally and not jointly, specifically confirms and undertakes the following in respect of itself and the Equity Shares being offered by it pursuant to the Offer for Sale:

1. Its respective portion of the offered Shares shall be transferred in the offer free and clear of any pre-emptive rights, liens, mortgages, charges, pledges, trusts or any other encumbrance or transfer restrictions, both present and future, in a manner prescribed under Applicable Law in relation to the Issue, and without any objection by it and in accordance with the instructions of the Registrar to the Issue.
2. Its respective portion of the offered Shares have been held by such Selling Shareholder for a minimum period of one year prior to the date of filing this Draft Prospectus, such period determined in accordance with Regulation 26 (6) of the SEBI ICDR Regulations.
3. It is the legal and beneficial owner and has full title of its respective portion of the offered Shares.
4. That it shall provide all reasonable co-operation as requested by our Company and the LM in relation to the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders (as applicable) to the requisite extent of its respective portion of the offered Shares.
5. It will not have recourse to the proceeds of the Offer for Sale, until approval for final listing and trading of the Equity Shares is received from the Stock Exchanges.
6. It will deposit its respective portion of the offered Shares in an escrow account opened with the Share Escrow Agent prior to filing of the Prospectus with the RoC.
7. It shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, to any person for making a Application in the Issue, and shall not make any payment, whether direct or indirect, whether in the nature of discounts, commission, allowance or otherwise, to any person who makes a Application in the Issue.
8. That it will provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the LM in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Issue.

The Selling Shareholder have authorized the Company Secretary and Compliance Officer of our Company and the Registrar to the Issue to redress any complaints received from Applicants in respect of the Offer for Sale.

Utilization of Fresh Issue Proceeds

The Board of Directors of our Company certifies that:

- 1) All monies received out of the Fresh Issue 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.

- 5) Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

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 the 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 RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (“**FDI**”) through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) (“**DPIIT**”), issued the Consolidated FDI Policy Circular of 2017 (“**FDI Policy**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 27, 2017. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue. For details, see “*Issue Procedure*” on page 251 of this Draft Prospectus.

Foreign Exchange Laws

The foreign investment in our Company is governed by, *inter alia*, the FEMA, as amended, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2017 as amended, the FDI Policy issued and amended by way of press notes, and the SEBI FPI Regulations.

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 the foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and FEMA has now been entrusted to the concerned administrative ministries/departments.

RBI has also issued Master Direction on Foreign Investment in India dated January 4, 2018 (updated until March 8, 2019) (“**Master Directions**”). In terms of the Master Directions, an Indian company may issue fresh shares to persons resident outside India (who are eligible to make investments in India, for which the eligibility criteria are as prescribed).

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a) of the U.S. Securities Act.

The above information is given for the benefit of the Applicants. Our Company, the Selling Shareholder 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 number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION XI – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association are detailed below. Capitalised terms used in this section have the meaning given to them in the Articles of Association.

Each provision below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

Interpretation

I. (1) In these regulations—

- (a) “the Act” means the Companies Act, 2013,
- (b) “the seal” means the common seal of the company.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

Share capital and variation of rights

II. (1) Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

(2) (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

(3) (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.

(4) Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

- (5) (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rule made thereunder.
- (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
- (6) (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (ii) To every such separate meeting, the provisions of these regulations relating general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
- (7) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further share ranking pari passu therewith .
- (8) Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

Lien

- (9) (i) The company shall have a first and paramount lien—
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
- (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:
- Provided that the Board of directors may at any time declare any share to wholly or in part exempt from the provisions of this clause.
- (ii) The company's lien, if any, on a share shall extend to all dividend bonuses declared from time to time in respect of such shares.
- (10) The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:
- Provided that no sale shall be made—
- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
- (11) (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- (12) (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Calls on shares

- (13) (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call .

- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
 - (iii) A call may be revoked or postponed at the discretion of the Board
- (14) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
- (15) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- (16) (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
- (17) (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- (18) The Board—
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
 - (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

Transfer of shares

- (19) (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

- (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- (20) The Board may, subject to the right of appeal conferred by section 58 decline to register—
 - (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
 - (b) any transfer of shares on which the company has a lien.
- (21) The Board may decline to recognise any instrument of transfer unless—
 - (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
 - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
 - (c) the instrument of transfer is in respect of only one class of shares.
- (22) On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

Transmission of shares

- (23) (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a shareholder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
- (24) (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—
 - (a) to be registered himself as holder of the share; or
 - (b) to make such transfer of the share as the deceased or insolvent member could have made.
(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
- (25) (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
- (26) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have complied with.

- (27) In case of a One Person Company—
- (i) on the death of the sole member, the person nominated by such member shall be the person recognized by the company as having title to all the shares of the member;
 - (ii) the nominee on becoming entitled to such shares in case of the member's death shall be informed of such event by the Board of the company;
 - (iii) such nominee shall be entitled to the same dividends and other rights and liabilities to which such sole member of the company was entitled or liable;
 - (iv) on becoming member, such nominee shall nominate any other person with the prior written consent of such person who, shall in the event of the death of the member, become the member of the company.

Forfeiture of shares

- (28) If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
- (29) The notice aforesaid shall—
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
 - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
- (30) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect
- (33) (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- (32) (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
- (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
- (33)(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (iii) The transferee shall thereupon be registered as the holder of the share; and

- (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
- (34) The provisions of these regulations as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Alteration of capital

- (35) The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
- (36) Subject to the provisions of section 61, the company may, by ordinary resolution,—
 - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
 - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
 - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

- (37) Where shares are converted into stock,—
 - (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
 - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
 - (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

- (38) The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—
 - (a) its share capital;
 - (b) any capital redemption reserve account; or
 - (c) any share premium account.

Capitalisation of profits

- (39) (i) The company in general meeting may, upon the recommendation of the Board, resolve—
 - (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

- (b) that such sum be accordingly set free for distribution in the manner specified in clause
- (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (iii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
 - (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
 - (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);
 - (d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
 - (e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
- (40) (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
 - (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
 - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
 - (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

- (41) Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

General meetings

- (42) All general meetings other than annual general meeting shall be called extraordinary general meeting.
- (43) (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board. Proceedings at general meetings

- (44) (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
- (45) The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
- (46) If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
- (47) If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
- (48) In case of a One Person Company—
- (i) the resolution required to be passed at the general meetings of the company shall be deemed to have been passed if the resolution is agreed upon by the sole member and communicated to the company and entered in the minutes book maintained under section 118;
- (ii) such minutes book shall be signed and dated by the member;
- (iii) the resolution shall become effective from the date of signing such minutes by the sole member. Adjournment of meeting
- (49) (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights

- (50) Subject to any rights or restrictions for the time being attached to any class or classes of shares,—
- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
- (51) A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
- (52) (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
- (53) (i) A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

- (54) Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
- (55) No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
- (56) (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Proxy

- (57) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
- (58) An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
- (59) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

- (60) (i) The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them. The following shall be the first Directors of the Company:-
1. Sh. Asha Jain
 2. Sh. Pawan Jain
 3. Sh. Kailash Chand Jain
- (ii) The minimum number of Directors shall be three and maximum number of Directors shall be fifteen.
Provided that Company may appoint more than fifteen Directors after passing a special Resolution in the General Meeting.
- (61) (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
 - (b) in connection with the business of the company.
- (62) The Board may pay all expenses incurred in getting up and registering the company.

- (63) The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that (section) make and vary such regulations as it may think fit respecting the keeping of any such register.
- (64) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
- (65) Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
- (66) (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

Proceedings of the Board

- (67) (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
- (68) (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
- (69) The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
- (70) (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
- (71) (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- (72) (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
- (73) (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

- (74) All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
- (75) Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.
- (76) In case of a One Person Company—
- (i) where the company is having only one director, all the businesses to be transacted at the meeting of the Board shall be entered into minutes book maintained under section 118;
 - (ii) such minutes book shall be signed and dated by the director;
 - (iii) the resolution shall become effective from the date of signing such minutes by the director.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

- (77) Subject to the provisions of the Act,—
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
 - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
- (78) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

The Seal

- (79) (i) The Board shall provide for the safe custody of the seal.
- (ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

Dividends and Reserve

- (80) The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
- (81) Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
- (82) (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the

business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
- (83) (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
- (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
 - (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- (84) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
- (85) (i) Any dividend, interest or other monies payable in cash in respect of shares maybe paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- (86) Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
- (87) Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
- (88) No dividend shall bear interest against the company.

Accounts

- (89) (i) 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 directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

Winding up

- (90) Subject to the provisions of Chapter XX of the Act and rules made thereunder—
- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
 - (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

- (91) 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.

SECTION XII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material will be attached to the copy of the Draft Prospectus which will be delivered to the RoC for registration. Copies of the above mentioned contracts and also the documents for inspection referred to here under, may be inspected at the Corporate Office between 10 a.m. and 5 p.m. on all Working Days (Monday to Friday) from the date of the Prospectus until the Bid/Issue Closing Date.

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 applicable law.

A. Material Contracts

- 1) Memorandum of Understanding dated July 24, 2020 between our Company, the Selling Shareholder and the Lead Manager.
- 2) Memorandum of Understanding dated July 24, 2020 between our Company and the Registrar to the Issue.
- 3) Escrow Agreement dated [●] between our Company, the Selling Shareholder, the Lead Manager, Escrow Collection Bank(s) / Sponsor Bank and the Registrar to the Issue.
- 4) Market Making Agreement dated [●] between our Company, the Lead Manager and Market Maker.
- 5) Underwriting Agreement dated [●] between our Company, the Selling Shareholder, the Lead Manager and the Market Maker.
- 6) Share Escrow Agreement dated [●] between the Selling Shareholder, our Company, the Lead Manager and the Share Escrow Agent.
- 7) Tripartite agreement between the CDSL, our Company and the Registrar to the Issue dated June 26, 2020.
- 8) Tripartite agreement between the NSDL, our Company and the Registrar to the Issue dated April 30, 2019.

B. Material Documents

- 1) Certified true copies of the updated Memorandum and Articles of Association of our Company, as amended from time to time.
- 2) Copy of Certificate of Incorporation dated April 19, 1994 issued under the name Pavna Locks Private Limited by Registrar of Companies.
- 3) Copy of Fresh Certificate of Incorporation dated November 13, 2000 issued by Registrar of Companies consequent to name change from Pavna Locks Private Limited to Pavna Locks Limited pursuant to the conversion of our Company into a Public Limited Company.
- 4) Copy of Fresh Certificate of Incorporation dated November 17, 2000 issued by Registrar of Companies pursuant to change of name from Pavna Locks Limited to Pavna Zadi Security Systems Limited.
- 5) Copy of fresh Certificate of Incorporation dated May 21, 2019 issued by Registrar of Companies pursuant to change of name from Pavna Zadi Security Systems Limited to Pavna Industries Limited.
- 6) Resolution of the Board of Directors dated June 27, 2020 in relation to the Issue.
- 7) Resolution of the Shareholders of our Company, passed at the Extra Ordinary General Meeting held with a shorter notice on June 30, 2020 in relation to the Issue.

- 8) Statutory Auditor's report for Restated Standalone Financials dated August 14, 2020 included in this Draft Prospectus.
- 9) Statutory Auditor's report for Restated Consolidated Financials dated August 14, 2020 included in this Draft Prospectus.
- 10) The Statement of Tax Benefits dated August 14, 2020 from our Statutory Auditors included in this Draft Prospectus.
- 11) Consents of our Directors, Selling Shareholders, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Banker(s) to the Company*, Lead Manager, Legal Advisor to the Issue, Registrar to the Issue, Share Escrow Agent*, Banker to the Issue*, Underwriters* and Market Maker* to act in their respective capacities.

**The aforesaid will be appointed prior to filing of the Prospectus with RoC and their consents as above would be obtained prior to the filing of the Prospectus with RoC.*

- 12) Due Diligence Certificate(s) dated [●] to SEBI by the Lead Manager.
- 13) 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.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government and / or the guidelines or regulations 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, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, each as Amended, or the rules made there under or Guidelines / Regulations issued, as the case may be. We further certify that all statements and disclosures made in the Draft Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Mr. Swapnil Jain
Managing Director

Mr. Pawan Jain
Non-Executive Director

Mrs. Asha Jain
Chairperson & Executive Director

Mr. Naozer Aibara
Non-Executive Independent Director

Mrs. Priya Jain
Executive Director

Mr. Ashwani Kumar
Non-Executive Independent Director

SIGNED BY THE CHIEF FINANCIAL OFFICER & COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Makarand Mahajan
Chief Financial Officer

Ms. Geetika Varshney
Company Secretary and Compliance Officer

Date: August 18, 2020

Place: Aligarh

DECLARATION BY SELLING SHAREHOLDER

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made in this Draft Prospectus about or in relation to herself and the Equity Shares being offered by it in the Issue 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 expert or any other person(s) in this Draft Prospectus.

SIGNED BY THE SELLING SHAREHOLDER

Mrs. Asha Jain

Date: August 18, 2020

Place: Aligarh