



## SUPER FINE KNITTERS LIMITED

Our Company was incorporated as 'Super Fine Knitters Limited' a public limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation dated September 18, 1998 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Our Company received the Certificate of Commencement of Business on September 24, 1998, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. For further details of our Company, please refer "General Information" and "History and Certain Other Corporate Matters" on page numbers 34 and 82, respectively, of this Draft Prospectus.

**Corporate Identification Number:** U18101PB1998PLC021814

**Registered Office:** 269, Industrial Area A, Ludhiana – 141 003, Punjab, India. **Tel:** +91 161 468 9900,

**Website:** [www.superfineknitters.com](http://www.superfineknitters.com), **E-mail:** [info@superfineknitters.com](mailto:info@superfineknitters.com)

**Contact Person:** Divya Jain, Company Secretary and Compliance Officer

### PROMOTERS: AJIT KUMAR LAKRA, GITA LAKRA, VIVEK LAKRA AND AJIT KUMAR LAKRA (HUF)

**PUBLIC ISSUE OF 34,00,000 EQUITY SHARES OF FACE VALUE OF RS. 10.00 EACH OF SUPER FINE KNITTERS LIMITED ("OUR COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF RS. 12.00 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. 2.00 PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO RS. 408.00 LAKHS ("THE ISSUE"). OF THE ISSUE, 1,80,000 EQUITY SHARES AGGREGATING TO RS. 21.60 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 32,20,000 EQUITY SHARES OF FACE VALUE OF RS. 10.00 EACH AT AN ISSUE PRICE OF RS. 12.00 PER EQUITY SHARE AGGREGATING TO RS. 386.40 LAKHS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 27.43% AND 25.98%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, PLEASE REFER "TERMS OF THE ISSUE" ON PAGE 158 OF THIS DRAFT PROSPECTUS.**

**THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (THE "SEBI (ICDR) REGULATIONS"), AS AMENDED. IN TERMS OF RULE 19(2)(b)(i) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED, THIS IS AN ISSUE FOR AT LEAST 25% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THIS ISSUE IS A FIXED PRICE ISSUE AND ALLOCATION IN THE NET ISSUE TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 43(4) OF THE SEBI (ICDR) REGULATIONS, AS AMENDED. FOR FURTHER DETAILS, PLEASE REFER "ISSUE PROCEDURE" ON PAGE 165 OF THIS DRAFT PROSPECTUS.**

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Issue only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" on page 165 of this Draft Prospectus. A copy of the Prospectus will be delivered for registration to the Registrar of companies as required under Section 26 of the Companies Act, 2013.

**THE FACE VALUE OF THE EQUITY SHARES IS RS. 10.00 EACH AND THE ISSUE PRICE OF RS. 12.00 IS 1.2 TIMES OF THE FACE VALUE**

### RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of the Issuer, there has been no formal market for the securities of our Company. The face value of the Equity Shares of our Company is Rs. 10.00 and the Issue price of Rs.12.00 per Equity Share is 1.2 times of the face value. The Issue Price (as determined by our Company in consultation with the Lead Manager, as stated under 'Basis for the Issue Price' on page 56 of this Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares 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 the section 'Risk Factors' on page 11 of this Draft Prospectus.**

### ISSUER'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.

### LISTING

The Equity Shares offered through this Draft Prospectus are proposed to be listed on the SME Platform of BSE Limited in terms of the Chapter XB of the SEBI (ICDR) Regulations, as amended from time to time. Our Company has received an approval letter dated [•] from BSE Limited for using its name in the Offer Document for listing of our shares on the SME Platform of BSE Limited ("BSE"). For the purpose of this Issue, the Designated Stock Exchange will be the BSE.

### LEAD MANAGER TO THE ISSUE

### REGISTRAR TO THE ISSUE



### GUINNESS CORPORATE ADVISORS PRIVATE LIMITED

18 Deshapriya Park Road,  
Kolkata - 700 026,  
West Bengal, India

**Tel:** +91 - 33 - 3001 5555

**Fax:** +91 - 33 - 3001 5531

**Email:** [gcapl@guinnessgroup.net](mailto:gcapl@guinnessgroup.net)

**Website:** [www.guinnessonline.net](http://www.guinnessonline.net)

**Contact Person:** Ms. Alka Mishra / Mr. Mohit Baid

**SEBI Registration No.:** INM 000011930

### CAMEO CORPORATE SERVICES LIMITED

Subramanian Building,  
No. 1 Club House Road,  
Chennai - 600 002.

**Tel. No.:** +91 - 44 - 2846 0390 / 1989

**Fax No.:** +91 - 44 - 2846 0129

**E-mail:** [cameo@cameoindia.com](mailto:cameo@cameoindia.com)

**Website:** [www.cameoindia.com](http://www.cameoindia.com)

**Contact Person:** Mr. R. D. Ramasamy

**SEBI Regn. No.:** INR 000003753

### ISSUE PROGRAMME

**ISSUE OPENS ON:**

•

**ISSUE CLOSES ON:**

•

## TABLE OF CONTENTS

SECTION	CONTENTS	PAGE NO.
<b>I</b>	<b><u>GENERAL</u></b>	
	<u>DEFINITIONS AND ABBREVIATIONS</u>	1
	<u>CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION</u>	9
	<u>FORWARD LOOKING STATEMENTS</u>	10
<b>II</b>	<b><u>RISK FACTORS</u></b>	11
<b>III</b>	<b><u>INTRODUCTION</u></b>	
	<u>SUMMARY OF OUR INDUSTRY</u>	27
	<u>SUMMARY OF OUR BUSINESS</u>	29
	<u>SUMMARY OF FINANCIAL STATEMENTS</u>	30
	<u>THE ISSUE</u>	33
	<u>GENERAL INFORMATION</u>	34
	<u>CAPITAL STRUCTURE</u>	40
	<u>OBJECTS OF THE ISSUE</u>	52
	<u>BASIS FOR ISSUE PRICE</u>	56
	<u>STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS</u>	58
<b>IV</b>	<b><u>ABOUT OUR COMPANY</u></b>	
	<u>INDUSTRY OVERVIEW</u>	60
	<u>OUR BUSINESS</u>	67
	<u>KEY INDUSTRY REGULATIONS AND POLICIES</u>	77
	<u>HISTORY AND CERTAIN OTHER CORPORATE MATTERS</u>	82
	<u>OUR MANAGEMENT</u>	86
	<u>OUR PROMOTERS AND PROMOTER GROUP</u>	98
	<u>GROUP ENTITIES</u>	102
	<u>RELATED PARTY TRANSACTIONS</u>	105
	<u>DIVIDEND POLICY</u>	106
<b>V</b>	<b><u>FINANCIAL STATEMENTS</u></b>	
	<u>FINANCIAL STATEMENTS AS RE-STATED</u>	107
	<u>FINANCIAL INDEBTEDNESS</u>	128
	<u>MANAGEMENT'S DISCUSSION &amp; ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	130
<b>VI</b>	<b><u>LEGAL AND OTHER INFORMATION</u></b>	
	<u>OUTSTANDING LITIGATIONS &amp; MATERIAL DEVELOPMENTS</u>	138
	<u>GOVERNMENT AND OTHER APPROVALS</u>	141
<b>VII</b>	<b><u>OTHER REGULATORY AND STATUTORY DISCLOSURES</u></b>	144
<b>VIII</b>	<b><u>ISSUE RELATED INFORMATION</u></b>	
	<u>TERMS OF THE ISSUE</u>	148
	<u>ISSUE STRUCTURE</u>	163
	<u>ISSUE PROCEDURE</u>	165
	<u>RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES</u>	203
<b>IX</b>	<b><u>MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION</u></b>	204
<b>X</b>	<b><u>OTHER INFORMATION</u></b>	
	<u>MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION</u>	241
	<u>DECLARATION</u>	243

## Section I - General

### Definitions and Abbreviations

*Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this Draft Prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.*

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI (ICDR) Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

#### **Company Related Terms**

<b>Term</b>	<b>Description</b>
“Super Fine Knitters Limited”, “SKL”, “We” or “us” or “our Company” or “the Issuer”	Unless the context otherwise requires, refers to Super Fine Knitters Limited, a Company incorporated under the Companies Act, 1956 vide a certificate of incorporation issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.
“you”, “your” or “yours”	Prospective investors in this Issue
AOA/Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of Super Fine Knitters Limited, as amended from time to time.
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Regulation 18 of the SEBI (LODR) Regulations and Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014
Board/ Board of Directors / Our Board	The Board of Directors of our Company, including all duly constituted Committees thereof.
Director(s)	Director(s) on the Board of our Company, as appointed from time to time, unless otherwise specified.
Equity Shareholders	The holders of the Equity Shares
Equity Shares/Shares	The equity shares of our Company of a face value of Rs.10.00 each unless otherwise specified in the context thereof
Group Companies/Entities	Such companies/entities as covered under the applicable accounting standards and such other companies as considered material by the Board. For details of our Group Companies/entities, please refer “ <i>Group Entities</i> ” on page 102 of this Draft Prospectus
Key Management Personnel / KMP	Key management personnel of our Company in terms of the SEBI (ICDR) Regulations and the Companies Act, 2013. For details, please refer “ <i>Our Management</i> ” on page 86 of this Draft Prospectus
MoA / Memorandum of Association	The memorandum of association of our Company, as amended
Non Resident	A person resident outside India, as defined under FEMA Regulations
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. <b>OCBs are not allowed to invest in this Issue.</b>
Peer Reviewed Auditor	The independent peer reviewed Auditor of our Company M/s. R. T. Jain & Co., Chartered Accountants
Person or Persons	Any Individual, Sole Proprietorship, Unincorporated Association, Unincorporated Organization, Body Corporate, Corporation, Company, Partnership Firm, Limited Liability Partnership, Joint Venture, or Trust or Any Other Entity or Organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI (ICDR) Regulations
Promoters	Ajit Kumar Lakra, Gita Lakra, Vivek Lakra and Ajit Kumar Lakra (HUF)



Registered Office	The registered office of our Company situated at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India
Restated Summary Statements	Audited restated summary statements of assets and liabilities as at March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 and audited restated summary statements of profits and losses and cash flows for each of the fiscal ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 for the Company
Statutory Auditor	The Statutory Auditor of our Company, being M/s. Mehta Sharma & Associates, Chartered Accountants
SWOT	Analysis of strengths, weaknesses, opportunities and threats

## Issue Related Terms

Term	Description
Acknowledgement Slip	The slip, document or counter foil issued by the Designated Intermediary to an Applicant as proof of having accepted the Application Form
Allot / Allotment /Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Issue of Equity Shares to the successful Applicants.
Allottee	A successful Applicant to whom the Equity Shares are Allotted
Applicant	Any prospective investor who makes an application pursuant to the terms of the Prospectus and the Application Form. Pursuant to SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, with effect from January 01, 2016 all applicants participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications
Application	An indication to make an offer during the Issue Period by an Applicant, pursuant to submission of Application Form, to subscribe for or purchase our Equity Shares at the Issue Price including all revisions and modifications thereto, to the extent permissible under the SEBI (ICDR) Regulations
Application Amount	The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form
Application Form	The form in terms of which an Applicant shall make an Application and which shall be considered as the application for the Allotment pursuant to the terms of the Prospectus
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by an Applicant to make an Application authorizing the relevant SCSB to block the Application Amount in the relevant ASBA Account Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No.CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all potential investors shall participate in the Issue only through ASBA process providing details about the bank account which will be blocked by the SCSBs
ASBA Account	Account maintained with an SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the appropriate Application Amount in relation to an Application by an Applicant
ASBA Applicant(s)	Any prospective investors in this Issue who apply for Equity Shares of our Company through the ASBA process in terms of this Draft Prospectus.
Banker to the Issue	Bank which are clearing members and registered with SEBI as banker to an issue and with whom the Public Issue Account will be opened, in this case being [•]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue, described in “ <i>Issue Procedure –Basis of Allotment</i> ” on page 171 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 name and contact details of the Registered Brokers, are available on the website of the BSE on the following link- <a href="http://www.bseindia.com">www.bseindia.com</a>
Broker to the Issue	All recognized members of the stock exchange would be eligible to act as the Broker to the Issue.
Business Day	Any day on which commercial banks are open for the business.
CAN / Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Applicant who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange

Term	Description
Client ID	Client identification number of the Applicant's beneficiary account
Collection Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms
Compliance Officer	The Company Secretary of our Company Divya Jain
Controlling Branches of the SCSBs	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 <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Demographic Details	The details of the Applicants including the Applicants' address, names of the Applicants' father/husband, investor status, occupations and bank account details
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> )
Designated Date	The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account or unblock such amounts, as appropriate in terms of this Draft Prospectus.
Designated Intermediaries / Collecting Agent	An SCSB with whom the bank account to be blocked, is maintained, a syndicate member (or sub-syndicate member), a Registered Broker, Designated CDP Locations for CDP, a registrar to an issue and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity).
Designated Market Maker / Market Maker	In our case, Guinness Securities Limited having its Registered office at 216, 2 <sup>nd</sup> Floor, P.J. Towers, Dalal Street, Fort, Mumbai- 400 001, Maharashtra and Corporate office at Guinness House, 18, Deshapriya Park Road, Kolkata-700 026, West Bengal, India.
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> )
Designated SCSB Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	BSE Limited
Draft Prospectus / DP	This Draft Prospectus dated September 30, 2016, filed with BSE Limited.
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe for the Equity Shares
Eligible QFI	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened dematerialised accounts with SEBI registered qualified depository participants as QFIs and are deemed as FPIs under the SEBI FPI Regulations
First Applicant	The Applicant whose name appears first in the Application Form or the Revision Form
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circulars (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by the SEBI and included in "Issue Procedure – General Information Document for Investing in Public Issues" on page 182 of this Draft Prospectus
Issue / Public issue / Issue size / Initial Public issue / Initial Public Offer / Initial	Public issue of 34,00,000 Equity Shares of face value of Rs.10.00 each of our Company for cash at a price of Rs.12.00 per Equity Share (including a share premium of Rs.2.00 per Equity Share) aggregating to Rs. 408.00 lakhs by our Company, in terms of this Draft





Term	Description
Public Offering/IPO	Prospectus
Issue Agreement / MoU	The agreement dated July 25, 2016 entered into amongst our Company 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. In this case being [•]
Issue Opening Date	The date on which the Issue opens for subscription. In this case being [•]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which prospective Applicants can submit their Applications, including any revisions thereof
Issue Price	The price at which Equity Shares are being issued by our Company being Rs.12.00 per Equity Share
Lead Manager / LM	The lead manager to the Issue, in this case being Guinness Corporate Advisors Private Limited
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the SME Platform of BSE Limited
Market Maker Reservation Portion	1,80,000 Equity Shares of Rs.10/- each at Rs.12/- per Equity Share aggregating to Rs.21.60 Lakhs reserved for subscription by the Market Maker.
Materiality Policy	The policy on identification of group companies, material creditors and material litigation, adopted by our Board on June 30, 2016, in accordance with the requirements of the SEBI (ICDR) Regulations.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 32,20,000 Equity Shares of face value of Rs.10.00 each at an Issue Price of Rs.12.00 per equity share aggregating to Rs.386.40 lakhs.
Net Proceeds	Proceeds of the Issue that will be available to our Company, which shall be the gross proceeds of the Issue less the issue expenses
Non-Institutional Investors / NIIs	All Applicants, including Category III FPIs that are not QIBs or Retail Individual Investors who have made Application for Equity Shares for an amount of more than Rs. 2,00,000 (but not including NRIs other than Eligible NRIs)
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of Section 26 of the Companies Act, 2013
Public Issue Account	The account to be opened with the Banker to the Issue under Section 40 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)(zd) of the SEBI ICDR Regulations
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals
Registrar Agreement	The Agreement between the Registrar to the Issue and the Issuer Company dated July 26, 2016, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar and Share Transfer Agents or 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	Cameo Corporate Services Limited
Retail Individual Investors/ RIIs	Applicants (including HUFs, in the name of Karta and Eligible NRIs) whose Application Amount for Equity Shares in the Issue is not more than Rs. 2,00,000/-
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s), as applicable
Self Certified Syndicate Banks or SCSBs	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
SME Platform of BSE / SME Exchange / Stock Exchange	The SME Platform of BSE for listing of equity shares offered under Chapter XB of the SEBI (ICDR) Regulations
Underwriter	Guinness Corporate Advisors Private Limited
Underwriting Agreement	The agreement dated July 25, 2016 entered into among the Underwriter and our Company.
Working Day(s)	“Working Day” shall be all trading days of Stock Exchange, excluding Sunday and bank holidays as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

## Conventional and General Terms and Abbreviations

Term	Description
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting
AIF(s)	Alternative Investment Funds
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
Authorised Dealers	Authorised Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000
AY	Assessment Year
Banking Regulation Act	Banking Regulation Act, 1949
B. A.	Bachelor of Arts
B.Com	Bachelor of Commerce
Bn	Billion
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
CAGR	Compounded Annual Growth Rate
Category I Foreign Portfolio Investor(s)	FPIs registered as Category I Foreign Portfolio Investors under the SEBI FPI Regulations.
Category II Foreign Portfolio Investor(s)	An FPI registered as a category II foreign portfolio investor under the SEBI FPI Regulations
Category III Foreign Portfolio Investor(s)	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CBEC	Central Board of Excise and Customs
CDSL	Central Depository Services (India) Limited
Central Sales Tax Act	Central Sales Tax Act, 1956
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
Companies Act	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Companies Act 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The current consolidated FDI Policy, effective from June 7, 2016, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP	Depository Participant
DP ID	Depository Participant's identity number
DTC	Direct Tax Code, 2013
ECS	Electronic Clearing System



Term	Description
EGM	Extraordinary General Meeting
Environment Protection Act	Environment Protection Act, 1986
EPF Act	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
F&NG	Father and Natural Guardian
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII(s)	Foreign Institutional Investors as defined under SEBI FPI Regulations
Financial Year / Fiscal / Fiscal Year / FY	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FIPB	Foreign Investment Promotion Board
Foreign Portfolio Investor or FPIs	A foreign portfolio investor, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India
Hazardous Wastes Rules	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
HUF(s)	Hindu Undivided Family(ies)
I.T. Act	Income Tax Act, 1961, as amended from time to time
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act	Income Tax Act, 1961
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.
IPO	Initial Public Offering
ISIN	International Securities Identification Number
KMP	Key Managerial Personnel
Legal Metrology Act	Legal Metrology Act, 2009
LIBOR	London interbank offered rate
Ltd.	Limited
MAPIN	Market Participants and Investors' Integrated Database
Maternity Benefit Act	Maternity Benefit Act, 1961
M. A	Master of Arts
M.B.A	Master of Business Administration
MCA	The Ministry of Corporate Affairs, GoI
M. Com	Master of Commerce
MCI	Ministry of Commerce and Industry, GoI
Minimum Wages Act	Minimum Wages Act, 1948
Mn	Million
MoEF	Ministry of Environment and Forests
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of



Term	Description
	India (Mutual Funds) Regulations, 1996
NA	Not Applicable
NAV	Net asset value
No.	Number
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NPV	Net Present Value
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes a Non-resident Indian
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRIs	Non Resident Indians
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
NWR	Negotiable Warehouse Receipt
OCB	Overseas Corporate Bodies
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent account number
PAT	Profit after tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
PIL	Public Interest Litigation
PPP	Public private partnership
Public Liability Act	Public Liability Insurance Act, 1991
Pvt./(P)	Private
PWD	Public Works Department of state governments
QFI(s)	Qualified Foreign Investor(s) as defined under the SEBI FPI Regulations
QIC	Quarterly Income Certificate
RBI	The Reserve Bank of India
RoC or Registrar of Companies	The Registrar of Companies, Chandigarh
ROE	Return on Equity
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI (ICDR) Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
Sec.	Section
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME	Small and Medium Enterprise
STT	Securities Transaction Tax
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
SEBI (Venture Capital)	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as



Term	Description
Regulations	amended from time to time.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act, 1933
US\$ or USD or US Dollar	United States Dollar, the official currency of the United States of America
USA or U.S. or US	United States of America
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
Wages Act	Payment of Wages Act, 1936
Water Act	Water (Prevention and Control of Pollution) Act, 1974
Workmen's Compensation Act	Workmen's Compensation Act, 1923

#### Technical / Industry Related Terms

Term	Description
CSO	Central Statistical Organisation
NTP 2000	National Textile Policy, 2000 issued by the Ministry of Textiles, GoI
DEPB	Duty entitlement pass book scheme
EPCG	Export Promotion Capital Goods Scheme
F&O	Futures and Options
FDI	Foreign Direct Investment
FMC	Forward Market Commission
FOB	Free on Board
GDP	Gross Domestic Product
GOI	Government of India
ISO	International Standards Organization
KW	Kilo Watt
NIFTY	National Stock Exchange Sensitive Index
RONW	Return on Net Worth
SENSEX	Bombay Stock Exchange Sensitive Index
SSI	Small Scale Industry
SITP	Scheme for integrated textile parks
TPH	Tonnes per hour
TUFS	Technology Upgradation Fund Scheme
VCF	Venture Capital Funds

Notwithstanding the foregoing:

1. In 'Main Provisions of the Articles of Association' on page 204 of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
2. In 'Summary of Our Business' and 'Our Business' on page 29 and 67 respectively, of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
3. In 'Risk Factors' on page 11 of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
4. In 'Statement of Possible Special Tax Benefits' on page 58 of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
5. In 'Management's Discussion and Analysis of Financial Conditions and Results of Operations' on page 130 of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section.

## **Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation**

In this Draft Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Super Fine Knitters Limited” and “SKL”, unless the context otherwise indicates or implies, refers to Super Fine Knitters Limited

### **Certain Conventions**

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

### **Financial Data**

Unless stated otherwise, the financial data in this Draft Prospectus is derived from our audited financial statements for the financial years ended March 31, 2012, 2013, 2014, 2015 and 2016 prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI (ICDR) Regulations and the Indian GAAP which are included in this Draft Prospectus, and set out in ‘*Financial Statements*’ on page 107 of this Draft Prospectus.

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

There are significant differences between the Indian GAAP, the International Financial Reporting Standards (the “IFRS”) and the Generally Accepted Accounting Principles in the United States of America (the “U.S. GAAP”). Accordingly, the degree to which 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. Any reliance by persons not familiar with Indian accounting practices, the Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations on the financial disclosures presented in this Draft Prospectus should accordingly be limited. We have not attempted to quantify the impact of the IFRS or the U.S. GAAP on the financial data included in this Draft Prospectus, nor do we provide a reconciliation of our financial statements to those under the U.S. GAAP or the IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Certain figures contained in this Draft Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points, except for figures in percentage. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

### **Currency and units of presentation**

In this Draft Prospectus, unless the context otherwise requires, all references to (a) ‘Rupees’ or ‘₹’ or ‘Rs.’ or ‘INR’ are to Indian rupees, the official currency of the Republic of India; (b) ‘US Dollars’ or ‘US\$’ or ‘USD’ or ‘\$’ are to United States Dollars, the official currency of the United States of America. All references to the word ‘Lakh’ or ‘Lac’ or ‘Lacs’, means ‘One hundred thousand’ and the word ‘Million’ means ‘Ten lakhs’ and the word ‘Crore’ means ‘Ten Million’ and the word ‘Billion’ means ‘One thousand Million’.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated based on our restated financial statement prepared in accordance with Indian GAAP.

### **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this Draft Prospectus has been obtained or derived from internal Company reports and industry and government publications, publicly available information and sources. Industry 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 are not guaranteed and their reliability cannot be assured. Although, our Company believes that industry data used in this Draft Prospectus is reliable, it has not been independently verified.

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 no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.



### **Forward Looking Statements**

All statements contained in this Draft Prospectus that are not statements of historical facts constitute ‘forward-looking statements’. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Draft Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in this Draft Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- general economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- our ability to successfully implement strategy, growth and expansion plans and technological initiatives;
- our ability to respond to technological changes;
- our ability to attract and retain qualified personnel;
- the effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- general social and political conditions in India which have an impact on our business activities or investments;
- potential mergers, acquisitions restructurings and increased competition;
- occurrences of natural disasters or calamities affecting the areas in which we have operations;
- market fluctuations and industry dynamics beyond our control;
- changes in the competition landscape;
- our ability to finance our business growth and obtain financing on favourable terms;
- our ability to manage our growth effectively;
- our ability to compete effectively, particularly in new markets and businesses;
- changes in laws and regulations relating to the industry in which we operate changes in government policies and regulatory actions that apply to or affect our business;
- developments affecting the Indian economy; and
- Inability to meet our obligations, including repayment, financial and other covenants under our debt financing arrangements.

For a further discussion of factors that could cause our current plans and expectations and actual results to differ, please refer “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 11, 67 and 130 respectively of this Draft Prospectus.

Forward looking statements reflects views as of the date of this Draft Prospectus and not a guarantee of future performance. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company / our Directors nor the Lead Manager, nor any of its 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 and the Lead Manager will ensure that investors in India are informed of material developments until such time as the listing and trading permission is granted by the Stock Exchange.

## **Section II - Risk Factors**

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Prospectus, including the risks and uncertainties summarised below, before making an investment in our Equity Shares. The risks described below are relevant to, the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on page 67 and 130 respectively, of this Draft Prospectus as well as the other financial and statistical information contained in this Draft Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in 'Financial Statements' on page 107 of this Draft Prospectus. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP, as restated.*

*If any one or more of the following risks as well as other risks and uncertainties discussed in this Draft Prospectus were to occur, our business, financial condition and results of our operation could suffer material adverse effects, and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of your investment.*

*This Draft Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere in this Draft Prospectus.*

*These risks are not the only ones that our Company face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.*

### ***Materiality***

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

- 1. Some events may not be material individually but may be material when considered collectively.*
- 2. Some events may have an impact which is qualitative though not quantitative.*
- 3. Some events may not be material at present but may have a material impact in the future.*

### ***INTERNAL RISKS***

- 1. We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons with specialized technical know-how could adversely affect our business, results of operations, cash flows and financial condition.***

Our performance depends largely on the efforts and abilities of our senior management and other key personnel, including our present officers who have specialized technical know-how. The inputs and experience of our senior management and key managerial personnel are valuable for the development of our business and operations strategy. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. Our Company does not maintain any director's and officer's insurance policy or any key man insurance policy. The loss of the services of such persons could have an adverse effect on our business, results of operations, cash flows and financial condition.

- 2. We have a substantial amount of outstanding indebtedness, which requires significant cash flows to service and limits our ability to operate freely.***

As of August 31, 2016 the outstanding principal amount of our total secured borrowings was Rs. 2,082.54 lakhs. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business. Increasing level of our indebtedness also has important consequences to us such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- limiting our ability to borrow additional funds; and
- increasing our interest expenditure.





We cannot assure you that we will generate sufficient cash to service existing or proposed borrowings or fund other liquidity needs, which could have an adverse effect on our business, results of operation, cash flows and financial condition.

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

For the financial year ended March 31, 2016, our top ten largest clients accounted for approximately 55% of our revenues from operations while for the financial years ended March 31, 2015 and 2014, our ten largest clients accounted for approximately 54% and 69%, respectively of our revenues from operations. The loss of a significant client or clients would have a material adverse 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. Furthermore, major events affecting our clients, such as bankruptcy, change of management, mergers and acquisitions could adversely impact our business. If any of our major clients becomes bankrupt or insolvent, we may lose some or all of our business from that client and our receivable from that client would increase and may have to be written off, adversely impacting our income and financial condition.

**4. *Our Company does not have long term agreement with suppliers for supply of raw material. Our inability to obtain raw material in a timely manner, in sufficient quantities and/or at competitive prices could adversely affect our operations, financial condition and/or profitability.***

Our business is dependent on suppliers for the supply of raw materials required for manufacturing its products. The primary raw materials used by our Company are yarn cotton, yarn polyester and yarn cotton polyester. Any increase in yarn cotton, yarn polyester and yarn cotton polyester prices of the raw materials, which our Company is unable to pass on the impact of, would have a material adverse effect on our Company's business.

Typically, we do not enter into long term contracts with our suppliers and prices for raw materials are normally based on the quotes we receive from various suppliers. Fluctuations in the price, availability and quality of yarn cotton, yarn polyester and yarn cotton polyester or other raw materials used in our products, could have a material adverse effect on cost of sales or our ability to meet customer demands. There can be no assurance that we will always be successful in our efforts to protect our business from the volatility of the market price of raw materials, and our business can be affected by dramatic movements in prices of raw materials. Discontinuation of production by these suppliers or a failure of these suppliers to adhere to the delivery schedule or the required quality could hamper our production schedule. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials to us.

Further, we cannot assure you that our suppliers will continue to be associated with us on reasonable terms, or at all. Since these suppliers are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms to such suppliers, which may cause them to cater to our competitors alongside, or even instead of us. In the event that we fail to secure sufficient quantities of such raw materials from our suppliers at acceptable quality and prices in a timely manner, our business, financial performance and cash flows may be adversely affected. Further, should there be any significant increases in prices of the raw materials used, and we are unable to pass on such increases in prices to our clients or find alternative suppliers/sources of direct materials who are able to supply us the raw materials at competitive prices, our business and financial performance will be adversely affected.

**5. *We have issued Equity Shares during the last one year at a price that is below the Issue Price.***

During the last one year we have issued Equity Shares at a price that is lower than the Issue Price as detailed in the following table:

Date of allotment	Number of Equity Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of allotment	% of Pre-Issue Equity Share Capital	% of Post-Issue Equity Share Capital
30/09/2015	9,55,570	10	10.00	Cash	Preferential Allotment <sup>(i)</sup>	10.63	7.71

(i) Preferential Allotment of 9,55,570 Equity Shares to Yashpal Lakra upon conversion of 8% Non-cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten) each to 9,55,570, 8% Compulsory Convertible Preference shares of Rs.10/- (Rupees



*Ten) each and thereafter such 9,55,570 8% Compulsory Convertible Preference shares of Rs.10/- (Rupees Ten) were converted into 9,55,570 Equity Shares of Rs. 10/- (Rupees Ten) each.*

For further details of the aforesaid allotment please refer “*Capital Structure*” on page 40 of this Draft Prospectus.

6. ***Our business is dependent on our manufacturing facilities which are located in Ludhiana, India. Any loss or shutdown of operations at any of our manufacturing facilities in Ludhiana, India may have an adverse effect on our business and results of operations.***

We have two manufacturing facilities and both are located in Ludhiana, India. As a result, the concentration of our entire manufacturing facilities in one particular region exposes us to the risk of any adverse conditions in this region, such as natural calamities, civil disturbances or any adverse political, social or economic conditions, the occurrence of which could have a material adverse effect on our business, financial condition and results of operations. We have not experienced any of these operating risks in the past. Although, we have contingency plans to meet most of our operating risks we cannot assure you about the adequacy of such plans will be adequate to meet all of our operating risks.

7. ***Continued operations of our manufacturing facilities are critical to our business and any disruption in the operation of our facilities may have a material adverse effect on our business, results of operations and financial condition.***

Our manufacturing facilities are subject to operating risks, such as unavailability of machinery, break-down, obsolescence or failure of machinery, disruption in power supply or processes, performance below expected levels of efficiency, labour disputes, natural disasters, industrial accidents and statutory and regulatory restrictions. Our machines have limited lives and require daily cleaning as well as annual over hauling maintenance. Further, in the past we have also imported some machinery from outside India. The service and repair centres for such imported machinery may not be available in India. In the event of a breakdown or failure of such machinery, replacement parts may not be available in India and such machinery may have to be sent for repairs or servicing to the country from where it was procured. This may lead to delay and disruption in our production process that could have an adverse impact on our sales, results of operations, business growth and prospects.

In addition, our clients rely significantly on the timely delivery of products and our ability to provide an uninterrupted supply of products is critical to our business. Any disruption of operations of our manufacturing facilities could result in delayed delivery of products or defects in the products delivered to our clients, which in turn may lead to disputes and legal proceedings with them on account of any losses suffered by them or any interruption of their business operations due to such delay or defect. Our business and financial results may be adversely affected by any disruption of operations of our manufacturing facilities, on account of factors including any or all of the factors mentioned above.

8. ***Our indebtedness and our failure to comply with certain restrictive covenants under our loan agreements could adversely affect our financial condition and results of operations.***

As of August 31, 2016, the total outstanding secured borrowings of our Company was Rs.2,082.54 lakhs. We have entered into agreements for fund based and non-fund based credit facilities including term loans. Some of these agreements contain restrictive covenants relating to issuance of new shares, changes in capital structure, making material changes to constitutional documents, implementing any expansion scheme, incurring further indebtedness, encumbrances on or disposal of assets, paying dividends and making investments over certain thresholds. Furthermore, some of our financing arrangements specify that upon the occurrence of an event of default, the lender shall have the right to, *inter alia*, cancel the outstanding facilities available for drawdown, declare the loan to be immediately due and payable with accrued interest and enforce rights over the security created. There can be no assurance that we will be able to comply with these restrictive covenants, or that we will be able to obtain the consents necessary to proceed with the actions which we believe are necessary to operate and grow our business, which may in turn have a material adverse effect on our business and operations.

For further information on the indebtedness of our Company, please refer the Section “***Financial Indebtedness***” on page 128 of this Draft Prospectus.

We cannot provide any assurance that our lenders will not enforce their rights relating to our breach of restrictive covenants, or grant us waivers with respect to any such breaches. In the event that any lender seeks the accelerated repayment of any such loan or seeks to enforce any other rights against our Company, it may have a material adverse effect on our business, cash flows and financial condition.



9. ***Our Promoters have provided personal guarantees for our borrowings to secure our loans. Our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoters in connection with our Company's borrowings.***

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

10. ***Our Company is involved in certain legal proceedings. Any adverse decision in such proceedings may render us liable to liabilities / penalties which may adversely affect our business, financial condition and reputation.***

Our Company is involved in certain legal proceedings. A classification of these legal and other proceedings are given in the following table:

Particulars	Civil cases	Criminal cases	Tax cases	Financial implications to the extent quantifiable (Rs. in Lakhs)
Litigations against our Company	Nil	Nil	5	98.26
Litigations by our Company	Nil	Nil	Nil	Nil

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. We can give no assurance that these legal proceedings will be decided in our favour. We may incur significant expenses and management time in such legal proceedings. If any adverse developments arise, for example, a change in Indian law or rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. Any adverse decision may render us / them liable to liabilities / penalties and may have a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares.

For further details regarding these legal proceedings, please refer 'Outstanding Litigations and Material Developments' on page number 138 of this Draft Prospectus.

11. ***We are subject to various laws and regulations, including environmental and occupational health and safety laws and regulations. Failure to obtain, renew or comply with necessary regulatory approvals and licenses may result in an adverse effect on our financial condition and results of operations.***

We may require several statutory and regulatory permits, licenses and approvals in the ordinary course of our business, including in relation to the protection of the environment and occupational health and safety, and those governing the generation, transportation and disposal of, environmental pollutants or hazardous materials resulting from our manufacturing processes. Many of these approvals are granted for fixed periods of time and need renewal from time to time. 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. Any failure by us to apply in time, to renew, maintain or obtain the required permits, licenses or approvals, or the cancellation, suspension, delay in issuance 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 more information, please refer "Key Industry Regulations and Policies" and "Government and Other Approvals" on pages 77 and 141 respectively of this Draft Prospectus.

12. ***We are dependent on third party transportation providers for delivery of raw materials to us from our suppliers and delivery of our products to our clients. Any failure on part of such service providers to meet their obligations could have a material adverse effect on our business, financial condition and results of operation.***



As a manufacturing business, our success depends on the smooth supply and transportation of the raw materials required for our manufacturing process and transportation of our products from our units to our clients, both of which are subject to various uncertainties and risks. Transportation strikes have had in the past, and could again in the future, have an adverse effect on our supplies from and our deliveries to our suppliers and clients in a timely and cost efficient manner. In addition, raw materials and products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect our business and our results of operation negatively. A failure to maintain a continuous supply of raw materials or to deliver the products to our clients in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations.

13. ***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, debt service capabilities and financial conditions. Due to the nature of the products we sell, we may not be able to charge higher margins on our products. Hence, our business model is heavily reliant on our ability to effectively grow our turnover and manage our key processes including but not limited to raw material procurement, timely sales / order execution and continuous cost control of non-core activities. The table below gives details of our operating margins and net profit margin based on restated financials.

(Rs. in lakhs)

Particulars	For the Fiscal		
	2016	2015	2014
Total Income	8,490.91	7,483.39	6,822.02
PBT as a % of Total Income	1.13	1.13	1.03
PAT as a % of Total Income	0.84	0.70	0.34

For further details regarding the discussions and explanations for our past results, please refer “*Management’s Discussions and Analysis of Financial Condition and Results of Operations*” on page 130 of this Draft Prospectus.

14. ***If we are unable to raise additional capital, our business prospects could be adversely affected.***

We operate in a capital-intensive industry, which requires substantial levels of funding. We will continue to incur significant expenditure in maintaining and growing our existing infrastructure. We expect our long-term capital requirements to increase significantly to fund our intended growth.

We cannot assure you that we will have sufficient capital resources for any future expansion plans that we may have. While we expect our cash on hand, cash flow from operations and available borrowings under our credit facilities to be adequate to fund our existing commitments, our ability to pay these amounts is dependent upon the success of our operations. Additionally, the inability to obtain sufficient financing or the inability of one or more of our lenders to provide committed funding could adversely affect our ability to complete expansion plans. Moreover, we cannot assure you that market conditions and other factors would permit us to obtain future financing on terms acceptable to us, or at all.

15. ***Our results of operations are likely to vary from year to year and be unpredictable, which could cause the market price of the Equity Shares to decline.***

Our results of operations have historically varied from year to year due to various factors, and we expect that this trend will continue. You should not rely on our past financial results for any year as indicators of future performance. Our results of operations in any given year can be influenced by a number of factors, many of which are outside of our control and may be difficult to predict, including:

- our ability to acquire and retain clients for our products;
- maintaining high levels of customer satisfaction;
- capital expenditure and other costs relating to our operations;
- adhering to our high quality and process execution standards;
- products or pricing policies introduced by our competitors;
- the timing and nature of, and expenses incurred in, our marketing efforts;
- recruiting, training and retaining sufficient skilled technical and management personnel;
- developing and improving our internal administrative infrastructure, particularly our financial, operational,



communications, and other internal systems;

Also, please refer “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on page 130 of this Draft Prospectus for details on the factors affecting our financial results. All of these factors, in combination or alone could negatively impact our revenues and may cause significant fluctuations in our results of operations. This variability and unpredictability could materially and adversely affect our results of operations and financial condition.

**16. *We have not made certain filings with the Registrar of Companies in the past and we have not complied with certain provisions of the Companies Act and we may be subject to regulatory action for such non-compliances.***

In the past, our Company did not complied with the certain provisions of the Companies Act such as following:-

- Non-compliance with section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 by accepting unsecured loan from certain shareholders of our Company. As on March 31, 2016, our Company has repaid all of such unsecured loans and is not in receipt of any money by way of deposit or loan that would be classified as ‘Deposit’ as defined under the Companies (Acceptance of Deposit) Rules, 2014.
- Non-compliance with section 383A of the Companies Act, 1956 and Section 203 of the Companies Act, 2013. Although we have appointed a whole time Company Secretary with effect from January 01, 2016. We had inadvertently failed to comply with the said section due to lack of professional guidance on the matter during the period beginning March 31, 2000 until April 1, 2014 and for the period beginning June 9, 2014 until December 31, 2015. Consequently, for the aforesaid period duties and responsibility of a company secretary such as (a) reporting to the Board of our Company about compliance with the provisions of the Companies Act, the rules made thereunder and other laws applicable to our Company; (b) ensuring compliance by our Company with the applicable secretarial standards; (c) discharge of other duties of a company secretary prescribed under the Companies Act etc. have not been performed by anybody. Also, our Company has not even obtained compliance certificate from a practicing company secretary in accordance with the provisions of the Companies (Compliance Certificate) Rules, 2001 for any of the fiscal years between February 1, 2001 and December 31, 2015. Any such regulatory action/penalty may have an adverse effect on the reputation and results of operations of our Company.
- Our Company has not filed the shareholder Resolution dated October 29, 2012 with the ROC for appointment of Vivek Lakra as a Whole time Director of the Company.
- Non compliance with section 292A of the Companies Act, 1956 and 177 of Companies Act, 2013.

Further we have also delayed in filing of certain forms under Companies Act with ROC and although the Company has paid additional fees for the same.

We have not received any notices by the RoC/ any other statutory authority with respect to the above mentioned non-compliance. However, we cannot assure that we will not be subject to any penalties for the said violations in the future. Such delay/ non- compliance may in the future render us liable to statutory penalties or disallowing the resolutions which may have an adverse effect on the reputation and results of operations of our Company.

**17. *Some of our corporate records/documents including transfer deeds and forms filed with the Registrar of Companies are not traceable.***

Our Company does not have any supporting documents and/or RoC filings made in order to ascertain the below mentioned changes to the authorized share capital of our Company:-

- From Rs. 4,00,00,000 consisting of 40,00,000 Equity shares of Rs.10.00 each to Rs.5,50,00,000 consisting of 40,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each.
- From Rs.6,50,00,000 consisting of 50,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each to Rs.6,50,00,000 consisting of 60,00,000 Equity shares of Rs.10.00 each and 5,00,000 Preference Shares of Rs.10.00 each.
- From Rs.6,50,00,000 consisting of 60,00,000 Equity shares of Rs.10.00 each and 5,00,000 Preference Shares of Rs.10.00 each to Rs.6,50,00,000 consisting of 55,00,000 Equity shares of Rs.10.00 each and 10,00,000 Preference Shares of Rs.10.00 each.

The above mentioned forms for changes in authorised capital are also not available at the office of the RoC, Ludhiana, as certified by M/s. Silvia Gumber & Associates, Company Secretaries dated February 04, 2016. We have relied on the limited information available in the annual return of our Company of the respective years.



Furthermore, the transfer deeds for the period September 18, 1998 to September 30, 2010 in relation to the transfer of shares of our Company are currently not traceable. Further, the details of such transfers have been included in the register of transfer and transmission and register of members maintained by the Company in accordance with the Companies Act, 1956 and historical and present details of members of the Company have been filed by the Company with the Registrar of Companies annually in Form 20B as required under the Companies Act, 1956, we cannot assure you that these deeds will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

Therefore, our Company is unable to provide any disclosures or make any confirmations on all of the aforementioned matters. The disclosures pertaining to the aforementioned matters currently made in this Draft Prospectus are on basis of information readily available from public domains and with our Company. Further, we may be liable for payment of penalty fees and additional expenses arising from our inability to furnish correct particulars, in respect of the RoC filings, and for misrepresentation of facts which may occur due to non-availability of documents. For further information, please refer “*History and Certain other Corporate Matters*” on page 82 of this Draft Prospectus.

**18. *Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Prospectus is based on various assumptions and estimates and future production and capacity utilization may vary.***

Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. Actual production levels and utilization rates may differ significantly from the estimated production capacities or historical estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our production capacity or historical estimated capacity utilization information for our existing facilities included in this Draft Prospectus.

**19. *We do not have certain documents evidencing certain information evidencing the biographies of the Directors and the Key Managerial Personnel under the section “Our Management” of this Draft Prospectus.***

We do not have all the documents evidencing the biographies of our Directors and Key Managerial Personnel under the section “*Our Management*” on page 86 of this Draft Prospectus. Furthermore relevant copies of the educational qualification of our KMP Mr. Sanjay Kumar Singh are not traceable. The information included in the section are based on the details provided by the respective Directors and Key Managerial Personnel, and are supported by a certificate and an affidavit executed by them certifying the authenticity of the information provided. We cannot assure you that all information relating to such Directors and Key Managerial Personnel included in the section “*Our Management*” are true and accurate.

**20. *Our business operations are subject to stringent labour laws and any strikes, work stoppages or increased wage demands by our employees could adversely affect our business, financial condition and results of operations.***

Our manufacturing activities are labor-intensive. As of August 31, 2016, we had total workforce of 421 including 3 whole time directors, 20 highly skilled, 344 skilled, 27 semi-skilled and 27 unskilled workers. Although, 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. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs. Additionally, our inability to recruit employees, in particular skilled employees and retain our current workforce could have a material adverse effect on our business, financial condition and profitability.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although 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. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Shortage of skilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations.



**21. *We face foreign exchange risks that could adversely affect our results of operations.***

We face foreign exchange rate risk to the extent that certain of our revenues are denominated in a currency other than the Indian Rupee. Direct exports income, as a percentage of Revenue from Operations, for Fiscal 2016, 2015 and 2014 were approximately 24.97%, 23.24% and 34.27%, respectively. Fluctuations in exchange rate between the Indian Rupee and foreign currencies, especially the U.S. dollar, can have a material impact on our results of operations, cash flows and financial condition. The exchange rate between the Indian Rupee and U.S. dollar has been volatile in recent periods and may continue to fluctuate in the future.

Fluctuations in the exchange rates may affect us to the extent of orders being received from the overseas customers. Our Company may enter into certain contracts to hedge exchange rate fluctuations which may or may not adequately cover the potential loss that may arise as a result of such foreign exchange transactions. Moreover, these hedges do not cover all such exposures and are in any event subject to their own risks, including counterparty credit risk. Adverse moves in exchange rates that we have not adequately hedged may adversely impact our profitability and financial condition.

**22. *Our Company has availed certain unsecured loans that are recallable by the lenders at any time.***

Our Company has availed certain unsecured loans that are recallable on demand by the lenders. For further details of these unsecured loans, please refer to chapter titled '*Financial Indebtedness*' beginning on page 128 of this Draft Prospectus. In case of any demand from lenders for repayment of such unsecured loans, the resultant cash outgo, may adversely affect our business operations and financial position of our Company.

**23. *We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have entered into related party transactions with our Promoters, Promoter Group, Group Entities and Directors. While we believe that all such transactions have been conducted on the arms length basis, however it is difficult to ascertain whether more favorable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we may enter into related party transactions in the future. For details of these transactions, please refer to section titled "*Related Party Transactions*" at page 105 of this Draft Prospectus.

**24. *Our Company has not made provision for Gratuity Payment as required under The Payment of Gratuity Act 1972. Our Company has not complied with AS-15 – "Employee Benefits" as issued by ICAI.***

Our Company has completed five years from the date of its incorporation and accordingly Payment of Gratuity Act, 1972 is applicable to our Company. Though statutorily required our Company has not made provision for gratuity payment as required under The Payment of Gratuity Act 1972 and accordingly is not in compliance with the relevant provisions of the Accounting Standard -15 "Employee Benefits". Non-compliance with the said provisions of the Payment of Gratuity Act 1972 and Accounting Standard -15 "Employee Benefits" for the aforesaid period may invite penal action on our Company as prescribed under the relevant provisions of the Payment of Gratuity Act 1972 or otherwise. Any such regulatory action/penalty may have an adverse effect on the reputation and results of operations of our Company.

**25. *Our funding requirements and deployment of the issue proceeds are based on management estimates and have not been independently appraised by any bank or financial institution.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates. In view of the competitive and dynamic nature of our business, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. In addition, schedule of implementation as described herein are based on management's current expectations and are subject to change due to various factors some of which may not be in our control. The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors/Management and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

- 26. We have not made any alternate arrangements for meeting our capital requirements for the Objects of the Issue. Further we have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.**

As on date, we have not made any alternate arrangements for meeting our capital requirements for the Objects of the Issue. We meet our capital requirements through our bank finance, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Issue or any shortfall in the Issue Proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer "Objects of the Issue" on page 52 of this Draft Prospectus.

- 27. Our Company had negative cash flow in recent fiscals, details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.**

The detailed break up of cash flows is summarized in below mentioned table and our Company has reported negative cash flow in certain financial years and which could affect our business and growth:

(Rs. in lakhs)

Particulars	For the Financial Year ended March 31		
	2016	2015	2014
Net Cash from Operating Activities	141.94	155.87	533.02
Net Cash from Investing Activities	(124.79)	(78.88)	(36.67)
Net Cash from Financing Activities	104.66	(231.26)	(317.98)

- 28. We have not made any dividend payments in the past and our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.**

In the past, we have not made dividend payments to the shareholders of our Company. The amount of our future dividend payments, if any, will depend upon various factors including our future earnings, financial condition, cash flows and requirement to fund operations and expansion of the business. There can be no assurance that we will be able to declare dividends. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors. For further details, please refer "Dividend Policy" on page 106 of this Draft Prospectus.

- 29. Delay in raising funds from the IPO could adversely impact the implementation schedule.**

The proposed objects, as detailed in the section titled "Objects of the Issue" are to be largely funded from the proceeds of this IPO. We have 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 may delay the implementation schedule. We therefore, cannot assure that we would be able to execute the expansion process within the given timeframe, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

- 30. Some of our Group Entities operate in the same line of business as us, which may lead to competition with such Group Entities.**

Some of our Group Entities are involved in the same line of business as our Company. We may hence have to compete with our Group Entities for business, which may impact our business, financial condition and results of operations. The interests of our Promoters may also conflict in material aspects with our interests or the interests of our shareholders. For further details, see "Group Entities" on page 102 of this Draft Prospectus. Further, our Promoters may become involved in ventures that may potentially compete with our Company. The interests of our Promoters may conflict with the interests of our other Shareholders and our Promoters may, for business considerations or otherwise, cause our Company to take actions, or refrain from taking actions, in order to benefit themselves instead of our Company's interests or the interests of its other Shareholders and which may be harmful to our Company's interests or the interests of our other Shareholders, which may impact our business, financial condition and results of operations.

We have not entered into any non-compete agreement with our Promoters and our Group Entities. We cannot assure you that our Promoters or our Group Entities 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. Any such present and




future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition.

**31. *Certain qualifications have been noted by Peer Review Auditor in their report on the Restated Financial Statements.***

Our Peer Review Auditor have provided certain qualifications in their report on the Restated Financial Statements in relation to the Fiscal Years 2016, 2015, 2014, 2013 and 2012 in their audit report relating to the financial statements for our Company are as follows:

- i. The company has not maintained quantitative details for fixed assets.
  - ii. In the absence of relevant information, segment reporting for geographical segments i.e export and domestic segment has not been given.
  - iii. The Company had received capital subsidy against fixed assets of Rs 26.87 lakhs during the year ended March 31, 2009. The subsidy was credited to capital reserve instead of reducing the cost of fixed assets. This accounting treatment is not as per Accounting Standard-12 Accounting for Government Grants. To that extent the value of fixed assets is over stated and depreciation is over stated.
  - iv. There is no reconciliation statement provided to us for difference in amount of sales and purchases as per audited financial statements and as per vat audit under the vat laws of Punjab. As informed to us this may be due to sale of fixed assets / sales return and/ or other items but no evidence has been provided for the same.
- 32. *We have not registered the trademarks used by us for our business and our inability to obtain or maintain these registrations may adversely affect our competitive business position. Our inability to protect or use our intellectual property rights may adversely affect our business.***

We have not applied for the registration of our logo “” or our brand name “*Super Star*”. The registration of any trademark is a time-consuming process, and there can be no assurance that any such registration will be granted as and when applied. In the absence of such registration, competitors or other companies may challenge the validity or scope of our intellectual property. These trademarks are integral to our business, and the loss of any of these intellectual property rights could have a material adverse effect on our business.

Further, if any of our unregistered trademarks are registered in favour of a third party, we may not be able to claim ownership or make use of such trademarks and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities. Our inability to obtain or maintain these registrations may adversely affect our competitive business position. This may affect our brand value and consequently our business.

**33. *The Promoters and Promoter Group will continue to exercise control post completion of the Issue and will have considerable influence over the outcome of matters.***

Upon completion of this Issue, our Promoters and Promoter Group will continue to own a majority of our Equity Shares. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders’ approval. Our Promoters will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they may be required by applicable law to abstain from voting. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. The interests of our Promoters could conflict with the interests of our other equity shareholders, and the Promoters could make decisions that materially and adversely affect your investment in the Equity Shares.

**34. *Our insurance cover may be inadequate to fully protect us from all losses and may in turn adversely affect our financial condition.***

Our Company believes that its insurance coverage is adequate and consistent with industry standards. Our Company maintains a number of insurance policies to cover our assets, liabilities and risks that we face inherent to our business activities and operations.

Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that the terms of our insurance policies will be adequate to cover all damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flow may be affected.

**35. *The cost of implementing new technologies for our operations could be significant and could adversely affect our results of operations, cash flows and financial condition.***

Our future success will depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to the technology underpinning our operational platform, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our products less competitive or attractive. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures or write-down of assets. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs (in comparison to our competitors who are able to successfully implement such technologies) and lead to us being less competitive in terms of our prices or quality of services we provide.

Further, implementation of new or upgraded technology may not be cost effective, which may adversely affect our profitability. In addition, hardware or software failure relating to our IT systems could significantly disrupt customer workflows and cause economic losses for which we could be held liable and which could damage our reputation. Any of the above events may adversely affect our future prospects, business, results of operations and financial condition.

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

We have no experience as a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public 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 SEBI (LODR) Regulations, which require us to file audited / unaudited reports periodically 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 timely as other listed companies. 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, for which significant resources and management overview 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. Further, we may need to hire additional legal and accounting staff with appropriate and relevant experience and technical accounting knowledge and we cannot assure you that we will be able to do so in a timely manner or at all.

## **EXTERNAL RISKS**

**37. *Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

The following external risks may have an adverse effect on our business and results of operations should any of them materialize:

- a change in the central or state governments or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular;
- high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins; and
- a slowdown in economic growth or financial instability in India could adversely affect our business and results of operations.

**38. *Our business is dependent on economic growth in India.***

The performance and growth of our business are necessarily dependent on economic conditions prevalent in India, which may be materially and adversely affected by centre or state political instability or regional conflicts, a general rise in interest rates, inflation, economic slowdown elsewhere in the world or otherwise.





There have been periods of slowdown in the economic growth of India. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates and annual rainfall which affects agricultural production. Any continued or future slowdown in the Indian economy or a further increase in inflation could have a material adverse effect on the price of our raw materials and demand for our products and, as a result, on our business and financial results.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the U.S. and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, including the financial crisis and fluctuations in the stock markets in China and further deterioration of credit conditions in the U.S. or European markets, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business and financial results.

**39. *Changing laws, rules and regulations and legal uncertainties in India, including adverse application of corporate and tax laws, may adversely affect our business and financial results.***

Our business and financial performance could be adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business including those relating to the industry in which we operate. There can be no assurance that the Government of India or state governments will not introduce new laws, regulations and policies which will require us to obtain additional approvals and licenses or impose onerous requirements on our business.

For example, the new Companies Act, 2013 contains significant changes to Indian company law, including in relation to the issue of capital by companies, disclosures in offer documents, related party transactions, corporate governance, audit matters, internal controls, shareholder class actions, restrictions on the number of layers of subsidiaries, prohibitions on loans to directors, insider trading and restrictions on directors and key management personnel from engaging in forward dealing. Moreover, effective April 1, 2014, companies exceeding certain net worth, revenue or profit thresholds are required to spend at least 2% of average net profits from the immediately preceding three financial years on corporate social responsibility projects, failing which an explanation is required to be provided in such companies' annual reports.

Additionally, the Government of India has proposed a comprehensive national goods and services tax ("GST") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Although the Government has announced that it is committed to introduce GST with effect from April 1, 2016, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the exact date of when GST is to be introduced or any other aspect of the tax regime following implementation of the GST. Further, any disagreements between certain state governments may also create further uncertainty towards the implementation of the GST. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

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

The impact of any changes to Indian legislation on our business cannot be fully determined at this time. Additionally, our business and financial performance could 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. Such unfavourable changes could decrease demand for our services and products, increase costs and/or subject us to additional liabilities. Any such changes could have an adverse effect on our business and financial results.

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

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit

ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

**41. *The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations or financial condition, including in the following respects:

- A natural or man-made disaster could result in damage to our assets or losses in our projects, or the failure of our counterparties to perform, or cause significant volatility in global financial markets.
- Pandemic disease, caused by a virus such as H5N1, the “avian flu” virus, the Ebola virus, or H1N1, the “swine flu” virus, could have a severe adverse effect on our business.
- Political tension, civil unrest, riots, acts of violence, situations of war or terrorist activities may result in disruption of services and may potentially lead to an economic recession and/or impact investor confidence.

***Risks Related to the Issue***

**42. *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 SME Platform of BSE Limited may not develop or be sustained after the Issue. Our Company and the Lead Manager have appointed Guinness Securities Limited as Designated Market Maker for the Equity Shares of our Company. 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 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 our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in the SME Platform of BSE Limited, securities markets in other jurisdictions, 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.

**43. *You will not be able to immediately sell any of the Equity Shares you purchase in this Issue on the SME Platform of BSE Limited.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares in this Issue have been allotted. Approval will require all other relevant documents authorizing the issue of the Equity Shares to be submitted. There could be failure or delays in listing the Equity Shares on the SME Platform of BSE Limited. Further, certain actions must be completed before the Equity Shares can be listed and trading can commence. Investors’ “book entry”, or “demat”, accounts with Depository Participants are expected to be credited within three Working Days of the date on which the Basis of Allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of final approval from the Designated Stock Exchange, trading in the Equity Shares is expected to commence within 6 Working Days from Issue Closing Date.

We cannot assure you that the Equity Shares will be credited to the investors’ demat account, or that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose of the Equity Shares.

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

Following the Issue, our listed Equity Shares will be subject to a daily “circuit breaker” imposed on listed companies by BSE Limited, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the BSE Limited based on the



historical volatility in the price and trading volume of the Equity Shares.

BSE Limited is not required to inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell the Equity Shares or the price at which you may be able to sell the Equity Shares at any particular time.

45. ***There is no guarantee that the Equity Shares will be listed on the SME Platform of BSE in a timely manner or at all, and any trading closures at the BSE may adversely affect the trading price of the Equity Shares.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. In addition, we are required to deliver the Prospectus for registration to the Registrar of Companies under the Companies Act, 2013. We cannot assure you that the Registrar of Companies will register such Prospectus in a timely manner or at all. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE Limited. Any delay in obtaining the approval would restrict your ability to dispose of the Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on the BSE could adversely affect the trading price of the Equity Shares.

46. ***Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us and any sale of Equity Shares by our significant shareholders may dilute your shareholding and 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 may dilute your shareholding in the Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. No assurance may be given that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our significant shareholders, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that we will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (“STT”) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

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

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

**49. *There may be less information available about companies listed on the Indian securities markets compared to information that would be available if we were listed on securities markets in certain other countries.***

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of the markets in the U.S. and certain other countries. SEBI regulates the Indian capital market (along with the Indian stock exchanges, which also govern the companies whose securities are listed with them) and has issued regulations and guidelines on disclosure requirements, insider trading, substantial acquisitions and takeovers of listed companies and other matters. There may, however, be less publicly available information about companies listed on an Indian stock exchange compared to information that would be available if that company was listed on a securities market in certain other jurisdictions.

**50. *Statistical and industry data contained in this Draft Prospectus may be incomplete or unreliable.***

Statistical and industry data used throughout this Draft Prospectus has been obtained from various government and industry publications. We believe the information contained herein has been obtained from sources that are reliable, but we have not independently verified it and the accuracy and completeness of this information is not guaranteed and its reliability cannot be assured. The market and industry data used from these sources may have been reclassified by us for purposes of presentation. In addition, market and industry data relating to India, its economy or its industries may be produced on different bases from those used in other countries. As a result data from other market sources may not be comparable. The extent to which the market and industry data presented in this Draft Prospectus is meaningful will depend upon the reader's familiarity with and understanding of the methodologies used in compiling such data.

Further, this market and industry data has not been prepared or independently verified by us or the Lead Manager or any of their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. Accordingly, investment decisions should not be based on such information.

**Prominent Notes:**

1. Public issue of 34,00,000 Equity Shares of face value of Rs.10.00 each of our Company for cash at a price of Rs.12.00 per Equity Share (including a share premium of Rs.2.00 per Equity Share) ("**Issue Price**") aggregating to Rs. 408.00 lakhs ("**the Issue**") of which 1,80,000 Equity Shares aggregating to Rs. 21.60 lakhs will be reserved for subscription by Market Maker ("**Market Maker Reservation Portion**"). The Issue less the Market Maker Reservation Portion i.e. issue of 32,20,000 Equity Shares of face value of Rs.10.00 each at an Issue Price of Rs.12.00 per equity share aggregating to Rs.386.40 lakhs is hereinafter referred to as the "Net Issue". The Issue and the Net Issue will constitute 27.43% and 25.98%, respectively of the post issue paid-up equity share capital of our Company.
2. For information on changes in our Company's name, Registered Office and changes in the objects clause of the MOA of our Company, please refer "*History and Certain Other Corporate Matters*" on page 82 of this Draft Prospectus.
3. Our Net Worth as at March 31, 2016, March 31, 2015 and March 31, 2014 was Rs.1,795.86 lakhs, Rs. 1724.78 lakhs, and Rs.1672.11 lakhs respectively.
4. Our Net Asset Value per Equity Share as at March 31, 2016, March 31, 2015 and March 31, 2014 was Rs. 19.97, Rs. 21.46, and Rs. 20.80 respectively.
5. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

Name of the Promoter	Average cost of acquisition (in Rs.)
Ajit Kumar Lakra	11.08
Gita Lakra	14.68
Vivek Lakra	14.41



Ajit Kumar Lakra (HUF)	10.00
------------------------	-------

*Note: The average cost of acquisition of our Equity Shares by our Promoters has been calculated by taking into account the amount paid by each of them to acquire the Equity Shares, by way of fresh allotment or share transfer. The aforesaid average cost of acquisition of equity shares by our promoters has been certified by M/s. Mehta Sharma & Associates, Chartered Accountants dated September 22, 2016. For further details relating to the allotment of Equity Shares to our Promoters, please refer “Capital Structure” on page 40 of this Draft Prospectus.*

6. None of our Group Entities have any business or other interest in our Company, except as stated in “Financial Statements – Annexure XXV – Related Party Disclosures” on page 125 and “Group Entities” on page 102 of this Draft Prospectus, and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
7. This Issue is being made for at least 25% of the post to Rule 19(2) (b) (i) of the Securities Contracts (Regulation) Rules, as amended. This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, as amended from time to time. As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, since the Issue is a fixed price issue ‘the allocation’ is the net issue to the public category shall be made as follows:
  - 0a) Minimum fifty percent to Retail Individual Investors; and
  - b) Remaining to other than Retail Individual Investors;
  - 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.

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.
8. There has been no financing arrangement whereby the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Prospectus.
9. Our Company was incorporated as ‘Super Fine Knitters Limited’ a public limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation dated September 18, 1998 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Our Company received the Certificate of Commencement of Business on September 24, 1998, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.
10. Investors may contact the Lead Manager or the Company Secretary & Compliance Officer for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever. For contact details of the Lead Manager and the Company Secretary & Compliance Officer please refer “General Information” on page 34 of this Draft Prospectus.
11. The Directors / Promoters of our Company have no interest in our Company except to the extent of remuneration 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 refer to the section titled “Our Management” on page 86 of this Draft Prospectus.



## Section III – Introduction

### Summary of Industry

*The information in this section is derived from various publicly available sources, government publications and other industry sources. Neither we nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. Unless otherwise specified, references to years are to calendar years in this section.*

#### **Overview of the Indian Economy**

India, the world's second largest democracy in terms of population (comprising approximately 1.24 billion people) after China, had a GDP on purchasing power parity basis of approximately USD 4,990 billion in 2013, making India the fourth largest economy in the world after the United States of America, the European Union and China in purchasing power parity terms. (Source: *CIA World Factbook, 2015, available at <https://www.cia.gov/library/publications/the-worldfactbook/rankorder/2001rank.html>*) World output rates, in percentage terms, for certain developed and developing economies for each of the calendar years 2013 and 2014 and projections for 2015 and 2016 are set out below:

(in percentage)				
<b>Countries</b>	<b>2013</b>	<b>2014</b>	<b>2015 (projected)</b>	<b>2016 (projected)</b>
China	7.8	7.4	6.8	6.3
<b>India</b>	<b>6.9</b>	<b>7.2</b>	<b>7.5</b>	<b>7.5</b>
Russia	1.3	0.6	(3.8)	(1.1)
Brazil	2.7	0.1	(1.0)	1.0
South Africa	2.2	1.5	2.0	2.1
United States	2.2	2.4	3.1	3.1
Japan	1.6	(0.1)	1.0	1.2
United Kingdom	1.7	2.6	2.7	2.3

(Source: International Monetary Fund, *World Economic Outlook Updated, April 2015*)

As per the advance estimates released by the Central Statistics Office, the Indian economy is estimated to register a growth rate of 7.4% in fiscal 2015, as compared to a growth of 5.1% and 6.9% respectively in fiscal 2013 and fiscal 2014. (Source: *Macro-Economic Framework Statement, 2015-16, available at <http://indiabudget.nic.in/ub2015-16/frbm/frbm1.pdf>*). Fiscal 2015 has witnessed key policy reforms, aimed at aiding growth revival and surmounting the structural constraints in the economy. In the recent past, the economy faced testing times with issues like lower growth, high levels of inflation and widening current account deficit; escalated by an unsupportive external environment. Growth is back, with its desirable concomitants of mild inflation and manageable current account balance with stable rupee and rising foreign exchange reserves, signaling improvements in macro-economic stability. (Source: *Macro-Economic Framework Statement, 2015-16, available at <http://indiabudget.nic.in/ub2015-16/frbm/frbm1.pdf>*)

#### **Global Textile & Apparel Industry Overview**

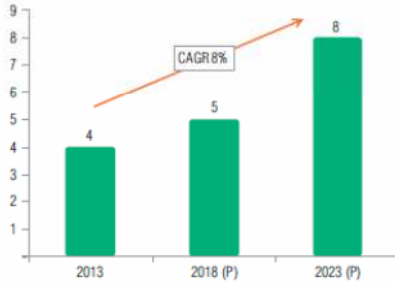
The Textile & Apparel trade was worth USD 773 billion, in 2013, and is expected to grow at a CAGR of 5% over the next decade. The growth of the apparel trade is expected to outpace that of the fabric trade. China dominates global Textile & Apparel exports with a 40% share of made-ups, 37% of apparel, and 39% of fabric. India, Bangladesh, Vietnam, Turkey, Pakistan, etc. are the other major Textile & Apparel exporters. The global fabric trade was worth USD 137 billion in 2013 while the global apparel trade was worth USD 428 billion. It is expected that the rate of growth of the trade in knit fabric and apparel will be higher than that for the woven counterparts. Asia is the leader in terms of the installed capacity of textile machinery; 86% of short-staple spindles, 45% of long-staple spindles, 55% of rotor spinning machines, 73% of shuttleless looms, and 85% of shuttle looms are installed in Asia alone. China, India, Pakistan, Indonesia, and Thailand are among the leaders in terms of this installed capacity. The US, EU-27 countries, and Japan remain the key apparel importers. However, the apparel imports of emerging countries like Russia, China, and India have registered some momentum in recent times. (Source: *Technopak's Textile & Apparel (T&A) Compendium 2015*)



### India's Textile Market: Size and Growth

The Indian Textiles market is expected to grow at a CAGR of 8% over the next decade.

**Domestic Indian Textile Market (USD bn)**



**Category wise market break-up (INR cr)**

Categories	2013 (E)	2016 (P)	2021 (P)	CAGR (2011-21)
Bed Linen	10,260	14,100	20,710	7%
Towels	3,800	5,220	7,670	7%
Curtains	2,150	3,210	5,170	9%
Blankets	1,680	2,200	3,080	6%
Upholstery	1,410	2,090	3,360	9%
Kitchen Linen	1,270	1,740	2,570	7%
Rugs & Carpets	590	880	1,410	9%
<b>Total</b>	<b>21,160</b>	<b>29,440</b>	<b>43,970</b>	<b>8%</b>

E: Estimate P: Projection

Source: Technopak Analysis

### India's Textile & Apparel Exports

Capacity built over years has led to low cost of production per unit in India's textile industry; this has lent a strong competitive advantage to the country's textile exporters relative to key global peers. The sector has also witnessed increasing outsourcing over the years as Indian players moved up the value chain from being mere converters to vendor partners of global retail giants. The strong performance of textile exports is reflected in the value of exports from the sector over the years. Textile exports grew by 11.7 per cent to USD35.4 billion in FY14. However, there is a growth (CAGR) of 9.13 per cent over the period of FY07 to FY14. In the coming decades, Africa and Latin America could very well turn out to be key markets for Indian textiles.



Source: Ministry of textiles, India Brand Equity Foundation.

## **Summary of Our Business**

### **Overview**

Our Company is a multi-divisional textile unit engage in the business of manufacturing knitted apparels for itself as well as for national and international brands and is a well-known supplier of knitted fabrics for large companies in India involved in manufacturing and exporting knitted apparels.

Our Company started in the year 1998 as a fabric knitting unit and is now a well-known supplier of knitted fabrics and apparels to national and international brands. Our manufacturing facilities are located at (a) 269 Industrial Area A, Ludhiana – 141 003, Punjab, India and (b) C-5, Phase-V, Focal Point, Dhandari Kalan, Ludhiana – 141 010, Punjab, India. As on August 31, 2016 we had a total workforce of 421 including 3 whole time directors, 20 highly skilled, 344 skilled, 27 semi-skilled and 27 unskilled workers.

Our range of apparels that we manufacture for national and international brands covers all the age groups and segments such as for men's wear, women's wear, kids' wear, boys & girls wear. We use variety of knitted fabrics such as 100% cotton to cotton lycra, 100% polyester, blended (cotton and polyester), mercerized to plain, washed to over dyed and other blended fabrics in the production of apparels. Under our own brand 'Super Star' we manufacture knitted garments for aforesaid age groups and segments.

Our total income for the Fiscal ended March 31, 2014, 2015 and 2016 was Rs. 7,115.03 lakhs, Rs. 7,626.95 lakhs and Rs. 8490.91 lakhs, respectively. Our Profit after tax for the Fiscal ended March 31, 2014, 2015 and 2016 was Rs. 23.12 lakhs, Rs. 52.67 lakhs and Rs. 71.07 lakhs respectively.

### **Our Competitive Strengths**

1. Capable to manage large sized and multiple orders
2. Diversified Product Portfolio
3. Quality Assurance and Standards
4. Existing customer and supplier relationships
5. Experienced management and Key Managerial Personnel
6. Strong in-house design capabilities and techniques
7. Use of Information Technology

### **Our Business Strategies**

1. Enhancing existing processes and improving operational efficiencies
2. Optimal Utilization of Resources
3. Continue to lay emphasis on attracting and retaining the quality talent in the industry
4. Enhancing our brand value
5. Focusing on inorganic growth
6. Strengthening our presence through e-commerce platform
7. Maintain our focus on long-term relationships



### Summary Financial Information

#### Statement of Assets and Liabilities as Restated

(Rs. in Lakhs)

Sr. No.	Particulars	As at March 31,				
		2016	2015	2014	2013	2012
	<b>Equity and Liabilities</b>					
<b>1)</b>	<b><u>Shareholders Funds</u></b>					
	a. Share Capital	899.31	899.31	899.31	849.31	771.56
	b. Reserves & Surplus	926.38	855.30	802.63	738.39	623.13
<b>2)</b>	Share Application Money Pending Allotment	-	29.00	-	67.00	146.50
<b>3)</b>	<b><u>Non Current Liabilities</u></b>					
	a. Long Term Borrowings	405.60	323.37	356.65	318.43	373.57
	b. Deferred Tax Liabilities	97.02	101.64	108.20	86.51	88.59
	c. Other Long Term Liabilities	-	-	-	-	-
	d. Long Term Provisions	34.67	20.30	24.26	14.66	7.33
<b>4)</b>	<b><u>Current Liabilities</u></b>					
	a. Short Term Borrowings	1,643.30	1,397.09	1,395.53	1,439.02	1,072.24
	b. Trade Payables	1,166.90	527.02	740.15	660.40	944.27
	c. Other Current Liabilities	300.17	555.83	561.32	360.95	671.78
	d. Short Term Provisions	7.22	12.48	18.69	12.66	18.27
	<b>TOTAL</b>	<b>5,480.57</b>	<b>4,721.34</b>	<b>4,906.74</b>	<b>4,547.33</b>	<b>4,717.24</b>
	<b>Assets</b>					
<b>1)</b>	<b><u>Non Current Assets</u></b>					
	a. Fixed Assets					
	i. Tangible Assets	2,570.34	2,465.85	2,414.78	2,484.87	2,359.45
	Less: Accumulated Depreciation	1,265.23	1,163.60	1,058.23	1,056.22	919.39
	ii. Capital Work in Progress	22.68	-	-	-	-
	<b>Net Block</b>	<b>1,327.79</b>	<b>1,302.25</b>	<b>1,356.55</b>	<b>1,428.65</b>	<b>1,440.06</b>
	b. Other Non Current Assets	12.45	16.49	15.69	18.98	19.54
<b>2)</b>	<b><u>Current Assets</u></b>					
	a. Current Investment	4.60	-	-	-	-
	b. Inventories	2,046.48	1,718.26	1,100.70	1,141.88	1,265.52
	c. Trade Receivables	1,653.46	1,192.63	1,742.89	1,524.97	1,379.98
	d. Cash and Cash Equivalents	277.52	155.71	309.98	131.61	266.49
	e. Short Term Loans & Advances	145.73	224.67	268.07	187.39	233.69
	f. Other Current Assets	12.54	111.33	112.86	113.85	111.96
	<b>TOTAL</b>	<b>5,480.57</b>	<b>4,721.34</b>	<b>4,906.74</b>	<b>4,547.33</b>	<b>4,717.24</b>

# Statement of Profit and Loss as Restated

(Rs. in Lakhs)

Sr. No.	Particulars	For the year ended March 31,				
		2016	2015	2014	2013	2012
<b>A</b>	<b>Income</b>					
	Revenue from Operations	8,428.79	7,483.39	6,822.02	6,607.07	6,782.12
	Other Income	62.12	143.56	293.01	167.30	169.68
	<b>Total Income (A)</b>	<b>8,490.91</b>	<b>7,626.95</b>	<b>7,115.03</b>	<b>6,774.37</b>	<b>6,951.80</b>
<b>B</b>	<b>Expenditure</b>					
	Cost of Material Consumed	5,172.06	4,635.11	3,682.10	3,655.16	2,968.78
	Changes in inventories of finished goods, traded goods and work-in-progress	(336.19)	(593.01)	38.22	(47.72)	543.00
	Employee benefit expenses	163.36	98.08	135.76	163.05	160.04
	Finance costs	248.03	245.08	309.64	256.75	272.35
	Depreciation and Amortisation expense	101.63	119.11	132.19	141.88	132.87
	Other Expenses	3,046.19	3,038.38	2,746.79	2,526.77	2,804.70
	<b>Total Expenses (B)</b>	<b>8,395.08</b>	<b>7,542.75</b>	<b>7,044.70</b>	<b>6,695.89</b>	<b>6,881.74</b>
<b>C</b>	<b>Profit before extraordinary items and tax</b>	<b>95.83</b>	<b>84.20</b>	<b>70.33</b>	<b>78.48</b>	<b>70.06</b>
	Less: Extraordinary items	-	-	-	-	-
<b>D</b>	<b>Profit before tax</b>	<b>95.83</b>	<b>84.20</b>	<b>70.33</b>	<b>78.48</b>	<b>70.06</b>
	<i>Tax expense :</i>					
	(i) Current tax	29.38	38.10	25.51	26.36	34.11
	(ii) Deferred tax	(4.62)	(6.57)	21.70	(2.08)	(6.67)
<b>E</b>	<b>Total Tax Expense</b>	<b>24.76</b>	<b>31.53</b>	<b>47.21</b>	<b>24.28</b>	<b>27.44</b>
<b>F</b>	<b>Profit for the year (D-E)</b>	<b>71.07</b>	<b>52.67</b>	<b>23.12</b>	<b>54.20</b>	<b>42.62</b>





# Statement of Cash Flow as Restated

(Rs. In Lakhs)

Particulars	For the year ended March 31,				
	2016	2015	2014	2013	2012
<b><u>Cash Flow From Operating Activities:</u></b>					
Profit before tax	95.84	84.20	70.33	78.45	70.06
<b>Adjustments for:</b>					
Depreciation & Amortisation Expense	101.63	119.11	132.19	141.88	132.87
Loss / (profit) on sale of assets	-	9.98	0.46	(16.17)	20.54
Interest Expense	223.78	219.65	286.81	233.23	245.08
Interest Income	(5.60)	(4.04)	(4.88)	(4.27)	(3.60)
Provision for Gratuity	41.89	22.90	25.18	15.16	7.50
Rental Income	(1.38)	(1.61)	(4.02)	(7.50)	(9.51)
<b>Operating Profit Before Working Capital Changes</b>	<b>456.16</b>	<b>450.19</b>	<b>506.07</b>	<b>440.78</b>	<b>462.94</b>
Adjusted for (Increase)/ Decrease in:					
Inventories	(328.23)	(617.55)	41.18	123.65	320.13
Trade Receivables	(460.82)	550.26	(217.92)	(144.98)	(150.86)
Loans and Advances and Other Current Assets	78.93	43.41	(80.68)	46.29	(80.34)
Trade Payables	639.87	(213.12)	79.75	(283.87)	(547.57)
Other Current Liabilities & Provisions	(198.54)	(11.69)	254.22	(293.78)	(202.16)
<b>Cash Generated From Operations</b>	<b>187.37</b>	<b>201.50</b>	<b>582.62</b>	<b>(111.91)</b>	<b>(197.86)</b>
Net Income Tax paid	(45.43)	(45.63)	(49.60)	(10.46)	(37.55)
<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>141.94</b>	<b>155.87</b>	<b>533.02</b>	<b>(122.37)</b>	<b>(235.41)</b>
<b><u>Cash Flow From Investing Activities:</u></b>					
Purchase of Fixed Assets (including capital work in progress)	(127.18)	(139.60)	(150.55)	(123.14)	(170.69)
Sale of fixed assets	-	55.07	104.98	31.08	24.87
Investment in Fixed Deposits	(4.59)	-	0.01	-	-
Interest Income	5.60	4.04	4.88	4.27	3.60
Rental Income	1.38	1.61	4.01	7.50	9.51
<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>(124.79)</b>	<b>(78.88)</b>	<b>(36.67)</b>	<b>(80.29)</b>	<b>(132.71)</b>
<b><u>Cash Flow from Financing Activities:</u></b>					
Proceeds from issue of Share Capital / Share Application money	-	29.00	-	-	146.50
Refund of share application money	-	-	(17.01)	(1.75)	-
Net Increase/(Decrease) in Borrowings	328.45	(31.73)	(5.27)	311.64	613.50
Interest paid	(223.79)	(219.65)	(286.82)	(233.23)	(245.08)
Dividend paid	-	(8.88)	(8.88)	(8.88)	-
<b>Net Cash Flow from/(used in) Financing Activities: (C)</b>	<b>104.66</b>	<b>(231.26)</b>	<b>(317.98)</b>	<b>67.78</b>	<b>514.92</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>121.81</b>	<b>(154.27)</b>	<b>178.37</b>	<b>(134.88)</b>	<b>146.80</b>
<b>Cash &amp; Cash Equivalents As At Beginning of the Year</b>	<b>155.71</b>	<b>309.98</b>	<b>131.61</b>	<b>266.49</b>	<b>119.69</b>
<b>Cash &amp; Cash Equivalents As At End of the Year</b>	<b>277.52</b>	<b>155.71</b>	<b>309.98</b>	<b>131.61</b>	<b>266.49</b>

### The Issue

Following table summarises the present Issue in terms of this Draft Prospectus

Particulars	Details of Equity Shares
<b>Issue of Equity Shares by our Company<sup>#</sup></b>	<b>Issue of 34,00,000 Equity Shares having face value of Rs. 10.00 each at a price of Rs. 12.00 per Equity Share (including a share premium of Rs. 2.00 per Equity share) aggregating Rs.408.00 lakhs</b>
<b>Of which:</b>	
Market Maker Reservation Portion	Issue of 1,80,000 Equity Shares having face value of Rs.10.00 each at a price of Rs.12.00 per Equity Share aggregating Rs.21.60 lakhs
Net Issue to the Public*	Issue of 32,20,000 Equity Shares having face value of Rs.10.00 each at a price of Rs.12.00 per Equity Share aggregating Rs.386.40 lakhs
	<b>Of which:</b>
	16,10,000 Equity Shares having face value of Rs.10.00 each at a price of Rs.12.00 per Equity Share aggregating Rs.193.20 lakhs will be available for allocation to Retail Individual Investors
	16,10,000 Equity Shares having face value of Rs.10.00 each at a price of Rs.12.00 per Equity Share aggregating Rs.193.20 lakhs will be available for allocation to other than Retail Individual Investors
<b>Pre and Post Issue Share Capital of our Company</b>	
Equity Shares outstanding prior to the Issue	89,93,070 Equity Shares
Equity Shares outstanding after the Issue	1,23,93,070 Equity Shares
Objects of the Issue	Please refer chapter “ <i>Objects of the Issue</i> ” on page 52 of this Draft Prospectus.

<sup>#</sup> Public issue of up to 34,00,000 Equity Shares of Rs.10.00 each for cash at a price of Rs.12.00 per Equity Share of our Company aggregating to Rs.408.00 lakhs is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to section ‘Terms of the Issue’ on page 158 of this Draft Prospectus.

The Issue has been authorised by our Board pursuant to a resolution dated July 1, 2016, and by our Equity Shareholders pursuant to a resolution passed at the extraordinary general meeting held on July 25, 2016.

\*As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price offer the allocation in the net offer to the public category shall be made as follows:

- 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;
- 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.

*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.*



### **General Information**

Our Company was incorporated as ‘*Super Fine Knitters Limited*’ a public limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation dated September 18, 1998 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Our Company received the Certificate of Commencement of Business on September 24, 1998, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.

<b>Registration Number</b>	021814
<b>Company Identification Number</b>	U18101PB1998PLC021814
<b>Address of Registered office of Companies</b>	269 Industrial Area A, Ludhiana – 141 003, Punjab, India Tel: +91 161 468 9900 E-mail: <a href="mailto:info@superfineknitters.com">info@superfineknitters.com</a> Website: <a href="http://www.superfineknitters.com">www.superfineknitters.com</a>
<b>Address of Registrar of Companies</b>	Corporate Bhawan, Plot No.4 B, Sector 27 B, Madhya Marg, Chandigarh - 160019 Tel: +91 0172-2639415/16 Fax: +91 0172-2639416 E-mail: <a href="mailto:roc.chandigarh@mca.gov.in">roc.chandigarh@mca.gov.in</a>
<b>Designated Stock Exchange</b>	BSE Limited
<b>Listing of Shares offered in this Issue</b>	SME Platform of BSE
<b>Contact Person:</b>	Divya Jain 269 Industrial Area A, Ludhiana – 141 003, Punjab, India Tel: +91 161 468 9900 E-mail: <a href="mailto:info@superfineknitters.com">info@superfineknitters.com</a>

For details of the changes in our Name, Registered Office and other details, please refer “*History and Certain Other Corporate Matters*” on page 82 of this Draft Prospectus.

### **Our Board of Directors**

Details regarding our Board of Directors as on the date of this Draft Prospectus are set forth in the table hereunder:

<b>Sr. No.</b>	<b>Name and Designation</b>	<b>DIN</b>	<b>Address</b>
1.	<b>Ajit Kumar Lakra</b> <i>Managing Director and CEO</i>	01067195	269 Industrial Area A, Ludhiana – 141 003, Punjab, India
2.	<b>Gita Lakra</b> <i>Whole-Time Director</i>	01067233	269 Industrial Area A, Ludhiana – 141 003, Punjab, India
3.	<b>Vivek Lakra</b> <i>Whole-Time Director</i>	01067219	269 Industrial Area A, Ludhiana – 141 003, Punjab, India
4.	<b>Amit Gupta</b> <i>Independent Director</i>	03558223	431/1/5, Ajit Street, College Road, Opp. Kumar Arts College, Civil Lines, Ludhiana - 141 001, Punjab, India
5.	<b>Vipin Sehgal</b> <i>Independent Director</i>	00001214	H. No. 79-A Rajguru Nagar Ludhiana- 141001, Punjab, India.
6.	<b>Baljit Kumar Trikha</b> <i>Independent Director</i>	00764368	Om Processes, K-3, Industrial Area-A, Textile Colony, Miller Ganj, Ludhiana - 141 003, Punjab, India

For detailed profile of our Managing Director and other Directors, refer “*Our Management*” and “*Our Promoters and Promoter Group*” on page 86 and 98 respectively of this Draft Prospectus.

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

Our Company has appointed Divya Jain, the Company Secretary of our Company, as the Compliance Officer, whose contact details are set forth hereunder.

**Divya Jain**

269 Industrial Area A,  
Ludhiana – 141 003, Punjab, India  
**Tel:** +91 161 468 9900

**Chief Financial Officer**

Our Company has appointed Davinder Pal Singh, as the Chief Financial Officer. His contact details are set forth hereunder.

**Davinder Pal Singh**

269 Industrial Area A,  
Ludhiana – 141 003, Punjab, India  
**Tel:** +91 161 468 9900

**Details of Key Intermediaries pertaining to this Issue of our Company:**

<b>Lead Manager of the Issue</b>	<b>Registrar to the Issue</b>
<b>Guinness Corporate Advisors Private Limited</b> Registered Office: 18 Deshapriya Park Road, Kolkata - 700 026, West Bengal, India Tel: +91-33-30015555 Fax: +91-33- 3001 5531 Email: <a href="mailto:gcapl@guinnessgroup.net">gcapl@guinnessgroup.net</a> Website: <a href="http://www.guinnessonline.net">www.guinnessonline.net</a> Contact Person: Ms. Alka Mishra/Mr. Mohit Baid SEBI Registration No.: INM 000011930	<b>Cameo Corporate Services Ltd.</b> Subramanian Building, 1 Club House Road, Chennai - 600 002, Tamil Nadu, India Tel No.: +91 44-2846 0390/1989 Fax No.: +91 44-2846 0129 Website: <a href="http://www.cameoindia.com">www.cameoindia.com</a> E-mail ID: <a href="mailto:cameo@cameoindia.com">cameo@cameoindia.com</a> Contact Person: Mr. R. D. Ramasamy SEBI Registration No: INR000003753
<b>Banker to the Company</b>	<b>Legal Advisor to the Issue</b>
<b>Union Bank of India</b> SSI Branch, Industrial Area – A, Cheema Chowk, Ludhiana – 141 003. Tel: +91 161 5044 229 / 232 Email: <a href="mailto:ssiludhiana@unionbankofindia.com">ssiludhiana@unionbankofindia.com</a> Contact Person: Saurabh Agrawal	<b>JPS Legal</b> 504, Gold Crest Business Centre, Above Westside, L. T. Road, Borivali (West), Mumbai 400 092, Maharashtra, India Tel: +91 22 2893 7321 Fax: +91 22 2893 7321 Email: <a href="mailto:jimit.shah@jpslegal.co.in">jimit.shah@jpslegal.co.in</a>
<b>Statutory Auditor of the Company</b>	<b>Peer Review Auditor</b>
<b>Mehta Sharma &amp; Associates</b> Chartered Accountants 595, 1 <sup>st</sup> Floor, Jai Singh complex, Model Town Ludhiana – 141 002, Punjab, India Tel: +91 -161- 462 7007 Email: <a href="mailto:camehtasharma@rediffmail.com">camehtasharma@rediffmail.com</a> Membership No: 501072 Contact Person: CA. Mohit Sharma	<b>M/s. R. T. Jain &amp; Co.</b> Chartered Accountants 2nd Floor, Lotus Bldg, 59, Mohammedali Road, Mumbai 400003, India Tel : +91-22- 2346 52 18 Fax No.: +91-22-23464955 E-mail: <a href="mailto:brjain@rtjainandco.com">brjain@rtjainandco.com</a> Contact Person: CA. Bankim Jain Membership Number: 139447 Firm Registration No.-103961W
<b>Banker to the Issue</b>	
[●]To be appointed prior to filing of Prospectus with RoC	

**Applicants can contact the Compliance Officer or the Lead Manager or the Registrar to the Issue 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 account and refund orders, etc. All complaints, queries or comments received by Stock Exchange / SEBI shall be forwarded to the Lead Manager, who shall respond to the same.**

Applicants may contact the Lead Manager for complaints, information or clarifications pertaining to the Issue.

All grievances may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Applicant should give full details such as name of the sole or first Applicant, ASBA Form number, Applicant DP ID, Client ID, PAN, date of the ASBA Form, address of the Applicant, number of



the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Applicant. Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

#### **Self Certified Syndicate Banks (SCSB's)**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> . For details of the Designated Branches which shall collect Application Forms, please refer to the above-mentioned link.

#### **Registered Brokers**

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit Application Forms with the Registered Brokers at the Broker Centres, CDPs at Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone numbers, are available at the websites of the BSE at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3), respectively, as updated from time to time.

#### **RTAs**

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, are provided on the websites of Stock Exchange at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6>, 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, are provided on the websites of Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6>, as updated from time to time.

#### **Statement of Responsibility of the Lead Manager/ Statement of inter se allocation of responsibilities**

Since Guinness Corporate Advisors Private Limited is the sole Lead Manager to this Issue, a statement of *inter se* allocation of responsibilities amongst Lead Managers is not required.

#### **Credit Rating**

This being an issue of Equity Shares, there is no requirement of credit rating for the Issue.

#### **IPO Grading**

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

#### **Brokers to the Issue**

All members of the recognized stock exchanges would be eligible to act as Brokers to the Issue.

#### **Expert Opinion**

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

Our Company has received written consent from the Peer Reviewed Auditor namely, M/s. R. T. Jain & Co., Chartered Accountants to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the reports of the Peer Reviewed Auditor on the Restated Financial Statements, dated September 06, 2016 and the statement of tax benefits dated September 06, 2016 included in this Draft Prospectus and such consent has not been withdrawn as on the date of this Draft Prospectus.



## Debenture Trustees

This is an issue of equity shares; hence appointment of debenture trustee is not required.

## Appraisal and Monitoring Agency

The objects of the Issue have not been appraised by any agency.

The Objects of the Issue and means of finance, therefore, are based on internal estimates of our Company. In terms of Regulation 16 of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency since the Issue size is not in excess of Rs.50,000 lakhs.

## Underwriting Agreement

This Issue is 100% Underwritten. The Underwriting agreement is dated July 25, 2016. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriter has indicated its intention to underwrite the following number of specified securities being offered through this Issue:

Details of the Underwriter	No. of shares underwritten*	Amount Underwritten (Rs. in lakhs)	% of the Total Issue Size Underwritten
<b>GUINNESS CORPORATE ADVISORS PRIVATE LIMITED</b> Guinness House, 18, Deshapriya Park Road, Kolkata-700 026 Tel : +91-33-3001 5555 Fax: +91-33-3001 5531 Email: <a href="mailto:gcapl@guinnessgroup.net">gcapl@guinnessgroup.net</a> Website: <a href="http://www.guinnessonline.net">www.guinnessonline.net</a> Contact Person: Ms. Alka Mishra / Mr. Mohit Baid SEBI Registration No: INM 000011930	34,00,000	408.00	100.00

*\*Includes 1,80,000 Equity shares of Rs.10.00 each for cash of the Market Maker Reservation Portion which are to be subscribed by the Market Maker (Guinness Securities Limited) in its own account in order to claim compliance with the requirements of Regulation 106 V (4) of the SEBI (ICDR) Regulations, 2009, as amended.*

In the opinion of our Board of Directors, the resources of the above mentioned Underwriter are sufficient to enable them to discharge the underwriting obligations in full. The abovementioned Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange.

## Details of the Market Making Arrangement for this Issue

Our Company has entered into Market Making Agreement dated July 25, 2016, with the Lead Manager and Market Maker, duly registered with BSE to fulfil the obligations of Market Making:

The details of Market Maker are set forth below:

<b>Name</b>	<b>Guinness Securities Limited</b>
<b>Corporate Office Address</b>	Guinness House, 18, Deshapriya Park Road, Kolkata-700 026
<b>Tel no.</b>	+91-33-3001 5555
<b>Fax no.</b>	+91-33-2464 6969
<b>Email</b>	<a href="mailto:kmohanty@guinnessgroup.net">kmohanty@guinnessgroup.net</a>
<b>Website</b>	<a href="http://www.guinnessonline.net">www.guinnessonline.net</a>
<b>Contact Person</b>	Mr. Kuldeep Mohanty
<b>SEBI Registration No.</b>	INB 011146033

The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the BSE and SEBI regarding this matter from time to time. Following is a summary of the key details pertaining to the Market Making arrangement:



- 1) The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker shall inform the Stock 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 Rs.1,00,000. However, the investors with holdings of value less than Rs.1,00,000 shall be allowed to offer their holding to the Market Maker in that scrip provided that they sell their entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
- 3) After a period of three (3) months from the market making period, the market maker would be exempted to provide quote if the Shares of market maker in our Company reaches to 25%. (Including the 5% of Equity Shares of the Issue.) Any Equity Shares allotted to Market Maker under this Issue over and above 5% of Issue Size would not be taken in to consideration of computing the threshold of 25%. As soon as the Shares of market maker in our Company reduce to 24%, the market maker will resume providing 2-way quotes.
- 4) There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
- 5) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
- 6) There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- 7) The shares of the Company will be traded in continuous trading session from the time and day the company gets listed on SME Platform of BSE and Market Maker will remain present as per the guidelines mentioned under BSE and SEBI circulars.
- 8) 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.
- 9) The Market Maker shall have the right to terminate said arrangement by giving a six month notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker.

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further the Company and the Lead Manager reserve the right to appoint other Market Maker either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.

- 10) **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
- 11) **Punitive Action in case of default by Market Makers:** BSE SME Exchange 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.

- 12) **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to Rs.250 crores, the applicable price bands for the first day shall be:

- i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
- ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.

Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the BSE SME Exchange/ Platform.

Sr. No.	Market Price Slab (in Rs.)	Proposed spread (in % to sale price)
1	Up to 50	9
2	50 to 75	8
3	75 to 100	6
4	Above 100	5

- 13) Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market maker(s) 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 Rs.20 Crores	25%	24%
Rs.20 to Rs.50 Crores	20%	19%
Rs.50 to Rs.80 Crores	15%	14%
Above Rs.80 Crores	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 the Issue is set forth below:

No.	Particulars	Amount (Rs. in lakhs)	
		Aggregate nominal value	Aggregate value at Issue Price
<b>A.</b>	<b>Authorised Share Capital</b>		
	1,30,00,000 Equity Shares of Rs.10.00 each	1,300.00	-
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Share Capital before the Issue</b>		
	89,93,070 Equity Shares of Rs.10.00 each	899.30	-
<b>C.</b>	<b>Present Issue in terms of this Draft Prospectus</b>		
	Issue of 34,00,000 Equity Shares for cash at a price of Rs.12.00 per Equity Share	340.00	408.00
	<i>Which comprises:</i>		
	1,80,000 Equity Shares of Rs. 10.00 each at a price of Rs.12.00 per Equity Share reserved as Market Maker portion	18.00	21.60
	Net Issue to the Public of 32,20,000 Equity Shares of Rs. 10.00 each at a price of Rs.12.00 per Equity Share	322.00	386.40
	<i>Of which:</i>		
	16,10,000 Equity Shares of Rs. 10.00 each at a price of Rs.12.00 per Equity Share will be available for allocation to Retail Individual Investors upto Rs. 2.00 Lakhs	161.00	193.20
	16,10,000 Equity Shares of Rs. 10.00 each at a price of Rs.12.00 per Equity Share will be available for allocation to Other than Retail Individual Investors above Rs. 2.00 Lakhs	161.00	193.20
<b>D.</b>	<b>Issued, Subscribed and Paid-up Share Capital after the Issue</b>		
	1,23,93,070 Equity Shares	1,239.31	-
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Issue	119.98	
	After the Issue	187.98	

*The Issue has been authorised by our Board pursuant to a resolution dated July 01, 2016, and by our Equity Shareholders pursuant to a resolution passed at the extraordinary general meeting held on July 25, 2016.*

### Notes to the Capital Structure

#### 1. Details of increase in authorised Share Capital:

Since the incorporation of our Company, the authorised share capital of our Company has been altered in the manner set forth below:

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	To		
Rs.1,00,00,000 consisting of 10,00,000 Equity shares of Rs.10.00 each.		On incorporation	-
Rs.1,00,00,000 consisting of 10,00,000 Equity shares of Rs.10.00 each.	Rs.4,00,00,000 consisting of 40,00,000 Equity shares of Rs.10.00 each.	July 22, 1999	EGM
Rs.4,00,00,000 consisting of 40,00,000 Equity shares of Rs.10.00	Rs.5,50,00,000 consisting of 40,00,000 Equity shares of Rs.10.00 each and	#	-

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	To		
each.	15,00,000 Preference Shares of Rs.10.00 each.		
Rs.5,50,00,000 consisting of 40,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each.	Rs.6,50,00,000 consisting of 50,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each.	March 20, 2002	EGM
Rs.6,50,00,000 consisting of 50,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each.	Rs.6,50,00,000 consisting of 60,00,000 Equity shares of Rs.10.00 each and 5,00,000 Preference Shares of Rs.10.00 each.	#	-
Rs.6,50,00,000 consisting of 60,00,000 Equity shares of Rs.10.00 each and 5,00,000 Preference Shares of Rs.10.00 each.	Rs.6,50,00,000 consisting of 55,00,000 Equity shares of Rs.10.00 each and 10,00,000 Preference Shares of Rs.10.00 each.	#	-
Rs.6,50,00,000 consisting of 55,00,000 Equity shares of Rs.10.00 each and 10,00,000 Preference Shares of Rs.10.00 each.	Rs.7,50,00,000 consisting of 65,00,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.	August 23, 2010	EGM
Rs.7,50,00,000 consisting of 65,00,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.	Rs.8,00,00,000 consisting of 70,00,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.	March 31, 2011	EGM
Rs.8,00,00,000 consisting of 70,00,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.	Rs.8,55,00,000 consisting of 75,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.	March 26, 2013	EGM
Rs.8,55,00,000 consisting of 75,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.	Rs.9,05,00,000 consisting of 80,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.	February 28, 2014	EGM
Rs.9,05,00,000 consisting of 80,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.	Rs.9,05,00,000 consisting of 80,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Compulsory Convertible Preference Shares of Rs.10.00 each.	September 30, 2015	AGM
Rs.9,05,00,000 consisting of 80,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Compulsory Convertible Preference Shares of Rs.10.00 each.	Rs.9,05,00,000 consisting of 90,50,000 Equity shares of Rs.10.00 each.	September 30, 2015	AGM
Rs.9,05,00,000 consisting of 90,50,000 Equity shares of Rs.10.00 each.	Rs.13,00,00,000 consisting of 1,30,00,000 Equity shares of Rs.10.00 each.	January 28, 2016	EGM

# We have been unable to trace filings with the RoC and corporate resolutions for these changes in Authorised Share Capital. The relevant record/forms are also unavailable at the office of the RoC-Chandigarh, as certified by M/s. Silvia Gumber & Associates, Company Secretaries dated February 04, 2016. Further Our Company has relied on the limited information available in the annual return of our Company of the respective years. Please see the section titled "Risk Factors" on page 11 of this Draft Prospectus.

## 2. History of Issued and Paid Up Share Capital of our Company

(a) The history of the equity share capital of our Company is set forth below:





Date of allotment	Number of Equity Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (Rs.)	Cumulative Securities premium (Rs.)
18/09/1998	70	10	10.00	Cash	Subscription to MoA <sup>(1)</sup>	70	700	Nil
15/06/1999	37,00,000	10	10.00	Cash	Preferential Allotment <sup>(2)</sup>	37,00,070	3,70,00,700	Nil
31/03/2000	2,99,930	10	10.00	Cash	Preferential Allotment <sup>(3)</sup>	40,00,000	4,00,00,000	Nil
26/08/2002	4,50,000	10	10.00	Cash	Preferential Allotment <sup>(4)</sup>	44,50,000	4,45,00,000	Nil
30/04/2004	2,00,000	10	10.00	Cash	Preferential Allotment <sup>(5)</sup>	46,50,000	4,65,00,000	Nil
15/03/2007	1,75,000	10	10.00	Cash	Preferential Allotment <sup>(6)</sup>	48,25,000	4,82,50,000	Nil
31/08/2010	15,25,000	10	10.00	Cash	Preferential Allotment <sup>(7)</sup>	63,50,000	6,35,00,000	Nil
31/03/2011	4,10,000	10	10.00	Cash	Preferential Allotment <sup>(8)</sup>	67,60,000	6,76,00,000	Nil
26/03/2013	7,77,500	10	19.00	Cash	Preferential Allotment <sup>(9)</sup>	75,37,500	7,53,75,000	69,97,500
31/03/2014	5,00,000	10	20.00	Cash	Preferential Allotment <sup>(10)</sup>	80,37,500	8,03,75,000	1,19,97,500
30/09/2015	9,55,570	10	10.00	Cash	Conversion into Equity Shares <sup>(11)</sup>	89,93,070	8,99,30,700	1,19,97,500

1. Initial allotment of 10 Equity Shares each to Ajit Kumar Lakra, Gita Lakra, Preeti Lakra, Rajan Sachdev, Puran Datt Sood, Sanjeev Kochhar, Bhushan Kumar, being the subscribers to the MoA of our Company.
2. Preferential allotment of 2,40,000 Equity Shares to Ajit Kumar Lakra, 22,900 Equity Shares to Gita Lakra, 33,54,100 Equity Shares to Ajit Kumar Lakra (HUF), 63,200 Equity Shares to Vivek Lakra and 19,800 Equity Shares to Shri Bhim Sein (HUF).
3. Preferential allotment of 1,11,700 Equity Shares to Ajit Kumar Lakra, 2,560 Equity Shares to Gita Lakra, 27,270 Equity Shares to Ajit Kumar Lakra (HUF) and 1,58,400 Equity Shares to Vivek Lakra.
4. Preferential allotment of 1,00,000 Equity Shares to Ajit Kumar Lakra and 3,50,000 Equity Shares to Raj Kumar Sadh.
5. Preferential Allotment of 1,00,000 Equity Shares to Ajit Kumar Lakra and 1,00,000 Equity Shares to Vivek Lakra.
6. Preferential Allotment of 45,000 Equity Shares to Ajit Kumar Lakra, 5,000 Equity Shares to Gita Lakra, 1,25,000 Equity Shares to Vivek Lakra.
7. Preferential Allotment of 6,17,738 Equity Shares to Ajit Kumar Lakra, 40,000 Equity Shares to Gita Lakra, 90,000 Equity Shares to Ajay Kumar Ghakar, 1,10,000 Equity Shares to Ridhi Lakra, 3,00,000 Equity Shares to M/s. Mckenzie Trading Co. (P) Ltd, 3,57,262 Equity Shares to Kiran Mathur and 10,000 Equity Shares to Himanshu Arora.
8. Preferential Allotment of 65,000 Equity Shares to Ajit Kumar Lakra, 50,000 Equity Shares to Gita Lakra, 10,000 Equity Shares to Vivek Lakra, 35,000 Equity Shares to Ridhi Lakra and 2,50,000 Equity Shares to M/s. Findoc Capital Mart Private Limited.
9. Preferential Allotment of 1,18,400 Equity Shares to Ajit Kumar Lakra, 1,18,400 Equity Shares to Gita Lakra, 26,300 Equity Shares to Vivek Lakra, 1,84,200 Equity Shares to T Khanna & Co. A/c. Udhian Khanna, 1,47,350 Equity Shares to Stanley Industries A/c. S. K. Jain, 10,500 Equity Shares to Karuna Arora, 5,250 Equity Shares to Rakesh Arora, 1,17,100 Equity Shares to Anil Kumar & Sons A/c. Anil Kumar and 50,000 Equity Shares to Rita Rani.
10. Preferential Allotment of 50,000 Equity Shares to Ajit Kumar Lakra, 10,000 Equity Shares to Gita Lakra, 2,50,000 Equity Shares to Vivek Lakra, 7,500 Equity Shares to Ajay Kumar Ghakar 30,000 Equity Shares to Ridhi Lakra, 2,500 Equity Shares to Karuna Arora and 1,50,000 Equity Shares to Sudershan Kumar Jain.
11. Allotment of 9,55,570 Equity Shares to Yashpal Lakra upon conversion of 8% Non-cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten) each to 9,55,570, 8% Compulsory Convertible Preference shares of Rs.10/- (Rupees Ten) each and thereafter such 9,55,570 8% Compulsory Convertible Preference shares of Rs.10/- (Rupees Ten) were converted into 9,55,570 Equity Shares of Rs.10/- (Rupees Ten) each.

(b) The history of the Preference Share capital of our Company is set forth below:

Date of allotment	Number of Preference Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of allotment	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital (Rs.)
31/03/2000	8,70,000	10.00	10.00	Cash	Preferential Allotment to Yashpal Lakra	8,70,000	87,00,000
26/08/2002	(8,70,000)	10.00	(10.00)	Cash	Redemption <sup>(1)</sup>	-	-
06/06/2005	9,55,570	10.00	10.00	Cash	Preferential Allotment to Yashpal Lakra	9,55,570	95,55,700
30/09/2015	(9,55,570)	10.00	10.00	Cash	Conversion <sup>(2)</sup>	-	-

1. The 8,70,000 8% Redeemable Preference shares were redeemed by our Company pursuant to a Board resolution dated August 26, 2002.
2. Conversion of 8% Non-cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten) each to 9,55,570, 8% Compulsory Convertible Preference shares of Rs.10/- (Rupees Ten) each and thereafter such 9,55,570 8% Compulsory Convertible Preference shares of Rs.10/- (Rupees Ten) were converted into 9,55,570 Equity Shares of Rs.10/- (Rupees Ten) each

### 3. Issue of Equity Shares for Consideration other than Cash.

Our Company has not allotted any Equity Shares for consideration other than cash.

4. No Equity Shares have been allotted pursuant to any scheme approved under Sections 391-394 of the Companies Act, 1956 or Section 230-233 of the Companies Act, 2013.
5. We have not revalued our assets since inception and have not issued any equity share (including bonus shares) by capitalizing any revaluation reserves.

### 6. Issue of Shares in the preceding two years

For details of issue of Shares by our Company in the preceding two years, see refer “Capital Structure” on page 40 of this Draft Prospectus.

### 7. Issue of Equity Shares in the last one year

Except for the following issue of Equity Shares, our Company has not issued any Equity Shares in the one year immediately preceding the date of this Draft Prospectus at a price which is lower than the Issue Price.

Date of allotment	Number of Equity Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of allotment	% of Pre-Issue Equity Share Capital	% of Post-Issue Equity Share Capital
30/09/2015	9,55,570	10	10.00	Cash	Preferential Allotment <sup>(1)</sup>	10.63	7.71

1. Preferential Allotment of 9,55,570 Equity Shares to Yashpal Lakra upon conversion of 8% Non-cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten) each to 9,55,570, 8% Compulsory Convertible Preference shares of Rs.10/- (Rupees Ten) each and thereafter such 9,55,570 8% Compulsory Convertible Preference shares of Rs.10/- (Rupees Ten) were converted into 9,55,570 Equity Shares of Rs.10/- (Rupees Ten) each.

### 8. Build Up of our Promoters’ Shareholding, Promoters’ Contribution and Lock-In

As on the date of this Draft Prospectus, our Promoters hold 55,86,038 Equity Shares, constituting 62.11% of the pre-issued, subscribed and paid-up Equity Share capital of our Company.

#### (a) Build-up of our Promoters’ shareholding in our Company



Date of Allotment / Transfer	Nature of acquisition (Allotment/ Acquired/ transfer)	Number of Equity Shares	Face Value per Equity Share (in Rs.)	Issue Price /Acquisition Price / Transfer price per Equity Share (in Rs.)	Nature of Consideration	Percentage of Pre-Issue Equity Share Capital (%)	Percentage of Post-Issue Equity Share Capital (%)	Source of Funds
<b>Ajit Kumar Lakra</b>								
18/09/1998	Subscription to MoA	10	10.00	10.00	Cash	Negligible	Negligible	Own Funds
15/06/1999	Preferential Allotment	2,40,000	10.00	10.00	Cash	2.67	1.94	Own Funds
31/03/2000	Preferential Allotment	1,11,700	10.00	10.00	Cash	1.24	0.90	Own Funds
26/08/2002	Preferential Allotment	1,00,000	10.00	10.00	Cash	1.11	0.81	Own Funds
30/04/2004	Preferential Allotment	1,00,000	10.00	10.00	Cash	1.11	0.81	Own Funds
31/03/2005*	Transfer <sup>(1)</sup>	(7)	10.00	#	Cash	Negligible	Negligible	Not applicable
31/03/2006*	Acquired <sup>(2)</sup>	3	10.00	10.00	Cash	Negligible	Negligible	Own Funds
15/03/2007	Preferential Allotment	45,000	10.00	10.00	Cash	0.50	0.36	Own Funds
31/08/2010	Preferential Allotment	6,17,738	10.00	10.00	Cash	6.87	4.98	Own Funds
31/03/2011	Preferential Allotment	65,000	10.00	10.00	Cash	0.72	0.52	Own Funds
26/03/2013	Preferential Allotment	1,18,400	10.00	19.00	Cash	1.32	0.96	Own Funds
31/03/2014	Preferential Allotment	50,000	10.00	20.00	Cash	0.56	0.40	Own Funds
30/09/2015	Acquired <sup>(3)</sup>	54	10.00	10.00	Cash	Negligible	Negligible	Own Funds
	<b>Sub-total</b>	<b>14,47,898</b>				<b>16.10</b>	<b>11.68</b>	
<b>Gita Lakra</b>								
18/09/1998	Subscription to MoA	10	10.00	10.00	Cash	Negligible	Negligible	Own Funds
15/06/1999	Preferential Allotment	22,900	10.00	10.00	Cash	0.25	0.18	Own Funds
31/03/2000	Preferential Allotment	2,560	10.00	10.00	Cash	0.03	0.02	Own Funds
15/03/ 2007	Preferential Allotment	5,000	10.00	10.00	Cash	0.06	0.04	Own Funds
31/08/2010	Preferential Allotment	40,000	10.00	10.00	Cash	0.44	0.32	Own Funds
31/03/2011	Preferential Allotment	50,000	10.00	10.00	Cash	0.56	0.40	Own Funds
26/03/ 2013	Preferential Allotment	1,18,400	10.00	19.00	Cash	1.32	0.96	Own Funds
31/03/2014	Preferential Allotment	10,000	10.00	20.00	Cash	0.11	0.08	Own Funds
	<b>Sub-total</b>	<b>2,48,870</b>				<b>2.77</b>	<b>2.01</b>	
<b>Vivek Lakra</b>								
15/06/1999	Preferential Allotment	63,200	10.00	10.00	Cash	0.70	0.51	Own Funds
31/03/2000	Preferential Allotment	1,58,400	10.00	10.00	Cash	1.76	1.28	Own Funds
30/04/2004	Preferential Allotment	1,00,000	10.00	10.00	Cash	1.11	0.81	Own Funds
15/03/2007	Preferential Allotment	1,25,000	10.00	10.00	Cash	1.39	1.01	Own Funds
31/03/2011	Preferential Allotment	10,000	10.00	10.00	Cash	0.11	0.08	Own Funds

26/03/2013	Preferential Allotment	26,300	10.00	19.00	Cash	0.29	0.21	Own Funds
31/03/2014	Preferential Allotment	2,50,000	10.00	20.00	Cash	2.78	2.02	Own Funds
15/12/2015	Acquired <sup>(4)</sup>	1,75,000	10.00	10.00	Cash	1.95	1.41	Own Funds
	<b>Sub-total</b>	<b>9,07,900</b>				<b>10.10</b>	<b>7.33</b>	
<b>Ajit Kumar Lakra (HUF)</b>								
15/06/1999	Preferential Allotment	33,54,100	10.00	10.00	Cash	37.30	27.06	Own Funds
31/03/2000	Preferential Allotment	27,270	10.00	10.00	Cash	0.30	0.22	Own Funds
30/11/2002*	Transfer <sup>(5)</sup>	(4,00,000)	10.00	10.00	Cash	(4.45)	(3.22)	Not applicable
31/03/2012*	Transfer <sup>(6)</sup>	(13)	10.00	#	Cash	Negligible	Negligible	Not applicable
30/09/2015	Acquired <sup>(7)</sup>	13	10.00	10.00	Cash	Negligible	Negligible	Own Funds
	<b>Sub-total</b>	<b>29,81,370</b>				<b>33.15</b>	<b>24.06</b>	

\*We have been unable to trace the transfer deeds in relation to the transfer of shares of our Company and hence transfer price and nature of consideration for such transfers is not available. The details have been ascertained from the annual returns filed by our Company of the respective years. Please see the section titled "Risk Factors" on page 11 of this Draft Prospectus.

# We have been unable to ascertain the transfer price and nature of consideration for these transfers due to non-availability of transfer deeds. See the aforementioned risk factor cited in the note above.

1. Transfer of one Equity Share each to Kanwal Khurana, Texmacho International Marketing Agency, Alpex Exports Pvt. Ltd., Deluxe Fabrics Ltd., Lakra Brothers, Om Processors Pvt. Ltd and Sunshine Dyeing Pvt. Ltd.
2. Acquired one Equity Share each from Alpex Exports Pvt. Ltd., Deluxe Fabrics Ltd. and Lakra Brothers.
3. Transfer of Ten Equity Shares each from Preeti Lakra, Rajan Sachdev, Puran Dutt Sood, Sanjeev Kochar and Bhushan Kumar Jain and one Equity Shares each from **Kanwal Khurana, Tex Macho International Marketing Agency, Rudeep Takyar and P. N. Takyar & Sons (HUF)**
4. Acquired 1,75,000 Equity Shares from Ridhi Lakra.
5. Transfer of 4,00,000 Equity Shares to Orient Craft Limited.
6. Transfer of one Equity Share each to Tex Designer, Shri Ratanakar Vinimay Pvt. Ltd., Pearl Stock Broking Pvt. Ltd., Pearl Online Services Pvt. Ltd., Vinod Sharda, Sunil Sharda, Sunder Lal Khurana, Mohinder Mohan Khurana, Meena Sharda, Kusum Sharda, Karan Khurana, B. D. Sharda and Aruna Takyar
7. Transfer of one Equity Share each from Tex Designer, Shri Ratanakar Vinimay Pvt. Ltd., Pearl Stock Broking Pvt. Ltd., Pearl Online Services Pvt. Ltd., Vinod Sharda, Sunil Sharda, Sunder Lal Khurana, Mohinder Mohan Khurana, Menu Sharda, Kusum Sharda, Karan Khurana, B. D. Sharda and Aruna Takyar.

**(b) Details of Promoters' Contribution Locked-in for Three Years**

Pursuant to the SEBI (ICDR) Regulations, an aggregate of at least 20% of the post Issue Equity Share capital of our Company held by our Promoters shall be considered as promoters' contribution ("Promoters Contribution") and locked-in for a period of three years from the date of Allotment.

Our Promoters have granted consent to include such number of Equity Shares held by them as may constitute 20% of the post issue Equity Share capital of our Company as Promoters Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution from the date of filing of this Draft Prospectus until the commencement of the lock-in period specified above. Details of the Equity Shares forming part of Promoters Contribution and proposed to be locked-in for a period of three years are as follows:

Date of Allotment / Transfer	Nature of acquisition (Allotment/ transfer)	Number of Equity Shares	Face Value per Equity Share (in Rs.)	Issue/Transfer price per Equity Share (in Rs.)	Nature of Consideration	% of Pre-Issue Equity Share Capital	% of Post-Issue Equity Share Capital
<b>Ajit Kumar Lakra (HUF)</b>							
June 15, 1999	Preferential Allotment	25,00,000	10.00	10.00	Cash	27.80	20.17



For details on build-up of Equity Shares held by our Promoters, refer “– *Build-up of our Promoters’ shareholding in our Company*” at page 43 of this Draft Prospectus.

We further confirm that the minimum Promoter Contribution of 20% which is subject to lock-in for three years does not consist of:

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

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post Issue paid-up Equity Share Capital from the date of allotment in the proposed public Issue. Promoters’ Contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

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

All Equity Shares, which are to be locked-in, are eligible for computation of Promoters’ Contribution, in accordance with the SEBI (ICDR) Regulations, 2009. Accordingly we confirm that the Equity Shares proposed to be included as part of the Promoters’ Contribution:

- have not been subject to pledge or any other form of encumbrance; or
- have not been acquired, during preceding three years, for consideration other than cash and revaluation of assets or capitalization of intangible assets is not involved in such transaction;
- is not resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the Issuer or from bonus issue against Equity Shares which are ineligible for minimum Promoters’ Contribution;
- have not been acquired by the Promoters during the period of one year immediately preceding the date of filing of this Draft Prospectus at a price lower than the Issue Price.

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

**(c) *Equity Shares locked-in for one year***

Other than the Equity Shares held by our Promoters, which will be locked-in as minimum Promoters’ contribution for three years, all pre-Issue Equity Shares shall be subject to lock-in for a period of one year from the date of Allotment in this Issue.

**(d) *Other requirements in respect of ‘lock-in’***

Pursuant to Regulation 39 of the SEBI (ICDR) Regulations, the locked-in Equity Shares held by our Promoters can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such scheduled commercial bank or public financial institution, provided that (i) the pledge of shares is one of the terms





of sanction of the loan and (ii) if the shares are locked-in as Promoter's contribution for three years under Regulation 36(a) of the SEBI (ICDR) Regulations, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoters, which are locked-in in accordance with Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and among our Promoters and any member of the 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 transferee for the remaining period and compliance with the Takeover Regulations, as applicable.

Further, pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than our Promoters which are locked-in in accordance with Regulation 37 of the SEBI (ICDR) Regulations, may be transferred to any other person holding shares which are locked-in, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable.

## **9. *Our shareholding pattern***

[A] Pursuant to Regulation 31 of the Listing Regulations, the holding of specified securities is divided into the following three categories:

- (a) Promoter and Promoter Group;
- (b) Public; and
- (c) Non-Promoter - Non Public.



Category y (I)	Category of shareholde r (II)	Nos. of shareholder s (III)	No. of fully paid up equity shares held (IV)	No. of Partl y paid- up equit y share s held (V)	No. of shares underlyin g Depositor y Receipts (VI)	Total nos. shares held (VII) = (IV) + (V) + (VI)	Shareholdin g as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (XI)				No. of Shares Underlying Outstandin g convertible securities (including Warrants) (X)	Shareholdin g as a % assuming full conversion of convertible securities (as a % of diluted share capital) As a % of (A+B+C2) (XI) = (VII) + (X)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialize d form (XIV)
								No of Voting Rights			Total as a % of (A+B + C)			No . (a)	As a % of total Share s held (b)	No . (a)	As a % of total Shares held (b)	
								Class : Equity	Class :prefer ence	Total								
(A)	Promoter & Promoter Group	5	65,41,60 8	-	-	65,41,60 8	72.74	65,41,608	-	65,41,608	72.74	-	72.74	-	-	-	-	
(B)	Public	15	24,51,46 2	-	-	24,51,46 2	27.26	24,51,462	-	24,51,462	27.26	-	27.26	-	-	-	-	
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Total</b>	<b>20</b>	<b>89,93,07 0</b>	<b>-</b>	<b>-</b>	<b>89,93,07 0</b>	<b>100.00</b>	<b>89,93,070</b>	<b>-</b>	<b>89,93,070</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Note: The term "Encumbrance" has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

- (a) Our Company will file the shareholding pattern of our Company in the form prescribed under Regulation 31 of SEBI (LODR) Regulations, one day prior to the listing of the Equity Shares. The shareholding pattern will be uploaded on the website of BSE before commencement of trading of our Equity Shares.
- (b) There are no Equity Shares against which depository receipts have been issued.
- (c) Other than the Equity Shares, there is no other class of securities issued by our Company.

**10. The shareholding pattern of our Company before and after the Issue is set forth below:**

Sr. No.	Particulars	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
a)	Promoters	55,86,038	62.11	55,86,038	45.07
b)	Promoter Group	9,55,570	10.63	9,55,570	7.71
c)	Public	24,51,462	27.26	58,51,462	47.22
	<b>Total</b>	<b>89,93,070</b>	<b>100.00</b>	<b>1,23,93,070</b>	<b>100.00</b>

**11. The shareholding pattern of our Promoters and Promoter Group before and after the Issue is set forth below:**

Sr.	Particulars	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
a)	<b>Promoters</b>				
	Ajit Kumar Lakra	14,47,898	16.10	14,47,898	11.68
	Gita Lakra	2,48,870	2.77	2,48,870	2.01
	Vivek Lakra	9,07,900	10.10	9,07,900	7.33
	Ajit Kumar Lakra (HUF)	29,81,370	33.15	29,81,370	24.06
	<b>Total</b>	<b>55,86,038</b>	<b>62.11</b>	<b>55,86,038</b>	<b>45.07</b>
b)	<b>Promoter Group</b>				
	Yashpal Lakra	9,55,570	10.63	9,55,570	7.71
	<b>Total</b>	<b>65,41,608</b>	<b>72.74</b>	<b>65,41,608</b>	<b>52.78</b>

**12. The average cost of acquisition of or subscription to Equity Shares by our Promoters is set forth in the table below:**

Name of the Promoters	No. of Equity Shares held	Average cost of Acquisition (in Rs.)
Ajit Kumar Lakra	14,47,898	11.08
Gita Lakra	2,48,870	14.68
Vivek Lakra	9,07,900	14.41
Ajit Kumar Lakra (HUF)	29,81,370	10.00

**13. None of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as set forth below:**

Name of the Director	No. of Equity Shares held	Pre-Issue percentage of Shareholding
Ajit Kumar Lakra	14,47,898	11.08
Gita Lakra	2,48,870	14.68
Vivek Lakra	9,07,900	14.41

**14. Particulars of top ten shareholders and the number of Equity Shares held by them are set forth below:**

(a) Particulars of the top ten shareholders as on the date of this Draft Prospectus:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Ajit Kumar Lakra (HUF)	29,81,370	33.15
2.	Ajit Kumar Lakra	14,47,898	16.10
3.	Yashpal Lakra	9,55,570	10.63
4.	Vivek Lakra	9,07,900	10.10
5.	Orient Craft Limited	4,00,000	4.45
6.	Kiran Mathur	3,57,262	3.97
7.	Raj Kumar Sadh	3,50,000	3.89
8.	M/s. Mekenzie Trading Company Private Limited	3,00,000	3.34
9.	M/s. Findoc Capital Mart Private Limited	2,50,000	2.78
10.	Gita Lakra	2,48,870	2.77
	<b>Total</b>	<b>81,98,870</b>	<b>91.18</b>



(b) Particulars of top ten shareholders ten days prior to the date of this Draft Prospectus:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Ajit Kumar Lakra (HUF)	29,81,370	33.15
2.	Ajit Kumar Lakra	14,47,898	16.10
3.	Yashpal Lakra	9,55,570	10.63
4.	Vivek Lakra	9,07,900	10.10
5.	Orient Craft Limited	4,00,000	4.45
6.	Kiran Mathur	3,57,262	3.97
7.	Raj Kumar Sadh	3,50,000	3.89
8.	M/s. Mckenzie Trading Company Private Limited	3,00,000	3.34
9.	M/s. Findoc Capital Mart Private Limited	2,50,000	2.78
10.	Gita Lakra	2,48,870	2.77
	<b>Total</b>	<b>81,98,870</b>	<b>91.18</b>

(c) Particulars of the shareholders two years prior to the date of this Draft Prospectus:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Ajit Kumar Lakra (HUF)	29,81,357	37.09
2.	Ajit Kumar Lakra	14,47,844	18.01
3.	Vivek Lakra	7,32,900	9.12
4.	Orient Craft Limited	4,00,000	4.98
5.	Kiran Mathur	3,57,262	4.44
6.	Raj Kumar Sadh	3,50,000	4.35
7.	M/s. Mckenzie Trading Company Private Limited	3,00,000	3.73
8.	M/s. Findoc Capital Mart Private Limited	2,50,000	3.11
9.	Gita Lakra	2,48,870	3.10
10.	T Khanna & Co. A/c. Udhian Khanna	1,84,200	2.29
	<b>Total</b>	<b>72,52,433</b>	<b>90.23</b>

15. Our Company has not revalued its assets since inception and has not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves. Our Company has not issued any Equity Shares pursuant to any scheme approved under Sections 391-394 of the Companies Act, 1956 or under the corresponding provisions of the Companies Act, 2013.
16. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed Issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
17. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of this Draft Prospectus until the Equity Shares have been listed. Further, our Company presently does not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this 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 otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
18. During the past six months immediately preceding the date of this Draft Prospectus, there are no transactions in our Equity Shares, which have been purchased/(sold) by our Promoters, his relatives and associates, persons in Promoter Group as defined under sub clause (zb) sub regulation (1) Regulation 2 of SEBI (ICDR) Regulations or the directors of the company which is a promoter of the Company and/or the Directors of the Company.
19. No financing arrangements have been entered into by the members of the Promoter Group, the Directors, or their relatives for the purchase by any other person of the securities of our Company other than in the normal course of business of the financing entity during a period of six months preceding the date of filing of the Draft Prospectus with the BSE.

20. Our Company, our Promoters, our Directors and the Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through this Draft Prospectus.
21. There are no safety net arrangements for this public issue.
22. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased so as to ensure that 20% of the Post Issue paid-up capital is locked in for 3 years.
23. Under-subscription in the net Issue, 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 BSE.
24. As on the date of filing of this Draft Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
25. All the Equity Shares of our Company are fully paid up as on the date of this Draft Prospectus. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up equity shares.
26. As per RBI regulations, OCBs are not allowed to participate in this Issue.
27. Our Company has not raised any bridge loan against the proceeds of this Issue. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds.
28. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
29. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
30. No payment, direct or indirect in the nature of discount, commission, allowances or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
31. We have 20 (Twenty) Shareholders as on the date of this Draft Prospectus.
32. Our Promoters and the members of our Promoter Group will not participate in this Issue.
33. Our Company has not made any public issue since its incorporation.
34. As on the date of this Draft Prospectus, the Lead Manager and their respective associates (determined as per the definition of 'associate company' under Section 2(6) of the Companies Act, 2013) do not hold any Equity Shares in our Company.
35. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing this Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
36. For the details of transactions by our Company with our Promoter Group, Group Companies during the financial years ended March 31, 2012, 2013, 2014, 2015 and 2016, please refer to paragraph titled "*Statement of Transactions with Related Parties, as Restated*" in '*Financial Statements*' on page 107 of this Draft Prospectus.



### Objects of the Issue

The objects of the Net Proceeds (as defined below) of the Issue are:

1. Repayment/ prepayment, in full or part, of certain indebtedness of our Company (“**Object**”)

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchange, enhancement of our Company’s brand name and creation of a public market for our Equity Shares in India.

The main object clause of Memorandum of Association of our Company enables us to undertake the activities for which the funds are being raised by us through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association. For the main objects clause of our Memorandum of Association, please refer “*History and Certain Other Corporate Matters*” on page 82 of this Draft Prospectus.

### **Issue Proceeds and Net Proceeds**

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

S. No.	Particulars	Amount (Rs. in lakhs)
1.	Gross Proceeds of the Issue	408.00
2.	Issue Expenses*	34.00
3.	Net Proceeds of the Issue (excluding the Issue Expenses) (“ <b>Net Proceeds</b> ”)	374.00

*\*As on the date of this Draft Prospectus our Company has incurred Rs. 5.00 Lacs towards Issue Expenses.*

The details of the object of the issue as set forth in the table below: -

S. No.	Particulars	Amount(Rs. in lakhs)
1.	Repayment/ prepayment, in full or part, of certain indebtedness of our Company	374.00
	<b>Total</b>	<b>374.00</b>

### **Means of Finance**

The above mentioned fund requirements as set forth in the table below:

Particulars	Amount(Rs. in lakhs)
Proceeds from the Issue	408.00
Internal Accruals	-
<b>Total</b>	<b>408.00</b>

We propose to meet the entire fund requirement for the object from the Net Proceeds. Accordingly, we confirm that there is no requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI (ICDR) Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue or through existing identifiable internal accruals.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan and management estimates and have not been appraised by any bank, financial institution or any other external agency. Given the dynamic nature of our business, we may have to revise our business plan from time to time and consequently our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors such as market conditions, competitive environment, costs of commodities and interest/ exchange rate fluctuations which may not be within the control of our management.

In case of variations in the actual utilisation of funds earmarked for the purpose set forth above or shortfall in the Net Proceeds, increased fund requirement may be financed by our internal accruals and/ or debt, as required. If the actual utilisation towards the said Object is lower than the proposed deployment such balance will be used for general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the gross proceeds from the Issue in accordance with Regulation 4(4) of the SEBI ICDR Regulations.



## Details of the Object of the Issue

### 1. Repayment in part, of certain working capital facilities availed by our Company

As on August 31, 2016, our Company had an outstanding of Rs. 1767.28 lacs against cash credit facilities availed for the working capital requirements of our Company. For details of our borrowings, please refer to the section titled “*Financial Indebtedness*” beginning on Page 128 of this Draft Prospectus.

Our Company proposes to utilize the Net Proceeds towards repayment of certain cash credit facilities availed for the working capital requirements of our Company.

We believe that such repayment will help reduce our outstanding indebtedness and enable utilization of our accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business in the coming years. This will improve the debt equity ratio of our company to a great extent.

The table set forth below provides details of cash credit facilities availed by our Company which are currently proposed to be partially repaid from the Net Proceeds:

Name of the Lender	Date of the sanction letter/ document	Purpose	Amount sanctioned (Rs. in Lacs)	Amount outstanding as on August 31, 2016* (Rs. in Lacs)	Repayment date / schedule
Union Bank of India	Sanction Letter dated January 05, 2011, Sanction Letter for increase in Limit dated February 06, 2012; July 10, 2012; July 22, 2013 & December 14, 2015	Funding the working capital requirements of our Company	1600.00	1767.28	Repayable on demand

\* As per the confirmation certificate of the Bank.

Given the nature of the availed cash credit facilities and the terms of repayment, the aggregate outstanding cash credit facilities amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder as may be required for our business purposes.

### Issue Related Expenses

The total expenses of the Issue are estimated to be approximately Rs. 34.00 lakhs. The expenses of this Issue include, among others, underwriting and Issue management fees, printing and stationery expenses, advertisement expenses and legal fees etc. The estimated Issue expenses are as follows:

(Rs. in lakhs)

Activity	Amount(Rs. in Lakhs)	Percentage of the total Issue expenses	Percentage of the total Issue size
Issue Management fees including, fees and reimbursement of underwriting fees, brokerages, payment to other intermediaries such as legal advisor, peer review auditor, Registrars etc. and other out of pocket expenses.	28.00	82.35	6.86
Regulatory Fees	2.00	5.88	0.49
Other Expenses (printing, stationery expenses, postage etc.)	4.00	11.77	0.98
<b>Total estimated Issue expenses</b>	<b>34.00</b>	<b>100.00</b>	<b>8.33</b>



### Proposed year-wise deployment of funds:

The overall cost of the proposed issue proceeds and the proposed year wise break up of deployment of funds are as under:

(Rs. in Lacs)

Particulars	Already Incurred	FY 2016 – 17	Total
Repayment in part, of certain working capital facilities availed by our Company	-	374.00	374.00
Issue Expenses	5.00	29.00	34.00
<b>Total</b>	<b>5.00</b>	<b>403.00</b>	<b>408.00</b>

### Details of funds already deployed till date and sources of funds deployed

The funds deployed up to September 15, 2016 pursuant to this Issue as certified by the Auditor of our Company, viz. M/s Mehta Sharma & Associates, Chartered Accountants pursuant to their certificate dated September 15, 2016 is given below:

(Rs. in Lacs)

Deployment of Funds	Amount
Repayment in part, of certain working capital facilities availed by our Company	Nil
Issue Expenses	5.00
<b>Total</b>	<b>5.00</b>

(Rs. in Lacs)

Sources of Funds	Amount
Internal Accruals	5.00
<b>Total</b>	<b>5.00</b>

*Note: The amount deployed so far toward issue expenses shall be recouped out of the issue proceeds.*

### Interim Use of Funds

Our management will have flexibility in interim deployment of the Net Proceeds. Pending utilization for the purposes described above, we undertake to temporarily deposit the funds from the Net Proceeds only in the scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, for the necessary duration. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the equity shares of any other listed company.

### Appraisal by Appraising Agency

None of the Objects have been appraised by any bank or financial institution or any other independent third party organisation. The funding requirements of our Company and the deployment of the proceeds of the Issue are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

### Shortfall of Funds

Any shortfall in meeting of the object will be met by way of internal accruals.

### Bridge Loan

As of the date of this Draft Prospectus, our Company has not raised any bridge loans which are required to be repaid from the Net Proceeds. However, depending on its business requirements, our Company may consider raising bridge financing facilities, pending receipt of the Net Proceeds.

**Monitoring of Utilization of Funds**

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

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

**Variation in Objects**

In accordance with Section 27 of the Companies Act 2013, our Company shall not vary object of the Issue without our Company being authorized to do so by our shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act and shall be published in accordance with the Companies Act and the rules thereunder. As per the current provisions of the Companies Act, our Promoters or controlling shareholders would be required to provide an exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner as may be prescribed by SEBI in this regard.

**Other Confirmations**

No part of the Net Proceeds of the Issue will be utilized by our Company as consideration to our Promoters, members of the Promoter Group, Directors, Group Entities or key management personnel. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with Promoters, Directors, key management personnel, associates or Group Entities in relation to the utilization of the Net Proceeds of the Issue.



### **Basis for 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 Rs.10/- and Issue Price is Rs.12/- per Equity Shares i.e. 1.20 times the face value.

Investors should read the following summary with the “*Risk Factors*” beginning from page 11 of this Draft Prospectus, section titled “*Our Business*” beginning from page 67 and “*Financial Statements*” beginning from page 107 of this Draft Prospectus. 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 which may form the basis for computing the Issue Price include the following:

- *Capable to manage large sized and multiple orders*
- *Experienced Promoters and Key Managerial Personnel*
- *Strong in-house design capabilities and techniques*
- *Diversified Product Portfolio*
- *Quality Assurance and Standards*
- *Existing customer and supplier relationships*

For further details, refer “*Our Strength*” under chapter titled “*Our Business*” beginning from page 67 of this Draft Prospectus.

#### **Quantitative Factors**

Information presented in this section is derived from our Company’s restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as set forth below:

##### **1. Basic Earnings and Diluted Earnings Per Equity Share (EPS) as per Accounting Standard 20**

<b>Period</b>	<b>Basic and Diluted EPS (in Rs.)</b>	<b>Weight</b>
March 31, 2014	0.31	1
March 31, 2015	0.66	2
March 31, 2016	0.83	3
<b>Weighted Average</b>	<b>0.69</b>	

*Note: The earnings per share has been calculated by dividing the net profit as restated, attributable to equity shareholders by restated weighted average number of Equity Shares outstanding during the period. Restated weighted average number of equity shares has been computed as per AS 20. The face value of each Equity Share is Rs. 10/-*

##### **2. Price / Earnings Ratio (P/E) in relation to the Issue Price of Rs.12.00**

<b>Particulars</b>	<b>P/E Ratio</b>
P/E ratio based on the Basic & Diluted EPS, as restated for FY 2015-16	14.46
P/E ratio based on the Weighted Average EPS, as restated	17.39
<b>Industry P/E*</b>	
Highest-Page Industries Ltd.	66.90
Lowest-Mandhana Industries Ltd.	4.80
Average	<b>27.00</b>

*Source: Capital Market Volume XXXI/14, August 29-September 11, 2016; Segment: Textiles – Products*

##### **3. Return on Net Worth**

<b>Period</b>	<b>RONW (%)</b>	<b>Weight</b>
March 31, 2014	1.38	1
March 31, 2015	3.05	2
March 31, 2016	3.96	3
<b>Weighted Average</b>	<b>3.23</b>	

**Note:** The RONW has been computed by dividing net profit after tax (as restated), by Networth (as restated) as at the end of the year.

**4. Minimum return on post Issue Net Worth to maintain the Pre-issue EPS for the year ended March 31, 2016 - 4.67%**

**5. Net Asset Value (NAV) per Equity Share**

S.N.	Particulars	(Rs.)
a)	As on March 31, 2016	19.97
b)	After Issue	17.78
c)	Issue Price	12.00

*Note: NAV has been calculated as networth divided by number of Equity Shares at the end of the year.*

**6. Peer Group Comparison of Accounting Ratios:**

Particulars	EPS (Rs.)	PE Ratio	RONW (%)	NAV(Rs.)	Face Value
Super fine Knitters Limited <sup>(i)</sup>	0.83	14.46	3.96	19.97	10.00
<b>Peer Group <sup>(ii)</sup></b>					
Alok Industries Ltd.	2.53	1.49	6.44	39.32	10.00

*(i) The figures of Super fine Knitters Limited are based on restated financial statements.*

*(ii) Source: bseindia.com and Annual Report for the 18 months ended March 31, 2015 and for calculating PE ratio market price as on 08.09.2016 is considered.*

7. The face value of our share is Rs.10/- per share and the Issue Price is of Rs.12/- per share are 1.2 times of the face value.
8. The Company in consultation with the Lead Manager believes that the Issue Price of Rs.12.00 per share for the Public Issue is justified in view of the above parameters. Investor should read the above mentioned information along with the section titled “Risk Factors” on page 11 of this Draft Prospectus and the financials of our Company including important profitability and return ratios, as set out in the section titled “Financial Statements” on page 107 of this Draft Prospectus.



**Statement of Possible Special Tax Benefits**

To  
The Board of Directors  
Super Fine Knitters Limited  
269, Industrial Area A,  
Ludhiana - 141003  
Punjab

Dear Sirs,

**Sub: Statement of possible special tax benefits (“the Statement”) available to Super Fine Knitters Limited (“the Company”) and its shareholders prepared in accordance with the requirements in Schedule VIII-Clause (VII) (L) of the Securities Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2009, as amended (“the Regulations”)**

We hereby report that the enclosed annexure, prepared by the Management of the Company, states the possible special tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961 (‘Act’) as amended by the Finance Act, 2016 (i.e applicable to Financial Year 2016-17 relevant to Assessment Year 2017-18), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure cover only special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company or its shareholders. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ its own tax consultant with respect to the tax implications arising out of his/her/its participation in the proposed issue, particularly in view of ever changing tax laws in India.

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

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been/would be met.

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

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

We shall not be liable to Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith of intentional misconduct.

The enclosed annexure is intended for your information and for inclusion in this Draft Prospectus / Prospectus in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our written consent.

**For R T Jain & Co.**  
**Chartered Accountants**  
**Firm Registration No.103961W**

**Sd/-**  
**CA Bankim Jain**  
**Partner**  
**Membership No. 139447**  
Date: September 06, 2016  
Place: Mumbai



**Annexure**

**STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

Outlined below are the possible special tax benefits available to the Company and its shareholders under the current direct tax laws in India for the financial year 2015-16.

**A. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)**

The Company is not entitled to any special tax benefits under the Act.

**B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)**

The Shareholders of the Company are not entitled to any special tax benefits under the Act.



## **Section IV: About Our Company**

### **Industry Overview**

*The information in this section is derived from various publicly available sources, government publications and other industry sources, including, 'The World Factbook' issued by the Central Intelligence Agency (the "CIA World Factbook"), 'World Economic Outlook: Adjusting to Lower Commodity Prices', dated October 2015, prepared by the International Monetary Fund ("World Economic Outlook") and the Reserve Bank of India Annual Report 2014-15 for the year ended June 30, 2015 of the Reserve Bank of India ("RBI Annual Report").*

*Neither we nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. Unless otherwise specified, references to years are to calendar years in this section.*

#### **Overview of the Indian Economy**

India, the world's second largest democracy in terms of population (comprising approximately 1.24 billion people) after China, had a GDP on purchasing power parity basis of approximately USD 4,990 billion in 2013, making India the fourth largest economy in the world after the United States of America, the European Union and China in purchasing power parity terms. (Source: CIA World Factbook, 2015, available at <https://www.cia.gov/library/publications/the-worldfactbook/rankorder/2001rank.html>) Economic liberalization measures, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, which began in the early 1990s served to accelerate the country's growth. (Source: CIA World Factbook) The GDP of India accelerated in fiscal 2015, rising by 7.3% on top of a growth of 6.9% in fiscal 2014. (Source: RBI Annual Report) For the fiscal 2016, the forecast for real GDP growth rate in India is estimated to be 7.9%. (Source: World Bank Database and Global Economic Prospects, January 2016)

For the Indian economy, the outlook for growth is improving gradually. Business confidence remains robust, and as the initiatives announced in the union budget to boost investment in infrastructure roll out, they should crowd in private investment and revive consumer sentiment, especially as inflation ebbs. In the first quarter of fiscal 2016, indicators of real activity have broadly tracked the Reserve Bank of India's baseline projection of output growth (at basic prices) at 7.6% for the year as a whole, up from 7.2% in the corresponding period of fiscal 2015. The macroeconomic fundamentals of the Indian economy improved gradually over the year, anchored by some easing of inflation and continuing fiscal consolidation. (Source: RBI Annual Report)

After dipping below 5.0% in April 2015, consumer price index inflation edged up to 5.4% in June 2015 driven by the food group owing to a fall in pulses production during fiscal 2015 and short-term pressures in vegetables prices. In July 2015, however, inflation declined significantly to 3.8% aided by favourable base effect and ebbing food price pressures. Excluding food and fuel, inflation moved up substantially to 5.0% in June 2015 from 4.2% in March 2015 on account of a broad-based rise in inflation in services segment, such as health and education as well as retail fuel price increases captured by the transport and communication sub-group. It, however, moderated to 4.5% in July 2015 tracking lower transport costs with recent fall in fuel prices. Importantly, household inflation expectations returned to double digits in the first quarter of fiscal 2016. (Source: RBI Annual Report)

#### **Overview of the Global Economy**

The world GDP stood at USD 109.3 trillion as of 2014 and the per capita GDP stood at USD 16,400. Service sector contributed 62.5% of the total world GDP, followed by industry and agriculture contributing 31.0% and 6.6%, respectively, as of 2014. The world industrial production growth rate surged at a rate of 3.6% during the corresponding period. (Source: CIA World Factbook)

Headline inflation has declined in advanced economies, mostly reflecting the decline in the prices of oil and other commodities. Core inflation has remained more stable, but generally is below central banks' inflation objectives, as are nominal unit labour costs. In emerging market economies, lower commodity prices have also contributed to lowering headline inflation, but sizable currency depreciation has led to offsets on the upside in some economies. (Source: World Economic Outlook)

After remaining broadly stable during the second quarter of fiscal 2015, oil prices declined through much of the third quarter of fiscal 2015. Recent developments suggest that oil markets will take longer to adjust to current conditions of excess flow supply, and oil prices through 2020 are now forecast to remain below the projected levels. Supply has remained more resilient than expected and global activity has been weaker. While lower oil prices have supported demand in importers, other shocks have partly offset the effects and so far prevented a broad-based pickup in activity, which in turn would have supported oil market rebalancing. (Source: *World Economic Outlook*)

According to the International Monetary Fund, the global growth remains moderate. Although country-specific shocks and developments play a role, the persistently modest pace of recovery in advanced economies and the fifth consecutive year of growth declines in emerging markets suggest that medium-term and long-term common forces are also importantly at play. These include low productivity growth since the crisis, crisis legacies in some advanced economies (high public and private debt, financial sector weakness and low investment), demographic transitions, on going adjustment in many emerging markets following the post crisis credit and investment boom, a growth realignment in China with important cross-border repercussions and a downturn in commodity prices triggered by weaker demand as well as higher production capacity. Global factors and country-specific developments points to a weaker recovery in 2016 and to higher downside risks. Growth in advanced economies is expected to increase modestly in 2016. (Source: *World Economic Outlook*)

### Global Textile & Apparel Industry Overview

The Textile & Apparel trade was worth USD 773 billion, in 2013, and is expected to grow at a CAGR of 5% over the next decade. The growth of the apparel trade is expected to outpace that of the fabric trade. China dominates global Textile & Apparel exports with a 40% share of made-ups, 37% of apparel, and 39% of fabric. India, Bangladesh, Vietnam, Turkey, Pakistan, etc. are the other major Textile & Apparel exporters. The global fabric trade was worth USD 137 billion in 2013 while the global apparel trade was worth USD 428 billion. It is expected that the rate of growth of the trade in knit fabric and apparel will be higher than that for the woven counterparts. Asia is the leader in terms of the installed capacity of textile machinery; 86% of short-staple spindles, 45% of long-staple spindles, 55% of rotor spinning machines, 73% of shuttle less looms, and 85% of shuttle looms are installed in Asia alone. China, India, Pakistan, Indonesia, and Thailand are among the leaders in terms of this installed capacity. The US, EU-27 countries, and Japan remain the key apparel importers. However, the apparel imports of emerging countries like Russia, China, and India have registered some momentum in recent times. (Source: *Technopak's Textile & Apparel (T&A) Compendium 2015*)

### Global Textile & Apparel Trade

The global Textile & Apparel trade is expected to grow at a CAGR of 5%. The growth of the apparel trade is expected to outpace that of the textiles trade.

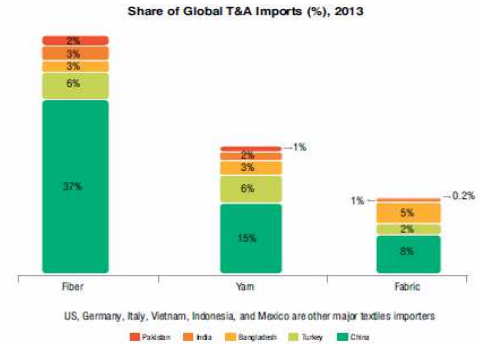
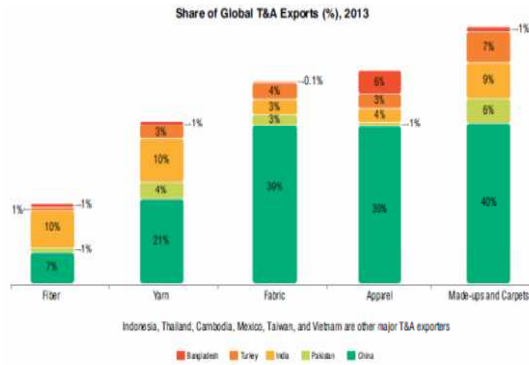
Share of Global T&A Exports (%), 2013



\*Textiles include Fibers, Yarn, Fabrics, and Made-ups; P – Projected figures  
Source: ITC, UN Comtrade, Technopak Analysis

### Product-wise Share of Global Textile & Apparel Exports and Imports of Select Producing Countries

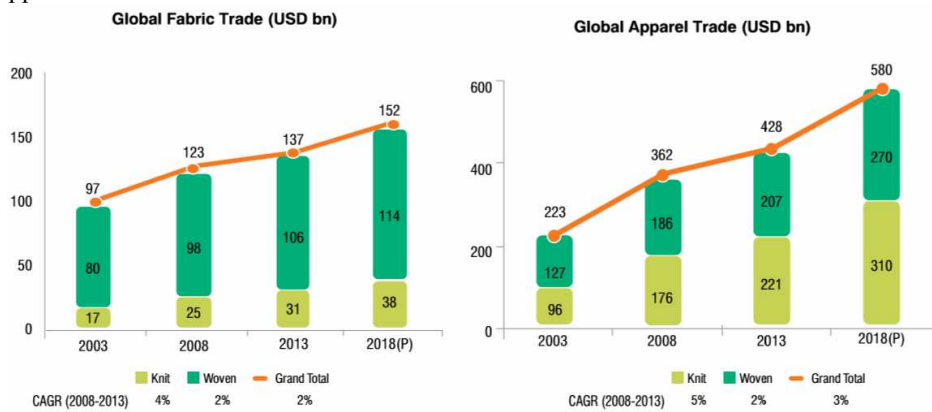
China dominates T&A exports, with the highest share of yarn, fabric, apparel, and made-ups exports. India's share of global exports is comparatively higher in fiber, yarn, and made-ups and carpets. Among the major producers, China has the highest share of textile imports. The shares of textile imports of Bangladesh and Turkey are also high, indicating lower backward integration in these countries.



Source: UN Comtrade, Technopak Analysis

## Global Fabric & Apparel Trade Breakup

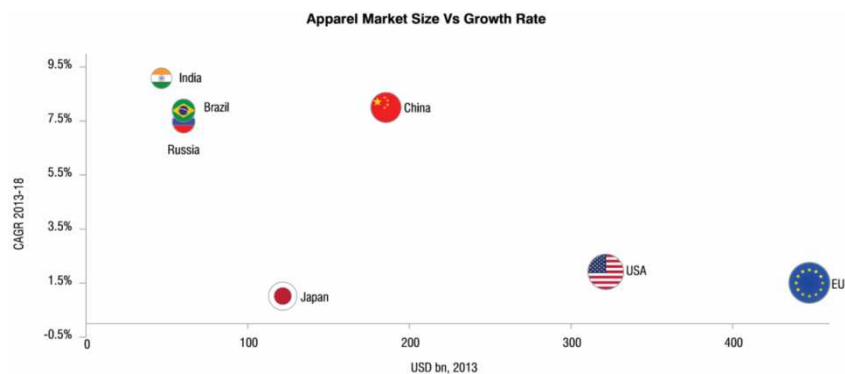
For both fabric and apparel, the growth of the trade in knits is expected to be higher than that of the trade in wovens. The universal trend, of the increasing acceptance of casual wear, will continue to drive the growth in the global trade of both knit fabric and apparel.



Source: UN Comtrade, Secondary Research, Technopak Analysis

Growth of apparel market is stagnating in the traditional consuming hubs of EU, USA and Japan. Countries like China, India, Russia & Brazil are emerging as apparel retail markets and will form significant alternate markets to US, EU / Japan.

## Apparel Market Size Vs. Growth Rate



Source: US Census Bureau, EU CBI, NBS China, Technopak Analysis

## Installed Capacity

### Spinning Machinery

Asia dominates in terms of the installed capacity of spinning machinery with its share being 86%, 45%, and 57%, for short-staple, longstaple, and rotor spinning machinery, respectively.

Installed capacity figures ('000 units)

Country	Ring Spindles (2007)	% Share of Worldwide Capacity	Ring Spindles (2012)	% Share of Worldwide Capacity	Open-End Rotors (2007)	% Share of Worldwide Capacity	Open-End Rotors (2012)	% Share of Worldwide Capacity
China	92,600	42%	1,23,623	47%	1,840	23%	2,450	31%
India	36,510	17%	49,181	19%	448	6%	765	10%
Pakistan	10,476	5%	11,797	4%	156	2%	196	2%
Indonesia	8,103	4%	9,338	4%	120	2%	117	1%
Turkey	7,243	3%	7,275	3%	577	7%	600	8%
Bangladesh	5,500	2%	8,715	3%	126	2%	230	3%
Brazil	4,952	2%	5,234	2%	320	4%	364	5%
Mexico	3,767	2%	3,767	1%	103	1%	103	1%
Italy	3,862	2%	3,855	1%	71	1%	71	1%
Thailand	3,784	2%	3,687	1%	50	1%	48	1%
Rest of the World	40,837	19%	38,377	14%	4,235	53%	2,981	37%
<b>World</b>	<b>217,724</b>		<b>264,849</b>		<b>7,975</b>		<b>7,925</b>	

Source: International Textile Manufacturers Federation, Technopak Analysis

### Weaving Machinery

74% of shuttle less looms, and 86% of shuttle looms, are installed in Asia.

Installed capacity figures ('000 units)

Country	Shuttle less Looms (2007) (Cotton)	% Share of Worldwide Capacity	Shuttle less Looms (2012) (Cotton)	% Share of Worldwide Capacity	Shuttle Looms (2007) (Cotton)	% Share of Worldwide Capacity	Shuttle Looms (2012) (Cotton)	% Share of Worldwide Capacity
China	370,000	38%	620,000	52%	6,40,000	41%	6,50,000	42%
Pakistan	27,800	3%	27,500	2%	2,98,000	19%	2,89,000	19%
Indonesia	29,000	3%	51,736	4%	1,90,000	12%	1,94,450	13%
Thailand	68,100	7%	78,140	7%	62,000	4%	52,090	3%
Brazil	44,000	5%	46,937	4%	12,000	1%	26,416	2%
Russia	71,500	7%	55,900	5%	5,200	0.3%	2,000	0.1%
India	16,507	2%	19,977	2%	63,710	4%	52,167	3%
Turkey	28,000	3%	40,000	3%	20,000	1%	20,000	1%
Mexico	14,500	2%	14,500	1%	35,000	2%	35,000	2%
Taiwan	32,155	3%	23,067	2%	N/A	N/A	409	0.03%
Rest of the World	268,467	27%	217,700	18%	236,371	16%	2,10,483	15%
<b>World</b>	<b>970,029</b>		<b>1,195,457</b>		<b>1,562,281</b>		<b>15,32,015</b>	

\*Automatic and non-automatic looms, 75cm or wider, installed in mills (does not include figures for the non-mill sector), n/a: Not Available

Source: International Textile Manufacturers Federation, Technopak Analysis

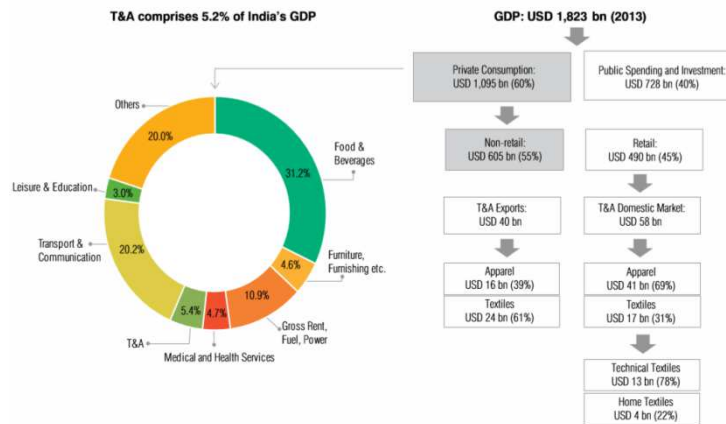
### Indian Textile & Apparel Industry Overview

The Indian Textile & Apparel market was estimated at INR 3,20,000 crore (USD 58 billion), in 2013, and is projected to grow at a CAGR of 9% to INR 7,57,000 crore (USD 138 billion) by 2023. Menswear contributes 42% of the Indian apparel market, and is followed by womenswear (38%), and kidswear (20%). Due to the higher growth rates of womenswear and kidswear, the share of menswear, womenswear, and kidswear are expected to change to 39%, 39%, and 22%, respectively, by 2023. The INR 21,160 crore (USD 4 billion) domestic home textiles market is expected to grow at a CAGR of 8% to reach INR 43,970 crore (USD 8 billion) by 2023. India's technical textiles market is estimated to be worth INR 70,880 crore (USD 13 billion), and, at an estimated CAGR of 8%, is expected to reach INR 1,52,000 crore



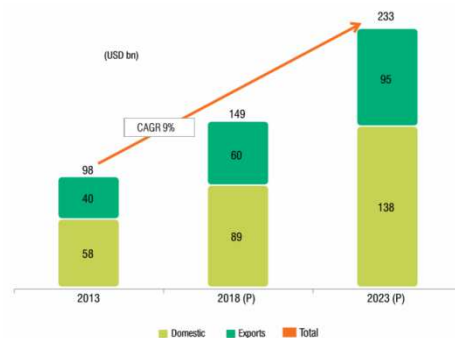
(USD 28 billion) in 2023. India's Textile & Apparel exports are expected to grow at a CAGR of 9%, from USD 40 billion in 2013, to USD 95 billion in 2023. (Source: Technopak's Textile & Apparel (T&A) Compendium 2015)

### Textile & Apparel Industry's Contribution to India's GDP



### Size of the India's Textile & Apparel Industry

India's Textile & Apparel industry was estimated to be worth USD 98 billion (INR 5,40,000 crore) in 2013, including both domestic consumption and exports, and is projected to grow at a CAGR of 9% to reach USD 233 billion (INR 12,80,000 crore), by 2023.

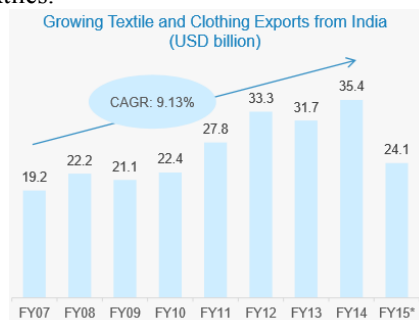


E: Estimate P: Projection  
Source: Technopak Analysis

At present, the domestic Textile & Apparel market is worth USD 58 billion (INR 3,19,980 crore), and is expected to grow at 9% annually to reach USD 138 billion (INR 7,57,080 crore), by 2023.

### India's Textile & Apparel Exports

Capacity built over years has led to low cost of production per unit in India's textile industry; this has lent a strong competitive advantage to the country's textile exporters relative to key global peers. The sector has also witnessed increasing outsourcing over the years as Indian players moved up the value chain from being mere converters to vendor partners of global retail giants. The strong performance of textile exports is reflected in the value of exports from the sector over the years. Textile exports grew by 11.7 per cent to USD35.4 billion in FY14. However, there is a growth (CAGR) of 9.13 per cent over the period of FY07 to FY14. In the coming decades, Africa and Latin America could very well turn out to be key markets for Indian textiles.

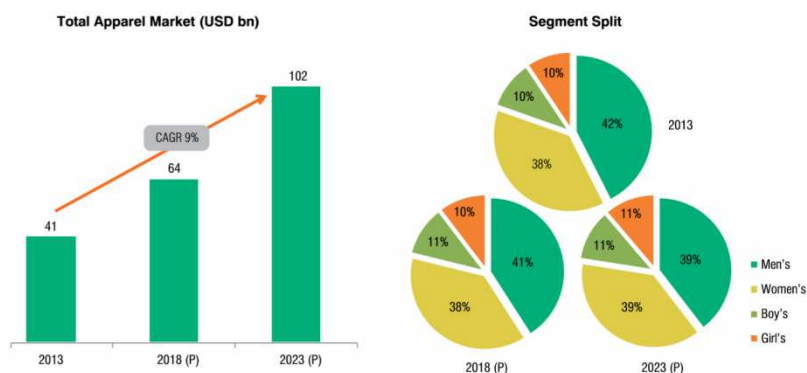


Source: Ministry of textiles, India Brand Equity Foundation.



### India's Apparel Market: Size and Growth

India's domestic apparel market is expected to grow at a CAGR of 9%. The growth will be driven by increases in both the per capita consumption and the average spend on apparel.



P: Projection

Source: Technopak Analysis

### India's Textile Market: Size and Growth

The Indian Textiles market is expected to grow at a CAGR of 8% over the next decade.

#### Domestic Indian Textile Market (USD bn)



#### Category wise market break-up (INR cr)

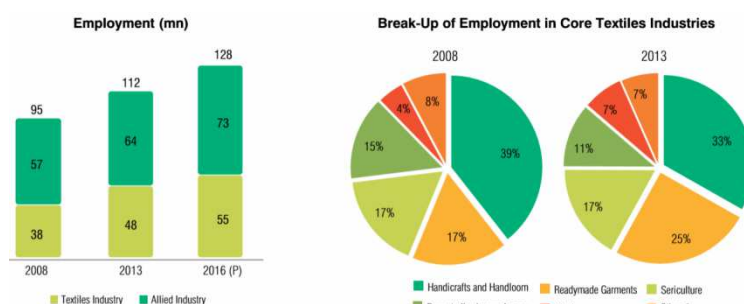
Categories	2013 (E)	2016 (P)	2021 (P)	CAGR (2011-21)
Bed Linen	10,260	14,100	20,710	7%
Towels	3,800	5,220	7,670	7%
Curtains	2,150	3,210	5,170	9%
Blankets	1,680	2,200	3,080	6%
Upholstery	1,410	2,090	3,360	9%
Kitchen Linen	1,270	1,740	2,570	7%
Rugs & Carpets	590	880	1,410	9%
<b>Total</b>	<b>21,160</b>	<b>29,440</b>	<b>43,970</b>	<b>8%</b>

E: Estimate P: Projection

Source: Technopak Analysis

### Employment in the Textile & Apparel Sector

The Textile & Apparel sector is the second largest employment provider, next only to agriculture. The contribution of this sector, to the total industrial workforce, is 19%.



\*Others include Cotton/Manmade Fiber/Yarn Textile/Mill sector, Manmade fiber/Filament Yarn Industry, Knitting and Processing sector, Jute industry

Source: Office of Textile Commissioner, India, Technopak Analysis

### Trends and Opportunities in Indian Apparel Retail

Apparel retail has high receptivity towards corporatized retail, due to which the share of corporatized retail in Apparel has increased from 14%, in 2008, to 19%, in 2013. With the disruptive growth of direct selling, home shopping, and e-



tailing channels, the fashion and lifestyle segment is witnessing a shift away from traditional channels towards alternative retailing avenues. Apparel consumers are increasingly getting more heterogeneous and forcing apparel brands and retailers to customize their products and/or services in order to address this heterogeneity. The acceptance of private labels is growing rapidly owing to their affordable prices and reasonable quality. (Source: Technopak's Textile & Apparel (T&A) Compendium 2015)

- **High receptivity of apparel towards corporatized retail:** The share of corporatized retail in apparel has increased from 14%, in 2008, to 19% in 2013. The comparatively high corporatization in apparel retail has resulted in higher formalization of the apparel retail ecosystem. The growing reach beyond the major urban centers and the development of alternative retail channels will continue to drive the growth of the apparel category.
- **Rapid growth of alternate retail in fashion & lifestyle categories:** The Indian apparel retail landscape is currently at an evolutionary phase, with radical changes occurring in apparel retailing and distribution. The disruptive growth of direct selling, home shopping, and e-tailing channels are the factors contributing to the growth of alternative retail. Fashion and fashion accessories have a 15% share within the ~USD 0.2 billion Home Shopping (through TV) market in India. Lifestyle categories have a 35% share in the overall e-tailing market, which is worth ~USD 1 billion. The rapid penetration of internet-supporting devices is contributing immensely to the growth of alternative retail.

Devices (mn)

Users of Internet-enabling	2013	2023 (P)
PC / Laptop Users	57	226
Mobile Phone Users	402	675
Smartphone Users	54	607
Tablet Users	5	82

- **Emergence of heterogeneous consumer:** The apparel consumer base has always been heterogeneous due to income disparities, regional preferences, and ethnicity. But, in recent years, a consumer base has emerged that demonstrates heterogeneity even within the same income group, region, and ethnicity. As a result, the traditional classification of Indian apparel consumers into two broad groups, viz. urban and rural, is no longer useful in identifying precise target segments. The women's apparel market is a case in point demonstrating the trend of brand heterogeneity. The wardrobe of a typical urban Indian woman comprises a blend of ethnicwear, fusionwear, and westernwear. Within these categories, one can find products with a wide price range, including both branded and unbranded apparel, purchased from multiple retail channels.
- **Increasing acceptance of private labels:** India's economy has been facing many challenges in recent years. The decline in GDP growth, from 8% to a mere 5%, has dampened consumer sentiments in the country. The intense economic pressure, coupled with double-digit food price inflation, has forced consumers to trade-down on price and shift from premium products to value products. Consumers have become more demanding, and seek improved look and functionality at smart pricing propositions. To tap into this value-seeking consumer base, most retailers are actively promoting private labels which offer reasonable quality at affordable prices and are consequently finding increasing acceptance among apparel consumers.

Retailer	Name of the Private Label
Shoppers Stop	STOP, Kashish, LIFE, Vettorio Fratini, Elliza Donatein, Acropolis
Lifestyle	Ginger, Melange
Pantaloons	John Miller, Scullers, Indigo Nation, Lombard, Bare, DJ & C, Buffalo, Rig
Westside	Ascot, Richmond, Gia, Wardrobe, Westside, Westsport, Nuon, Zuba.

## **Our Business**

*Some of the information contained in the following discussion, including information with respect to our plans and strategies, have forward-looking statements that involve risks and uncertainties. You should read the section titled “Forward-Looking Statements” on page 10 for a discussion of the risks and uncertainties related to those statements and also the section titled “Risk Factors” on page 11 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year.*

*In this section, a reference to the “Company” means Super Fine Knitters Limited. Unless otherwise indicated, financial information included herein are based on our Restated Financial Statements for financial year ended March 31, 2016, 2015, 2014, 2013 and 2012 included in this Draft Prospectus on page 107.*

### **Overview**

Our Company is a multi-divisional textile unit engage in the business of manufacturing knitted apparels for itself as well as for national and international brands and is a well-known supplier of knitted fabrics for large companies in India involved in manufacturing and exporting knitted apparels.

Our Company started in the year 1998 as a fabric knitting unit and is now a well-known supplier of knitted fabrics and apparels to national and international brands. Our manufacturing facilities are located at (a) 269 Industrial Area A, Ludhiana – 141 003, Punjab, India and (b) C-5, Phase-V, Focal Point, Dhandari Kalan, Ludhiana – 141 010, Punjab, India. As on August 31, 2016 we had a total workforce of 421 including 3 whole time directors, 20 highly skilled, 344 skilled, 27 semi-skilled and 27 unskilled workers.

Our range of apparels that we manufacture for national and international brands covers all the age groups and segments such as for men’s wear, women’s wear, kids’ wear, boys & girls wear. We use variety of knitted fabrics such as 100% cotton to cotton lycra, 100% polyester, blended (cotton and polyester), mercerized to plain, washed to over dyed and other blended fabrics in the production of apparels. Under our own brand ‘Super Star’ we manufacture knitted garments for aforesaid age groups and segments.

Our total income for the Fiscal ended March 31, 2014, 2015 and 2016 was Rs. 7,115.03 lakhs, Rs. 7,626.95 lakhs and Rs. 8490.91 lakhs, respectively. Our Profit after tax for the Fiscal ended March 31, 2014, 2015 and 2016 was Rs. 23.12 lakhs, Rs. 52.67 lakhs and Rs. 71.07 lakhs respectively.

### **Our Competitive Strengths**

#### **1. Capable to manage large sized and multiple orders**

One of the key to success in our business is the capability to execute large and multiple orders on time. Such orders require us to have immense operational expertise to manage large work force, complex sourcing capabilities, production planning and facilities. Our Company has over the past sixteen years nurtured and developed sufficiently large manufacturing facilities. This coupled with the operational expertise and experience of our senior management, backed by a work force of more than 400 people makes us seamlessly capable to execute large and multiple orders on time. Currently, we are catering to a large number of high value brands in India like Pepe Jeans, Benetton India Limited, Numero Uno, Crimsoune Club, Octave, Bodycare Creation, Bodycare International, Life Style, Bioworld, etc.

#### **2. Diversified Product Portfolio**

Our Company has a varied product base to cater to the requirements of our customers which are national and international brands. There is a diverse mix of fashion and comfort in our spectrum of knitted apparels manufactured by us for men, women, kids, boys and girls. Our products includes t-shirts, hooded t-shirts, hoodie, knitted bottoms, knitted sleepwear, ladies night gowns, men’s track suits, men’s jackets, men’s/women/children pyjama’s etc. We also offer a good range of men’s and women’s t-shirts in various necklines such as round, collar neckline and v-neckline made of different blends of fabrics. These t-shirts are available in various trendy patterns, textures and colours. Under our own brand ‘Super Star’ we manufacture knitted garments for aforesaid age groups and segments.

We believe that we are insulated to a degree against fluctuation in demand for a specific product because of the wide range of products that we currently offer and our ability to develop new products required by our customers. Such a



comprehensive range helps us promote cross promotional sales whereby our customer's buying behaviour leads us to anticipate the potential sale from our other product-mix. We believe our approach of presenting a portfolio of products for diversified customer profiles has helped us enhance our growth.

### 3. ***Quality Assurance and Standards***

We adhere to all the quality standards as prescribed by customers for products and processes. Awareness of quality commitment is widespread among all our employees. The quality assurance measures taken by the quality control team of our Company includes daily quality reports for cutting, stitching in line, midline and final, and measurements at the check points, measurements before and after ironing and final checking and packing report. This is backed by a suitable quality control system in place with necessary checks & balances to ensure the best possible quality of products.

### 4. ***Existing customer and supplier relationships***

We believe that we constantly try to address customer needs around a variety of products. Our existing customer relationships help us to get repeat business from our customers which are national and international brands. This has helped us to maintain a long term working relationship with our customers and improve our customer retention strategy. We believe that our existing relationship with our customers represents a competitive advantage in gaining new customers and increasing our business.

We acquire raw materials from several suppliers; we do not have any contract with them for a long term. We believe that our existing relationships with suppliers will enable us to continue to grow our business. Due to our relationships with our suppliers, we get quality and timely supply of raw materials at competitive rates. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn enables us to generate repeat business.

### 5. ***Experienced management and Key Managerial Personnel***

We have an experienced management team led by our Chairman and Managing Director, Ajit Kumar Lakra who has over three decades of experience in the knitted fabric & apparel industry and we benefit immensely from their expertise. Our management and their understanding of the industry trends, fashion, demands and market changes have been instrumental in the success of our relationship building with our customers and for the success of "Super Star" brand amongst our customers / wholesalers. We believe that the experience and relationships that our management team has, have enabled us to extend our operating capabilities, improved the quality of our products and facilitated our brand equity. We believe we also have a strong second line of management and an experienced pool of key managerial personnel, who possess requisite skills, experience, technical know-how and understanding of the industry and complete control over quality of the products.

### 6. ***Strong in-house design capabilities and techniques***

Our Company's competency lies in our understanding of our customers buying preferences and behaviour over more than 16 years. We believe that we have a competitive advantage due to our dedicated in-house design and merchandising team and our firm manufacturing facilities for our product categories. Design development and sampling forms an integral part of our Company's operations and is considered as an effective tool for converting customer's need into a product. We have a team of professionals who are supported by technology for developing products and styles which are based on prevalent fashion trends. This helps us keep pace with current trends and also to add innovative features to our products. New designs are developed on a regular basis to add to our library of designs, concepts, features, material specifications and product specifications.

### 7. ***Use of Information Technology***

We use information systems across our operations, to enable us to optimally benefit from our systems and processes. Most of our critical functions such as operations, supply chain, finance, accounts and human resources are linked through networks. This enables us to reduce our time in various critical areas and also helps us to reduce our costs of operations, reduce wastages, and enhanced overall cost efficiency.

## Our Business Strategies

### 1. *Enhancing existing processes and improving operational efficiencies*

Our Company believes in making investments for continuously achieving higher levels of excellence in its products. This allows us to exercise due control over our manufacturing costs supplemented with fine quality of our products. Our Company intends to improve efficiencies to achieve cost reductions so that it can be more competitive. Our Company has invested in specialised equipment such as:

#### i. *Motorized Fabric Spreader and CNC Cutter:*

Prior to cutting of Garment panels on the cutting tables, the fabric spreader machine will facilitate the laying of finished fabric and the CNC Cutter is an addition to the fabric spreader that will help the device to cut the garment panels automatically in about six inches thick fabric layers. We have already imported from IMA ITALY and currently it is under the process of installation. This kind of automatic cutting saves about 2% fabric and has an average capacity of cutting about 10 thousand garments in 12 hours with the deployment of four persons only compared to about 20 persons in the normal traditional manual cutting system. Automatic computerized fabric laying and cutting system which enhances the productivity, increase efficiency and reduces cost and rejection levels;



#### ii. *Automatic Garment Panel Printing Machine*

We have already imported World Class Panel Printing Machine from M and R, USA and currently it is under the process of installation. This In-house quality printing facility will enhance our company's overall printed garment business with substantial cost, time savings and increase of our profits in future period.

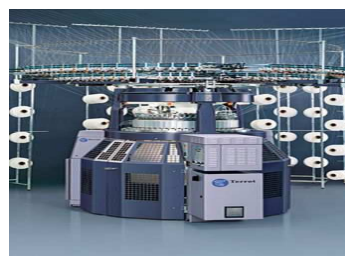


#### iii. *Fabric Washing Plant*

We have recently set up a fabric washing plant with capacity of 05 tons per day. This includes two soft flow machines of 300 Kg capacity each, one sampling machine 25 kg, one Hydro Extractor, one Six Tubes Fabric Dryer, One Steam Boiler of 4 tons capacity, one Thermic Fluid Boiler of 07.00 Lakhs Kilo Calories capacity and one Water Treatment Plant. Currently, we are getting our dyed yarn fabrics washed from third parties which results in higher time and costs. This In-house facility of fabric washing system will not only save our process time but also increase our profitability. Our Company currently undertakes compaction / calendaring fabric finishing assignments for our customers. Fabric washing system will further increase the scope of getting more assignments to fill our extra capacity which shall result in increase in our profitability.

#### iv. *Circular Knitting Machines*

Our Company have placed an order for four Pilotelli Sinkless Single Jersey Circular Knitting Machine with Open Width Frame Model - SL 4 JVCE-4 T. A.7 in 30" and 34" diameter with gauge conversions from 20 to 32 Gauge and two Terrot 8 – Lock High Performance Circular Knitting Machine Model no. – I3P-154, Diameter – 34" to 36", Feeders – 60" to 64", Gauge – 18. This specialised equipment will add capacity and quality to our knitting unit in which we already have variety of circular knitting machines.







Our Management believes that installation of these equipments in our manufacturing facilities will help us to achieve better economies of scale thereby increasing our turnover, quality and profitability.

2. ***Optimal Utilization of Resources***

Our Company constantly endeavours to improve our production process, skill up-gradation of workers, modernisation of machineries to optimize the utilization of resources. We regularly analyse our existing raw material procurements policy and manufacturing processes to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

3. ***Continue to lay emphasis on attracting and retaining the quality talent in the industry***

We place high emphasis on attracting and retaining quality talent in the industry. We have implemented human resource programmes at every level in the organisation, which has helped in developing and retaining our talent pool. We believe it is imperative that we have a well trained and experienced pool of resources in order to execute our strategy and manage the substantial business and capacity growth that is expected. We intend to continue attracting the appropriate level of talent through the right mix of recruitment and retention strategies.

4. ***Enhancing our brand value***

Our Company's competency lies in our understanding of our customers preferences and behaviour which helps us to secure their loyalty. We endeavour to continuously improve the product-mix offered to our customers as well as strive to understand and anticipate their future requirements and cater to such needs. Also, we seek to seize market opportunities by continuing to allocate significant resources to enhance our own brand "Super Star".

5. ***Focusing on inorganic growth***

Pursuant to our growth strategy, the strategic investments and acquisitions of businesses in our industry may further play a major role to grow our business. We believe that our efforts at diversifying into new segments of the fabrics and apparel industry or into new markets can be facilitated by investing in similar business opportunities or acquiring businesses with market share or growth potential, whose operations, resources, capabilities and strategies are complementary to our Company. As on the date of this Draft Prospectus, we have not identified any strategic investment or acquisition opportunities and we seek to enter into any such acquisition on an opportunistic basis. Further, we are also targeting to grow our present scale of operations by not only manufacturing and retailing through our distribution network but also partner with several brands to manufacture and market their products in India and abroad. Though, as on the date of this Draft Prospectus, we have not identified any particular brand(s) for this purpose, such association will enable these brands to leverage our strength in manufacturing and distribution.

6. ***Strengthening our presence through e-commerce platform***

We intend to develop the e-commerce and online retail business to provide us with additional channels of reaching out to our customers for our 'Super Star' brand. We believe that the growing internet penetration in Indian cities, especially Tier-II and Tier-III cities has increased the potential of growth in the e-commerce and online shopping markets. We intend to adopt a "brick and click" model (which integrates both offline and online presence), by leveraging on our existing back-end logistics infrastructure and sourcing capabilities. We believe developing and expanding the online space may further attract the attention of our targeted customers which can be converted into footfalls in the stores in which products under our 'Super Star' brand are sold.

7. ***Maintain our focus on long-term relationships:***

We expect to maintain our focus on customer relationships. We believe that there are significant business opportunities for additional growth with our existing customers as we diversify our product portfolio and build upon these existing relationships. This strategy increases our customer specific knowledge to provide them end to end solution of their requirement and develop closer relationships with them.



### ***Our Products:***

**Products which we manufacture under our brand ‘Super Star’ and for national and international brands:**

Category	Subcategory
<b>Men's T-shirts &amp; bottom wear</b>	Men's T-shirts, Men's Knitted T-shirts, Men's Fashion Shirts, Designer T-shirts, V-neck T-shirts, Round Neck T-shirts, Printed Round Neck T-Shirt, Full Knitted Polo T-shirts, knitted bottom wear
<b>Men's Jackets</b>	Men's Hooded Jacket, Sleeveless Jacket, Designer Jacket
<b>Men's Sweat Shirts</b>	Knitted Sweat Shirts
<b>Ladies T-shirts</b>	Sleeveless T-shirts, Designer Ladies T-shirts, Knitted T-shirts, printed T - Shirts
<b>Ladies Tops And Skirts</b>	Ladies Designer Kurtis, Full Sleeve T-Shirt, knitted bottom wear
<b>Kids</b>	Kids Knitted T-shirts, Kids Printed T-shirts, Tattooed Knitted T-shirts, knitted bottom wear

In Fiscal 2016 we manufactured a total of 13,98,053 kilos of knitted fabrics and 27,35,458 pieces of Garments. Our annual production of knitted fabrics and finished apparel for Fiscals March 2016, 2015 and 2014 is set out below:

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
<b>Knitted fabric</b>			
Installed Capacity (In Kgs per annum)	18,00,000	18,00,000	16,00,000
Manufactured (In Kgs per annum)	13,98,053	13,92,137	11,29,726
Capacity Utilization	77.67%	77.34%	70.61%
<b>Garments</b>			
Installed Capacity(In pieces per annum)	36,00,000	36,00,000	36,00,000
Manufactured (In pieces per annum)	27,35,458	25,99,093	28,57,575
Capacity Utilization	75.98%	72.20%	79.38%

### ***Raw Material and its procurement***

The basic raw materials required for manufacturing knitted fabrics & readymade apparels are cotton, blended, polyester & lycra, greige & dyed yarns, lycra, dyes and chemicals and accessories. Since the Company has a vertically integrated plant, the knitted fabric is used in manufacture of apparels. Our Company procures greige yarn from various reputed yarn manufacturers like M/s. Nahar Spinning Mills, M/s. Arisht Spinning Mills, M/s. Sportking india Ltd, M/s. Arihant Spinning Mills, M/s. Vardhman yarns and threads Ltd. etc. These suppliers have been supplying raw material to our Company for last several years and we do not foresee any problem in procuring raw materials from the above mentioned or other reputed raw material suppliers.

Dyeing of fabric and yarns is got done on job work basis from reputed dyeing companies on contract basis, such as Om Processors Private Limited, Supreme Tex Mart Limited, M/s. Marvel Dyers & Processors Private Limited, etc.

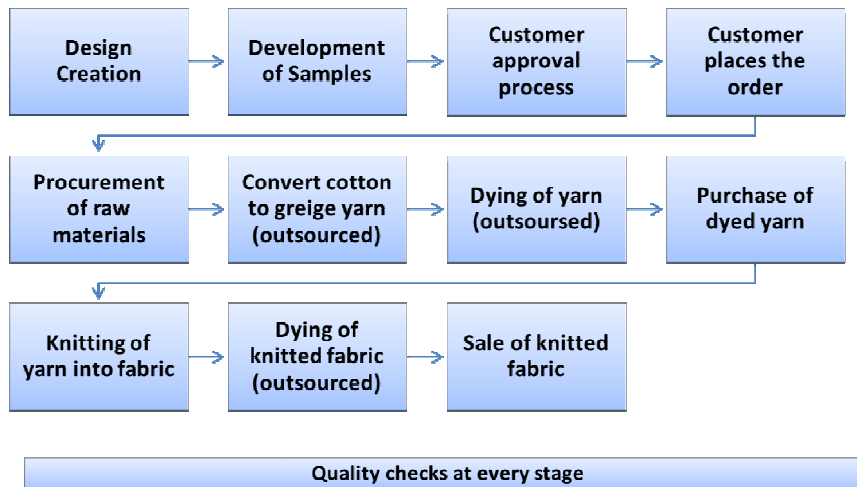
### ***Inventory Management***

We believe that maintaining appropriate levels of inventory is critical to our overall profitability. Our products in inventory include raw materials, work in progress, finished products manufactured by us and finished outsourced products. In order to minimize the risk of building up aged inventories, it is our policy to regularly review the obsolescence of inventories based on their age.



## Manufacturing process and production

### Fabric Division



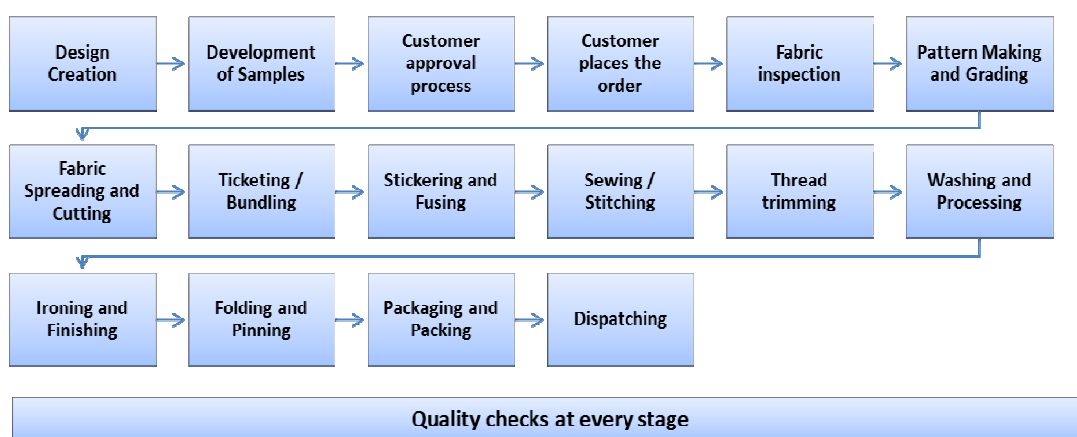
Our Company has a knitting facility equipped with imported circular and flat knitting machines. We manufacture a variety of knitted products such as single jersey, double jersey, ribbed fabrics, 2 thread and 3 thread fleece fabric, feeder and engineered stripes, jaquard fabrics with and without lycra, etc. The aggregate knitting capacity of our Company is 18,00,000 kg per annum and 36,00,000 pieces of readymade garments.

For fabric production, two types of machines are normally used i.e. circular knitting machine and flat knitting machine. The greige yarn and dyed yarns, the main raw material is transformed into fabric via circular knitting. In knitting, yarn is interloped by latched and spring needles i.e. two different loops are mingled together with needle adjustment. We source quality grey yarn from spinning mills in India depending upon the requirement of our purchase orders. Knitting department receives orders from Production, Planning and Control Department (PPC) stating article or style number and quantity of fabric required. The knitting department makes the production planning for all knitting machines based on request from PPC and also calculates and orders required yarn from the yarn department. Planning is usually done for every week. After conversion of grey yarn into knitted fabric, the fabric is checked for any defects by experts in the department and sent to the dyeing and processing division for further processing.

Our Company does not undertake the activity of dyeing of fabric and yarns and the same is got done on job work basis from reputed dyeing companies on contract basis. The dyeing process involves cotton dyeing, poly-cotton dyeing, polyester dyeing, bleaching and washing of dyed yarn fabrics. For greige (not coloured) fabric, department is responsible for coloration of fabric and for yarn dyed fabric, department is responsible for washing. The process of dyeing is time consuming as all the final parameters of the fabrics need to be controlled here and necessary approvals taken before dispatch.

The department is responsible for finishing of the fabric with a proper procedure so that it meets the desired parameters for apparel production. Any increase or decrease in fabric width or GSM (grams per sq. meter) results into higher fabric consumption or rejection of fabrics. Whether the fabric is dyed or washed, it follows the same process in the finishing department. Once the fabric is washed or dyed, it needs to be hydro extracted on balloon padder, open width padder or hydro extractor depending on the nature of fabrics or requirement of apparel. After which fabric is dried on relax drier, hot air stenter or tumblers. After drying, fabric is steam pressed on compactors so as to have minimal residual shrinkage.

## Apparels Division



The cutting department is responsible for cutting of the fabric into different parts of the apparel. This department is mainly responsible for cutting and avoiding wastage. The PPC issues article average with a draft or diagram of how different patterns should be placed on to the layer. The cutting department based on their experience and expertise either accepts the proposed average or sometimes gives a better average by few per cent. The department makes production plan on weekly basis for all cutting stations based on article or style requested. Once fabric is cut different parts of the same apparel are bundled together and sent for stitching. To have optimum and precise cutting we prepare our patterns on Cad Cam System which is operated by an expert.

The stitching department is responsible for stitching different parts of apparel together. The process takes place in the assembly line system. The assembly line system is the set of many different stitching machines each for a specific purpose. These machines are arranged in an orderly fashion depending on how different parts of apparel should be attached. Assembly line method is used for large production. PPC decides on the article or style to be produced with quantity. The stitching department makes necessary production planning i.e. time line in accordance with each article. The stitching process is the most time consuming and labour intensive process in the entire apparel production. The planning is done weekly. To further streamline and enhance the production in a cleaner way, we have installed hanging production conveyor system imported from Singapore Machinery Co. Pte. Ltd. which as per our management's estimate has an average production capacity of 2,000 pcs. per day approximately.

To ensure minimum rejection and highest level of quality the apparel manufacturing has to pass through number of quality checks such as:

- 100% fabric inspection before cutting. Fabric is checked for shade, colour fastness, shrinkage, spirality, gsm etc.
- On line inspection and quality control at assembly line.
- Initial checking of apparels before transfer to finishing department.
- Final checking of apparels before packing
- Acceptable quality limits inspection by independent in-house quality control team.

This is final stage before the apparel is ready to be shipped. The apparel goes through the quality checks before steam pressed. After ironing apparel goes for final thread trimming and final checking before labelled, packed into apparel bags and finally, put into the cartons. Once all cartons are packed and labelled, external inspection takes place on acceptable quality limits levels and goods are ready to be shipped.

## Infrastructure Facilities

Our manufacturing facilities are located at (a) 269 Industrial Area A, Ludhiana – 141 003, Punjab, India, has a working floor area of approximately 1,00,000 sq. ft.; and (b) C-5, Phase – V, Focal Point, Ludhiana – 141 010, Punjab, India has a working floor area of approximately 60,000 sq. ft. Our Company has not maintained quantitative details for its fixed assets.

**Power:** Our company has a total sanctioned load of 500 KVA each at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India unit and C-5, Phase – V, Focal Point, Ludhiana – 141 010, Punjab, India unit. The above sanctioned load is sufficient for the smooth functioning of our units. We receive power from main grid of Punjab State Power Corporation Limited. Our company has also installed 2 DG sets having capacity of 320 KVA and 160 KVA at 269 Industrial Area A,



Ludhiana – 141 003, Punjab, India unit and 1 DG set having capacity of 250 KVA at C-5, Phase – V, Focal Point, Ludhiana – 141 010, Punjab, India unit as standby arrangement. The arrangement for power is adequate to meet the current requirement as a back-up in case of any interruption in the supply.

*Water:* Our manufacturing units require 3,000 litres of water per day for manufacturing process, as well as for human consumption and sanitation purposes. Currently, we are drawing the required quantity of water from our own tube well.

*Fuel:* Our Company requires fuel viz. coal for coal-fired boiler for generating steam & diesel for DG sets which are being used as standby arrangement in our Company. Our fuel requirement is met by sourcing the same from the fuel suppliers situated in the close vicinity of our Company and are easily available at competitive prices.

### Capacity and Capacity Utilisation

The aggregate knitting capacity of our Company is 18,00,000 kgs. per annum and 36,00,000 pieces of readymade garments. Pursuant to the nature of the Industry, our Company is largely dependent on manpower (i.e. labours). Every product which our Company manufactures has manual intervention in the manufacturing activity which is dependent on skills and turnaround time of each of the labours. Hence, the installed capacity or capacity utilization is mapped with the type of product under manufacturing and the manpower deployed therein. Thus, we believe, addition of plant & machinery in the books of industry players is the only indication to understand the requirement of further capital expenditure.

In Fiscal 2016 we manufactured a total of 13,98,053 kilos of knitted fabrics and 27,35,458 pieces of Garments. Our annual production of knitted fabrics and finished apparel for Fiscals March 2016, 2015 and 2014 is set out below:

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014
<b>Knitted fabric</b>			
Installed Capacity (In Kgs per annum)	18,00,000	18,00,000	16,00,000
Manufactured (In Kgs per annum)	13,98,053	13,92,137	11,29,726
Capacity Utilization	77.67%	77.34%	70.61%
<b>Garments</b>			
Installed Capacity	36,00,000	36,00,000	36,00,000
Manufactured	27,35,458	25,99,093	28,57,575
Capacity Utilization	75.98%	72.20%	79.38%

### Marketing and distribution

Marketing is an important function of our organization. We provide our services as preferred authorised manufacturer of readymade knitted garments for all age groups to national and international brands. We manufacture and sell readymade knitted garments under our own brand ‘Super Star’ also.

We employ a very customer-driven approach to business development and service that is strongly oriented to the customer’s specifications and satisfaction. Our senior management along with our managerial staff oversees merchandising, sampling, production, logistics, and development of the finished product, quality management and customer satisfaction. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our, Promoters Ajit Kumar Lakra and Vivek Lakra, through their vast experience and good rapport with customers owing to timely and quality delivery of products play an instrumental role on creating and expanding a work platform for our Company. To retain our customers we regularly interact with them and focus on gaining an insight into their specific requirements and other additional needs of such customers.

Our new customer additions are made mainly through referrals from our existing customers and direct enquiries. Generally, most garments retailers and sourcing/third party agents maintain buying offices in India and directly solicit relationships with Indian garments manufacturers.

### Export Possibilities and Export Obligations

We have, in the past, imported Plant & Machineries under EPCG Licence scheme wherein we are required to mandatorily export goods for the value mentioned there against. The following table gives the details of the various EPCG licences against which we have imported machineries and the relevant export obligations and status of completion of the export obligations as on August 31, 2016.

S. No.	EPCG Licence No.	Date of Issue	E.O. amount (In Rs.)	E.O. amount (In USD)	Date of completion of Export obligation
1	132740	04.08.1999	1,02,11,626.00	2,35,834.00	Completed
2	3030000246	11.01.2002	4,36,50,000.00	9,00,000.00	Completed
3	3030000294	11.06.2002	6,89,17,500.00	1,46,625.00	Completed
4	3030000939	17.03.2005	1,46,80,608.00	3,33,650.00	Completed
5	3030000949	29.03.2005	7,52,127.11	17,093.74	Completed
6	3030001439	03.01.2006	2,20,76,143.36	4,79,916.16	Discharge Letter Awaited
7	3030002034	12.09.2006	5,51,949.20	11,793.78	Completed
8	3030002035	12.09.2006	48,28,592.00	1,03,175.04	Completed
9	3030002461	15.02.2007	11,91,999.60	2,46,488.88	Discharge Letter Awaited
10	3030002566	19.03.2007	35,95,395.00	80,890.74	Completed
11	3030003713	18.02.2008	1,46,56,284.48	3,69,175.93	Completed
12	3030005084	13.03.2009	41,32,920.00	82,165.40	12.03.2017
13	3030005519	17.07.2009	14,47,995.04	29,550.91	16.07.2017
14	3030006871	18.06.2010	69,05,712.00	1,44,320.00	17.06.2018
15	3030007392	13.10.2010	12,22,203.04	25,866.73	12.10.2018
16	3030008126	19.04.2011	65,66,229.51	1,45,270.56	18.04.2019
17	3030008588	12.08.2011	32,60,310.56	72,937.59	11.08.2019
18	3030008998	28.11.2011	28,16,850.00	56,280.71	27.11.2019
19	3030009174	12.01.2012	67,2438.4	12,627.95	11.01.2020
20	3030009648	29.05.2012	8,50,5861.8	1,22,520.93	28.05.2020
21	3030010966	15.05.2013	74,53,313.34	1,36,758.04	14.05.2019
22	3030010986	16.05.2013	11,85,456.84	21,751.50	15.05.2019
23	3030011945	07.01.2014	3,02,588.00	20,708.87	06.01.2020
24	3030011966	16.01.2014	70,65,402.24	1,12,327.53	15.01.2020
25	3030012856	28.07.2014	12,96,0967.5	2,14,408.06	27.07.2020
26	3030013074	19.09.2014	19,90,690.44	32,501.06	18.09.2020
27	3030013660	02.03.2015	83,02,191.35	1,33,261.49	01.03.2021
28	3030013661	02.03.2015	15,42,840.11	24,764.68	01.03.2021

## Health and Safety

We are required to comply with several health and safety regulations and other requirements in our operations. We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to our management and our employees. We have implemented work safety measures to ensure a safe working environment at our facilities and to the general public. We have installed fire-fighting systems for emergencies.

## Insurance

Our Company has insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and which we believe is in accordance with industry standards. Our Company has, *inter-alia*, obtained standard fire & special peril policy, electronic equipment insurance policy, public liability insurance, money insurance policy, machinery breakdown insurance policy, etc. Our Company has not availed product liability insurance, business interruption insurance, workmen's compensation insurance, director's and officer's insurance policy or any key man insurance policy. These insurance policies are generally valid for one year and are renewed annually by us. As on the date of this Draft Prospectus, there have been no material claims made under the insurance policies.

## Human Resources

We consider our human resource as a critical factor to our success and engage in a human resource strategy that focuses on recruiting, training and retaining our employees, as well as offering them competitive compensation. Our employee policies aim to recruit a talented and qualified work force, facilitate their integration and encourage development of their skills in order to facilitate the growth of our operations. We are also committed to providing an empowering environment that motivates and facilitates growth and rewards contribution.

As on August 31, 2016 we had a total workforce of 421 including 3 whole time directors, 20 highly skilled, 344 skilled, 27 semi-skilled and 27 unskilled workers.



## Intellectual Property

For details of the trademarks registered in the name of our Company and the applications made for registration, please refer “*Government and Other Approvals*” on page 141 of this Draft Prospectus.

## Competition

The apparel manufacturing and retail industry in India is highly fragmented, with a large number of small and medium sized entities. We face substantial competition for our products from other manufacturers in domestic market. Our competition varies from our products and regions. We compete with other manufactures on the basis of product range, quality, price including factors, based on reputation, regional needs and customer convenience. To remain competitive, we strive to reduce our cost of production and improve our product offerings and our operating efficiencies.

Many of our competitors have significant competitive advantages, including longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. The number of our direct competitors and the intensity of competition may increase as we expand into other product lines or as other companies expand into our product lines. Our competitors may enter into business combinations or alliances that strengthen their competitive positions or prevent us from taking advantage of such combinations or alliances. Our competitors also may be able to respond more quickly and effectively than we can to new or changing opportunities, standards or consumer preferences, which could result in a decline in our revenues.

## Property

Following table sets forth our freehold and leasehold properties as on the date of this Draft Prospectus:

S. No.	Description	Usage	Freehold / Leasehold
1.	Industrial Building situated at 269, 279 Industrial Area A, Ludhiana – 141 003, Punjab, India spread over approximately 4,000 sq. yards and has a working floor area of approximately 1,00,000 sq. ft.	Fabric Knitting and Apparels Production	Freehold; Hypothecated to Union Bank of India
2.	Industrial Building situated at C-5, Phase – V, Focal Point, Ludhiana – 141 010, Punjab, India spread over approximately 5,850 sq. yards and has a working floor area of approximately 60,000 sq. ft.	Fabric Knitting and Apparel Production	Freehold; Hypothecated to Union Bank of India



### **Key Industry 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 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.*

*For information on regulatory approvals obtained by us, see “Government and Other Approvals” on page 141 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.

### **Textile Sector Regulations and Policies**

#### ***National Textile Policy***

The Government of India, in November 2000, announced the National Textile Policy (the “NTP-2000”) with the objective of helping the textile industry attain global standing in the manufacture and export of clothing. In furtherance of these objectives, the NTP-2000 placed strategic importance on technological upgradation, enhancement of productivity and quality, product diversification and strengthening the raw material base of the country.

The Government of India, in July 2014, submitted a draft of a new national textile policy, the Vision, Strategy and Action Plan for Indian Textile and Apparel Sector (2024) (“Draft NTP”) with the objective of achieving US\$300.0 billion exports and 20% share of the global trade in the textile sector by 2024-25. The Draft NTP also seeks to attempt a structural transformation pursuant to which India would become a net exporter of finished products. In this process, the textile sector is expected to get investments of approximately US\$180.0 billion to US\$200.0 billion and create 35 million additional jobs.

Certain strategic initiatives envisaged under the Draft NTP are set forth below:

- a) facilitating rapid growth through large scale capacity additions with economies of scale including increase in man-made fibre production;
- b) providing an investment allowance of 15% across the entire textile and apparel manufacturing value chain for the next ten years irrespective of the investment amount;;
- c) setting-up a privately managed Government seeded equity fund to provide equity for start-ups, whereby equity is provided without seeking management control; setting-up mega textile parks which will receive around US\$5.0 billion per year of fresh investment;
- d) promoting skill development initiatives by providing tax relief for the fees paid by the apparel and textile sector firms to professional agencies for skill development;
- e) diversification of export products and markets, five-year tax holidays recommended to companies on the export of specific finished goods such as apparel, made-ups and technical textiles (designated by the Ministry of Textiles, GoI), if they sustain export growth over 25% annually;
- f) permitting foreign direct investment in single brand and multi-brand retail for apparel brands owned and controlled by Indians subject to such investment receiving approval from the FIPB;
- g) improving irrigation and agricultural practices, development of organic or coloured cotton and a system of third party cotton certification that would improve cotton yields;
- h) introducing user friendly labour laws suited to the present conditions; and
- i) promoting innovation, research and development.

#### ***Revised Restructured Technology Upgradation Fund Scheme***

The Ministry of Textiles, Government of India, launched a Technology Upgradation Fund (“TUF”) scheme for the textile and jute industry for a five year period from April 1, 1999 to March 31, 2004. It was subsequently extended in 2004 and 2007 with modifications. It was further restructured with effect until March 31, 2012 and extended until March



31, 2013. On October 4, 2013, the Ministry of Textiles provided the financial and operational parameters and implementation mechanism for the Revised Restructured-TUF (“RR-TUF”) scheme for the 12th Five Year Plan period *i.e.* until March 31, 2017.

The TUF scheme provided for interest reimbursement of 5% on the interest charged by a lending agency for financing of a project of technology upgradation in conformity with the TUF scheme. Pursuant to the RR-TUF scheme, in cases of standalone spinning units, the interest reimbursement is 2% for new standalone/replacement/modernization of spinning machinery and 5% for spinning units with forward integration and matching capacity in weaving/knitting/processing/garmenting. The RR-TUF scheme also provides for 5% interest reimbursement and 10% capital subsidy for specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles.

The RR-TUF scheme is monitored by an inter-ministerial steering committee constituted under the chairmanship of the minister of textiles. Only loans sanctioned on or after April 1, 2012 are eligible for grant of benefits under this scheme.

#### ***Export Promotion Capital Goods (“EPCG”) Scheme***

The EPCG scheme under the Import-Export Policy 2015-20 allows import of capital goods at zero customs duty with an obligation to export an amount at least equal to six times the duty saved on capital goods and to be fulfilled in six years from the date of issue of authorization. Second hand capital goods are not permitted to be imported under EPCG scheme.

#### ***Duty Drawback Scheme***

The Duty Drawback scheme, framed pursuant to the Customs Act, 1962 and the Central Excise Act, 1944, enables exporters to obtain a refund of the excise and customs duty payable on the import of raw materials that are used in the manufacture of exported goods, subject to certain conditions. The scheme was enacted in order to make such exporters’ products more competitive in the international market.

The Department of Revenue, Government of India, announced a revision in the All Industry Drawback Rates on November 17, 2014 with effect from November 22, 2014. The revised Drawback Schedule covers more than 3,900 entries presently. With respect to apparel items, the drawback rates have also been given on the basis of the composition of textiles, and differ for when Central Value Added Tax facility has been obtained.

#### ***Merchandise Exporter from India (“MEI”) Scheme***

Pursuant to the Foreign Trade Policy (2015-2020), the MEI scheme has replaced five earlier schemes and was introduced to offset infrastructure inefficiencies and associated costs in export of goods, especially those having high export intensity, employment potential and able to enhance our export competitiveness. The basis for calculation of the reward under the MEI scheme is on the 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.

#### ***Textile Committee Act, 1963***

The Textiles Committee's main objective is to ensure the quality of textiles and textile machinery both for internal consumption and export purposes. The Textiles Committee, as corollary to its main objective of ensuring the quality of textiles and textiles machinery has been entrusted with the following functions of, among other things, establishing standard specifications for textiles, textile machinery and the packing materials. In addition to this, Textiles Committee also regulates the imposition of cess on textile and textile machinery manufactured in India.

#### ***The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978***

The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, provides for the levy and collection of an additional duty of excise on certain textiles and textile related articles.

#### ***Textile (Development and Regulation) Order, 2001***

Textiles (Development and Regulation) Order, 2001 superseded the earlier order of 1993. Every manufacturer of textiles, textile machinery and every person dealing with textiles shall keep books of accounts, data and other records relating to

his business in the matter of production, processing, import, export, supply, distribution, sale, consumption etc. and shall furnish such returns or information as and when directed by Textile Commissioner.

### ***Industrial (Development and Regulation) Act, 1951***

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

### ***The Indian Boilers Act, 1923 ("Boilers Act")***

The Boilers Act states that the owner of any boiler (as defined therein), which is wholly or partly under pressure when is shut off, shall under the provisions of the Boilers Act, apply to the Inspector appointed thereunder to have the boiler registered which shall be accompanied by prescribed fee. The certificate for use of a registered boiler is issued pursuant to such application, for a period not exceeding twelve months, provided that a certificate in respect of an economiser or of an unfired boiler which forms an integral part of a processing plant in which steam is generated solely by the use of oil, asphalt or bitumen as a heating medium may be issued for a period not exceeding twenty-four months in accordance with the regulations made under Boilers Act. On the expiry of the term or due to any structural alteration, addition or renewal to the boiler, the owner of the boiler shall renew the certificate by providing the Inspector all reasonable facilities for the examination and all such information as may reasonably be required of him to have the boiler properly prepared and ready for examination in the prescribed manner.

### ***Legal Metrology Act, 2009***

Legal Metrology Act, 2009, as amended, ("**Legal Metrology Act**") was enacted with a view 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 related matters. Any advertisement mentioning retail price of a pre-packaged commodity should contain a declaration as to the net quantity or number of the commodity contained in the package. Under this legislation, manufacturing, packing, selling, distributing, delivering, offering, exposing, possessing for sale or importing any pre-packaged commodity is prohibited unless such package is in a standard quantity or number and carries all prescribed declarations and particulars.

Every weight or measure should be verified before putting them into use in any transaction. The central government prescribes the kinds of weights and measures which should be verified by the government approved test centres. The test centres will be notified by the central or state governments. Further, no person is authorized to manufacture, sell or repair, or offer, expose or possess for repair or sale, any weight or measure without obtaining a licence from the Controller of Legal Metrology. Such manufacturer, repairer or dealer of weight or measure is required to maintain records and registers as prescribed and is also required to produce the records and registers at the time of inspection.

### **Environmental Legislations**

The Environment (Protection) Act, 1986 as amended, ("**Environment Protection Act**"), the Water (Prevention and Control of Pollution) Act, 1974, as amended, ("**Water Act**") and the Air (Prevention and Control of Pollution) Act, 1981, ("**Air Act**") provide for the prevention, control and abatement of pollution. Pollution control boards have been constituted in all states in India to exercise the powers and perform the functions provided for under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain consents of the relevant state pollution control boards for emissions and discharge of effluents into the environment. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 as amended, ("**Hazardous Wastes Rules**") impose an obligation on every occupier of an establishment generating hazardous waste to recycle or reprocess or reuse such wastes in a registered recycler or to dispose of such hazardous wastes in an authorized disposal facility. Every person engaged, *inter alia*, in the generation, processing, treatment, package, storage and destruction of hazardous waste is required to obtain an authorization from the relevant state pollution control board for collecting, recycling, reprocessing, disposing, storing and treating the hazardous waste.



The Environmental Impact Assessment Notification dated September 14, 2006 read with notifications dated October 11, 2007, December 1, 2009, April 4, 2011 and January 25, 2012, issued under the Environment Protection Act and the Environment (Protection) Rules, 1986, requires prior environmental clearance of the Ministry of Environment and Forests, GoI and at state level, of the state environment impact assessment authority, if any new project (specified in the notification) is proposed to be undertaken or for expansion and modernization of existing projects beyond certain specified threshold limits. The environment clearance (for commencement of the production operations) is valid for the time period prescribed in the notification.

The Public Liability Insurance Act, 1991 (the “**Public Liability Act**”) imposes liability on the owner or controller of hazardous substances for death or injury to any person (other than a workman) or any damage to property arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to obtain an insurance policy insuring him against liability under the legislation. The Public Liability Insurance Rules, 1991 mandate that the owner has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

### **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 recognises 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.

### **Laws Relating to Employment**

The following is an indicative list of labour laws applicable to the business and operations of Indian companies engaged in trading activities:

- Child Labour (Prohibition and Regulation) Act, 1986;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees’ Compensation Act, 1923;
- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees’ State Insurance Act, 1948;
- Equal Remuneration Act, 1976;
- Industrial Disputes Act, 1947;
- Industrial Employment (Standing Orders) Act, 1946;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- Maternity Benefit Act, 1961;

- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- The Factories Act, 1948;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- Trade Union Act, 1926; and
- Workmen's Compensation Act, 1923.

#### **Other Laws and Regulation**

In addition to the above, our Company is also required to comply with the provisions of the Companies Act, and other applicable statutes imposed by the Centre or the State for its day-to-day operations. Our Company is also amenable to various central and state tax laws.



## **History and Certain Other Corporate Matters**

### **Brief History of our Company**

Our Company was incorporated as ‘*Super Fine Knitters Limited*’ a public limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation dated September 18, 1998 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Our Company received the Certificate of Commencement of Business on September 24, 1998, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. Our corporate identification number is U18101PB1998PLC021814.

The Promoters of our Company are Ajit Kumar Lakra, Gita Lakra, Vivek Lakra and Ajit Kumar Lakra (HUF).

### **Changes in our Registered Office:**

As on the date of this Draft Prospectus, our Registered Office is located at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India. There has been no change in the address of the registered office of our Company since incorporation.

### **Main Objects of our Company:**

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. *To carry on the business as manufacturers, spinners, weavers, knitters, stitching, dyeing of cloths, combers, producers, fabricators, importers, dealers in all kinds of yarn, fabrics, worsted, shoddy, cotton, synthetic, woollen, silk, jute, rayon, artificial silk, nylon, polyester, acrylic or any other synthetic, fibre or yarn allied products, by-products and to treat and utilise any waste arising from any such manufacture production or process and further to carry on or be interested in the business of ginning, balling of cotton waste, liner cotton, yarn waste hemp and jute and the cultivation thereof.*
2. *To carry on the business of manufacturers, importers and exporters, agents, wholesale and retail dealers of and in jeans, pants, textile goods, hosiery goods, cloth, cotton goods and readymade goods of every kind, nature and description, for men, women and children including blankets, shawls, sarees, lohls, mafias, scarf's, shirts, trousers, vests, underwear, socks, panties, nighties, stockings, sweaters, brasseries, coats, costumes, gloves, laces and all other hosiery and textile goods.*
3. *To put up a composite garments manufacturing unit within house knitting, dyeing, finishing, processing & manufacturing facilities and to trade in, import, export and manufacturing of any of the raw materials, intermediaries or finished products of hosiery & textile goods.*
4. *To carry on the business of machine combers and re-combers of all types of fibres and material, whether artificial or synthetic, cotton spinner, to sort, blend, prepare Wiley, scur, carb, scribble, comb, dye, bleach, carbonise, spin, twist, double, wind, warp, weave, mend, finish, make up, black, buy, sell, import, export and deal in fibres, whether natural, artificial or synthetic, tops, yarn, woven fabrics and textile fabrics and material of all kinds and to carry on all or any of the trades or business or manufactures or cultivators of combers, bleaches, carbonizes, water proofers of textile materials and fabrics of all kinds mill owners generally, merchants, agents, importers, exporters, factors, agents, sellers of and dealers in wool worsted, silk, hair, mohair, flax, jute hemp, artificial and synthetic fibres and all or any fibrous substances, tops, noils, wasters paps, cotton, linen, cloth, worsted stuff, silken and by-products generally and all or any textile products, manufactured or unmanufactured.*
5. *To carry on the business as manufacturers, importers, exporters, processors and dealers in all kinds of cloth, knitted cloth, woollen fabrics, synthetic fabrics, cotton fabrics, synthetic tops, worsted shoddy and kinds of blankets shawls, hosiery and readymade garments.*
6. *To acquire and take-over as a going concern, the firm at Ludhiana under the name and style of M/s. Super Fine Knitters and all of the assets and liabilities of that firm on such terms and conditions as may be mutually agreed upon.”*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out as well as to carry on the activities for which the funds are being raised in the Issue.



## Amendments to the Memorandum of Association

The following changes have been made in the Memorandum of Association of our Company since inception

Date of Shareholders' Resolution	Nature of Amendment
July 22, 1999	Authorised share capital of our Company was increased from Rs.100,00,000 consisting of 10,00,000 Equity Shares of Rs.10.00 each to Rs.4,00,00,000 consisting of 40,00,000 Equity shares of Rs.10.00 each.
#	Authorised share capital of our Company was increased from Rs.4,00,00,000 consisting of 40,00,000 Equity Shares of Rs.10.00 each to Rs.5,50,00,000 consisting of 40,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each..
March 20, 2002	Authorised share capital of our Company was increased from Rs.5,50,00,000 consisting of 40,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each to Rs.6,50,00,000 consisting of 50,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each.
#	Authorised share capital of our Company was reclassified from Rs.6,50,00,000 consisting of 50,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each to Rs.6,50,00,000 consisting of 60,00,000 Equity shares of Rs.10.00 each and 5,00,000 Preference Shares of Rs.10.00 each.
#	Authorised share capital of our Company was reclassified from Rs.6,50,00,000 consisting of 60,00,000 Equity shares of Rs.10.00 each and 5,00,000 Preference Shares of Rs.10.00 each to Rs.6,50,00,000 consisting of 55,00,000 Equity shares of Rs.10.00 each and 10,00,000 Preference Shares of Rs.10.00 each.
August 23, 2010	Authorised share capital of our Company was increased from Rs.6,50,00,000 consisting of 50,00,000 Equity shares of Rs.10.00 each and 15,00,000 Preference Shares of Rs.10.00 each to Rs.7,50,00,000 consisting of 65,00,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.
March 31, 2011	Authorised share capital of our Company was increased from Rs.7,50,00,000 consisting of 65,00,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each to Rs.8,00,00,000 consisting of 70,00,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.
August 10, 2012	Clause IIIC of Memorandum of Association was amended by the insertion of the following new sub clause 63 after clause 62:- “ To carry on the business of energy producer, distributor, contractor and supplier of solar or hydro power and to act as manufacturer, importer, contractor, supplier and dealer of equipments, technology, know-how and facilitator of services required for the setting up and operating of the solar and hydro power projects, in India or elsewhere in the world”
March 26, 2013	Authorised share capital of our Company was increased from Rs.8,00,00,000 consisting of 70,00,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each to Rs.8,55,00,000 consisting of 75,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.
February 28, 2014	Authorised share capital of our Company was increased from Rs.8,55,00,000 consisting of 75,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each to Rs.9,05,00,000 consisting of 80,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each.
September 30, 2015	Authorised share capital of our Company was reclassified from Rs.9,05,00,000 consisting of 80,50,000 Equity shares of Rs.10.00 each and 10,00,000 8% Non-cumulative Redeemable Preference Shares of Rs.10.00 each to Rs.9,05,00,000 consisting of 80,50,000 Equity shares of Rs.10.00 each and 10,00,000 Compulsory Convertible Preference Shares of Rs.10.00 each and thereafter to Rs.9,05,00,000 consisting of 90,50,000 Equity shares of Rs.10.00 each.
September 30, 2015	The Object Clause of Memorandum of Association was replaced in its entirety for compliance with the provisions of the Companies Act, 2013 and the rules thereunder.
January 28, 2016	Authorised share capital of our Company was increased from Rs.9,05,00,000 consisting of



	90,50,000 Equity shares of Rs.10.00 each to Rs.13,00,00,000 consisting of 1,30,00,000 Equity shares of Rs.10.00 each.
--	---

# We have been unable to trace filings with the RoC and corporate resolutions for these changes in Authorised Share Capital. The relevant record/forms are also unavailable /destroyed at the office of the RoC-Chandigarh, as certified by M/s. Silvia Gumber & Associates, Company Secretaries dated February 04, 2016. Further Our Company has relied on the limited information available in the annual return of our Company of the respective years. Please see the section titled “Risk Factors” on page 11 of this Draft Prospectus.

## Major Events and Milestones

The table below sets forth some of the key events in the history of our Company:

Calendar Year	Event
1998	Incorporation of our Company
	Acquired as a going concern, the firm at Ludhiana under the name and style of M/s. Super Fine Knitters and all of the assets and liabilities of that firm.

## Other Details regarding our Company

For details of our Company’s corporate profile, business, marketing, the description of our activities, services, products, market segment, the growth of our Company, exports and profits due to foreign operations, standing of our Company in relation to prominent competitors with reference to our products and services, environmental issues, technology, market, capacity built up, major suppliers, major customers and geographical segment, please refer “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 67 and 130 , respectively of this Draft Prospectus.

For details of the management of our Company and its managerial competence, please refer “Our Management” on page 86 of this Draft Prospectus.

## Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

## Capital raising activities through equity or debt

For details regarding our capital raising activities through equity and debt, please refer “Capital Structure” and “Financial Indebtedness” on pages 40 and 128 respectively of this Draft Prospectus.

## Injunctions or restraining order against our Company

There are no injunctions or restraining orders against our Company.

## Guarantees provided by our Promoters

Other than the guarantees given to our lenders and as disclosed in the section “Financial Indebtedness” on page 128 of this Draft Prospectus, our Promoters have not given any guarantees to third parties that are outstanding as on the date of filing of this Draft Prospectus.

## Changes in the Activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years which may have had a material effect on the profits and loss account of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

## Changes in the Management

There has been no change in the management in last 3 years.

## Defaults or rescheduling of borrowings from financial institutions/ banks and conversion of loans into equity



No defaults have been called by any financial institution or bank in relation to borrowings from financial institutions or banks. For details of our financing arrangements, please refer “*Financial Indebtedness*” on page 128 of this Draft Prospectus. Further, none of our loans have been rescheduled or been converted into Equity Shares.

#### **Lock outs and strikes**

There have been no lock outs or strikes at any of the units of our Company.

#### **Time and cost overruns**

Our Company has not implemented any projects and has not, therefore, experienced any time or cost overrun in relation thereto.

#### **Details regarding acquisition of business/undertakings, mergers, amalgamations and revaluation of assets**

Our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation or revaluation of assets.

#### **Holding Company of our Company**

As of the date of this Draft Prospectus, our Company does not have a holding company.

#### **Subsidiary of our Company**

As of the date of this Draft Prospectus, our Company does not have a subsidiary company.

#### **Collaboration Agreements**

As on the date of this Draft Prospectus, our Company is not a party to any collaboration agreements.

#### **Shareholders’ Agreements**

As on the date of this Draft Prospectus, our Company has not entered into any shareholders’ agreements.

#### **Material Agreements**

Except as described in this section, we have not entered into any material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by us or contract entered into more than two years before the filing of this Draft Prospectus.

#### **Strategic and Financial Partners**

As of the date of this Draft Prospectus, our Company does not have any strategic or financial partners.

#### **Number of Shareholders**

Our Company has Twenty (20) shareholders on date of this Draft Prospectus.



## Our Management

### Board of Directors

Our Articles of Association require us to have not less than three Directors and not more than 15 Directors. As of the date of this Draft Prospectus, we have six Directors on our Board, comprising one Managing Director, two Whole-time Directors (including one woman Director) and three Independent Directors.

Set forth below are details regarding our Board as on the date of this Draft Prospectus:

Name, Designation, Occupation, Term, DIN and Nationality	Age (years)	Address	Other Directorships
<b>Ajit Kumar Lakra</b>  <b>Designation:</b> Managing Director and Chief Executive Officer  <b>Occupation:</b> Business  <b>Term:</b> Appointed as Managing Director and Chief Executive Officer for the period of five years w.e.f. July 1, 2016  <b>PAN:</b> AAOPL5645E  <b>DIN:</b> 01067195  <b>Nationality:</b> Indian	66	269 Industrial Area A, Ludhiana – 141 003, Punjab, India	<i>Indian public limited companies</i>  Nil  <i>Indian private limited companies</i>  Nil
<b>Gita Lakra</b>  <b>Designation:</b> Whole-time Director  <b>Occupation:</b> Business  <b>Term:</b> Appointed as Whole-time Director for the period of three years w.e.f. July 1, 2016 to June 30, 2019  <b>PAN:</b> AAOPL5644F  <b>DIN:</b> 01067233  <b>Nationality:</b> Indian	62	269 Industrial Area A, Ludhiana – 141 003, Punjab, India	<i>Indian public limited companies</i>  Nil  <i>Indian private limited companies</i>  Nil
<b>Vivek Lakra</b>  <b>Designation:</b> Whole-time Director  <b>Occupation:</b> Business  <b>Term:</b> Appointed as Whole-time Director for the period of five years w.e.f. October 1, 2012 Subject to liable to retire by rotation  <b>PAN:</b> ACOPL2154N	35	269 Industrial Area A, Ludhiana – 141 003, Punjab, India	<i>Indian public limited companies</i>  Nil  <i>Indian private limited companies</i>  Nil

Name, Designation, Occupation, Term, DIN and Nationality	Age (years)	Address	Other Directorships
<b>DIN:</b> 01067219  <b>Nationality:</b> Indian			
<b>Amit Gupta</b>  <b>Designation:</b> Non Executive, Independent Director  <b>Occupation:</b> Business  <b>Term:</b> Appointed as Independent Director for the period of 5 years w.e.f. February 01, 2016  <b>PAN:</b> ABMPG6289L  <b>DIN:</b> 03558223  <b>Nationality:</b> Indian	37	431/1/5, Ajit Street, College Road, Opp. Kumar Arts College, Civil Lines, Ludhiana – 141 001, Punjab, India	<i>Indian public limited companies</i>  Nil  <i>Indian private limited companies</i>  Nil
<b>Vipin Sehgal</b>  <b>Designation:</b> Non Executive, Independent Director  <b>Occupation:</b> Professional  <b>Term:</b> Appointed as Independent Director for the period of 5 years w.e.f. November 5, 2015  <b>PAN:</b> AOQPS3545C  <b>DIN:</b> 00001214  <b>Nationality:</b> Indian	45	H. No. 79-A Rajguru Nagar Ludhiana-141001, Punjab, India	<i>Indian public limited companies</i>  Nil  <i>Indian private limited companies</i> <ul style="list-style-type: none"> <li>• Udaya Fibers Private Limited</li> <li>• Alpex Exim Private Limited</li> </ul>
<b>Baljit Kumar Trikha</b>  <b>Designation:</b> Non Executive, Independent Director  <b>Occupation:</b> Business  <b>Term:</b> Appointed as Independent Director for the period of 5 years w.e.f. December 01, 2015  <b>PAN:</b> ACHPT5574D  <b>DIN:</b> 00764368  <b>Nationality:</b> Indian	59	Om Processes, K-3, Industrial Area-A, Textile Colony, Miller Ganj, Ludhiana - 141 003, Punjab, India	<i>Indian public limited companies</i>  Nil  <i>Indian private limited companies</i>  Om Processors Private Limited



### **Brief Profile of our Directors**

**Ajit Kumar Lakra**, aged 66 years, is the Managing Director and Chief Executive Officer of our Company. He has experience of over three decades in the knitted fabric and apparel industry. He holds a Master's degree in Science (Chemistry) from the Meerut University and Bachelor's degree in Science from the Punjab University. He is the President of the Ludhiana Knitters Association, Ludhiana. He is the head of Textile Division of Federation of Industrial & Commercial Organization (FICO). He has been on our Board since the incorporation of our Company. He is responsible for the daily operations and takes strategic decisions for our Company.

**Gita Lakra**, aged 62 years, is the Whole-time Director of our Company. She has experience of over 17 years in the knitted fabric and apparel industry. She holds a Master's degree in Philosophy from the Punjab University and Bachelor and Master's degree in Arts from the Punjab University. She has been on our Board since the incorporation of our Company. She is currently responsible for handling activities related to human resource and administration.

**Vivek Lakra**, aged 35 years, is the Whole-time Director of our Company. He has experience of over a decade in the knitted fabric and apparel industry. He holds a Bachelor's Degree in Commerce from Punjab University and a degree of Master of Science in International Business Management from FORE School of Management, New Delhi in collaboration with The Nottingham Trent University, United Kingdom. He has been appointed as the Whole Time Director of our Company since October 01, 2012. He is currently responsible for maintaining all aspects of the quality management, supervising all regulatory compliance activities and helping to enforce quality assurance policies and best practice principles covering safety, design, production and inspection.

**Amit Gupta**, aged 37 years, is the Non-executive and Independent Director of our Company. He holds a Bachelor's degree in Commerce from Delhi University. He has experience of over 15 years in Textile Industry. He joined our Board on June 23, 2011 and has been appointed as an independent director on and with effect from February 01, 2016.

**Vipin Sehgal**, aged 45 years, is the Non-executive and Independent Director of our Company. He holds a Bachelor of Engineering degree in Production from Punjab University. He has experience of over two decades in setting up and managing solar power projects. He joined our Board on November 5, 2015.

**Baljit Kumar Trikha**, aged 59 years, is a Non-executive and Independent Director of our Company. He holds a Bachelor's Degree in Arts from Punjab University and diploma course in Dyeing Chemistry from Government Institute of Textile Chemistry and Knitting Technology, Ludhiana. He has more than two decades of experience in fabric dying business. He joined our Board on December 01, 2015.

### **Further Confirmations**

- There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.
- There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.
- None of the Directors is categorized are on the RBI List of willful defaulters as on date.
- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Prospectus, whose shares have been or were suspended from being traded on the Stock Exchange(s), during the term of their directorship in such company.
- None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.
- None of the Promoters, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.
- No proceedings/ investigations have been initiated by SEBI against any company, the board of directors of which also comprises any of the Directors of our Company. No consideration in cash or shares or otherwise has been





paid or agreed to be paid to any of our Directors or to the firms of companies in which they are interested by any person either to induce him to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

- None of our Directors is or was a director of any company who have made an application to the relevant registrar of companies (in India), for striking off its name except Knitapex Processors Limited which was strike off from the ROC under the Fast Track Exit (FTE) Mode in which Ajit Kumar Lakra was the director.

#### Relationship between our Directors

Sr. No.	Name of the Director	Related To	Nature of Relationship
1	Ajit Kumar Lakra	Gita Lakra	Spouse
		Vivek Lakra	Son
2	Gita Lakra	Ajit Kumar Lakra	Spouse
		Vivek Lakra	Son
3	Vivek Lakra	Ajit Kumar Lakra	Father
		Gita Lakra	Mother

Except as states above, none of our other Directors are related to each other.

#### Compensation of our Directors

Set forth below is the remuneration paid by our Company to our Directors in Fiscal 2016.

S. No.	Name of Director	Remuneration paid in financial year 2016(Rs. in lakhs)
1.	Ajit Kumar Lakra	12.90
2.	Gita Lakra	10.20
3.	Vivek Lakra	11.70
4.	Ridhi Lakra*	5.20
	<b>Total</b>	<b>40.00</b>

\* Retired on an with effect from November 05, 2015.

#### Terms and conditions of employment of our Managing Director and Whole-time Directors

##### *Ajit Kumar Lakra*

Ajit Kumar Lakra was appointed as a director of our Company, upon incorporation and reappoint as a Managing Director and Chief Executive Officer of our Company vide Board resolution dated July 01, 2016 and shareholders' resolution dated July 25, 2016 for a period of five years commencing from July 01, 2016 to June 30, 2021. The significant terms of his employment are as below:

<b>Salary</b>	Basic salary of Rs.1,75,000 per month
<b>Term</b>	Appointed as Managing Director and Chief Executive Officer for the period of five years w.e.f. July 01, 2016
<b>Remuneration in the event of loss or inadequacy of profits</b>	In the event of inadequacy or absence of profits in any financial years during his tenure, the Chairman & Managing Director will be entitled to above remuneration along with the perquisites/ benefits mentioned above by way of minimum remuneration.

##### *Gita Lakra*

Gita Lakra was appointed as a director of our Company, upon incorporation and reappoint as a Whole-time Director of our Company vide Board resolution dated July 01, 2016 and shareholders' resolution dated July 25, 2016 for a period of three years commencing from July 01, 2016 to June 30, 2019. The significant terms of her employment are as below:

<b>Salary</b>	Basic salary of Rs. 1,25,000 per month
<b>Term</b>	Appointed as Whole-time Director for the period of three years w.e.f. July 01, 2016
<b>Remuneration in the</b>	In the event of inadequacy or absence of profits in any financial years during her tenure, the



<b>event of loss or inadequacy of profits</b>	Whole-time Director will be entitled to above remuneration along with the perquisites/benefits mentioned above by way of minimum remuneration.
---	--

#### ***Vivek Lakra***

Vivek Lakra was appointed as a Whole-time Director of our Company *vide* Board resolution dated October 01, 2012 and shareholders' resolution dated October 29, 2012 and further modified by shareholders' resolution dated November 10, 2015, July 25, 2016. The significant terms of his employment are as below:

<b>Salary</b>	Basic salary of Rs. 1,50,000 per month
<b>Term</b>	Appointed as Whole-time Director for the period of five years w.e.f. October 01, 2012 Subject to liable to retire by rotation
<b>Remuneration in the event of loss or inadequacy of profits</b>	In the event of inadequacy or absence of profits in any financial years during his tenure, the Whole-time Director will be entitled to above remuneration along with the perquisites/benefits mentioned above by way of minimum remuneration.

#### ***Sitting Fees***

Non-executive and Independent Director of the Company may be paid sitting fees, commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act, 2013 and any other applicable laws and regulations.

#### **Borrowing Powers of our Board**

Our Articles of Association, subject to applicable law, authorize our Board to raise or borrow money or secure the payment of any sum of money for the purposes of our Company. Pursuant to a resolution passed by our shareholders at their meeting held on September 10, 2014, our shareholders have authorized our Board to borrow any sum of money from time to time notwithstanding that the sum or sums so borrowed together with the monies, if any, already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the paid up capital and free reserves of the Company provided such amount does not exceed Rs.2,500 lakhs in excess of its paid up capital and free reserves which may have not been set apart for any purpose.

#### **Corporate Governance**

The provisions of the Listing Regulations with respect to corporate governance will also be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchange. We are in compliance with the requirements of the applicable regulations, including the SEBI (LODR) Regulations, the SEBI (ICDR) Regulations and the Companies Act, 2013 in respect of corporate governance including constitution of the Board and committees thereof.

Our Board has been constituted in compliance with the Companies Act and SEBI (LODR) Regulations, to the extent applicable. Our Board functions either as a full board or through various committees constituted to oversee specific functions. In compliance with the requirements of the Companies Act and the SEBI (LODR) Regulations, to the extent applicable our Board of Directors consists of six Directors (including one woman Director) of which three are non-executive Independent Directors which is in compliance with the requirements of Regulation 17 of SEBI (LODR) Regulations.

#### **Committees of our Board**

Our Board has constituted the following committees including those for compliance with corporate governance requirements:

##### ***a. Audit Committee***

Our Audit Committee was constituted on June 15, 2006 and re-constituted pursuant to a resolution of our Board dated June 30, 2016. The Audit Committee comprises:

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Vipin Sehgal	Chairman	Non- Executive and Independent Director
Amit Gupta	Member	Non- Executive and Independent Director
Vivek Lakra	Member	Whole time Director

The Company Secretary of the Company shall act as the Secretary of the Audit Committee.

Set forth below are the scope, functions and the terms of reference of our Audit Committee, in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations.

*A. Powers of Audit Committee*

The Audit Committee shall have powers, including the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

*B. Role of Audit Committee*

The role of the Audit Committee shall include the following:

- oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly 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 offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the listed entity with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the listed entity, 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 of 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 chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- carrying out any other function as is mentioned in the terms of reference of the audit committee.



Further, the Audit Committee shall mandatorily review the following information:

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

As required under Regulation 18 of the SEBI (LODR) Regulations, the Audit Committee shall meet at least four times in a year, and not more than four months shall elapse between two meetings. The quorum shall be two members present, or one-third of the members, whichever is greater, provided that there should be a minimum of two independent members present.

**b. Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee was constituted by a resolution of our Board dated June 30, 2016. The Stakeholders' Relationship Committee comprises:

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Vipin Sehgal	Chairman	Non- Executive and Independent Director
Amit Gupta	Member	Non- Executive and Independent Director
Baljit Kumar Trikha	Member	Non- Executive and Independent Director

The Company Secretary of the Company shall act as the Secretary of the Stakeholders' Relationship Committee.

Set forth below are the terms of reference of our Stakeholders' Relationship Committee.

- To look into the redressal of grievances of shareholders, debenture holders and other security holders;
- To investigate complaints relating to allotment of shares, approval of transfer or transmission of shares;
- To consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends; and
- To carry out any other function as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when amended from time to time."

**c. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted by our Board on June 30, 2016. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations. The Nomination and Remuneration Committee include the following:

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Vipin Sehgal	Chairman	Non- Executive and Independent Director
Amit Gupta	Member	Non- Executive and Independent Director
Baljit Kumar Trikha	Member	Non- Executive and Independent Director

The Company Secretary of the Company shall act as the Secretary of the Nomination and Remuneration Committee.

The scope, functions and the terms of reference of the Nomination and Remuneration Committee is in accordance with the Section 178 of the Companies Act, 2013 read with Regulation 19 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Set forth below are the terms of reference of our Nomination and Remuneration Committee.

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

### Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares. As on date of this Draft Prospectus, our Directors hold the following number of Equity Shares of our Company:

Name of Directors	Number of Equity Shares Held (Pre-Issue)	Percentage of pre-Issue capital
Ajit Kumar Lakra	14,47,898	16.10%
Gita Lakra	2,48,870	2.77%
Vivek Lakra	9,07,900	10.10%
<b>Total</b>	<b>26,04,668</b>	<b>28.96%</b>

### Interest of our Directors

Our Managing Director and our Whole-time Directors may be interested to the extent of remuneration paid to them, respectively for services rendered as a Director of our Company and reimbursement of expenses payable to them. For details please refer “-Terms and conditions of employment of our Managing Director and Whole-time Directors” above. Further, all our Non-executive and Independent Directors may be interested to the extent of fees payable to them and/or the commission payable to them for attending meetings of the Board of Directors or a committee thereof.

Further, except as disclosed under “- Shareholding of Directors in our Company” above, none of our Directors hold any Equity Shares or any other form of securities in our Company. Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue. Further, our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Our Promoter Directors Ajit Kumar Lakra, Gita Lakra and Vivek Lakra may be interested to the extent our Company is promoted by them and Ajit Kumar Lakra and Gita Lakra were subscribers to the Memorandum of Association of our Company on its incorporation. For details, please refer “History and Certain Other Corporate Matters” on page 82 of this Draft Prospectus.

None of our Directors have any interest in any property acquired by our Company within two years of the date of this Draft Prospectus or proposed to be acquired by it or in any transaction in acquisition of land, construction of building and supply of machinery etc.

Further, our Directors may be directors on the board, or are members, or are partners, or are trustees of certain Group Entities and may be deemed to be interested to the extent of the payments made by our Company, if any, to such Group Entities. For the payments that are made by our Company to certain Group Entities, please refer – “Financial Statements” on page 107 of this Draft Prospectus.

As on the date of this Draft Prospectus, our Promoter Directors Ajit Kumar Lakra, Gita Lakra and Vivek Lakra may be interested to the extent of giving personal guarantees as security in relation to certain loans availed by our Company. Further, our Promoter Directors Ajit Kumar Lakra, Gita Lakra and Vivek Lakra may be interested to the extent the Company has availed unsecured loans from them which are repayable on demand. For further details, please refer “Financial Statements” and “Financial Indebtedness” on pages 107 and 128 respectively of this Draft Prospectus.

Other than as stated above and except as stated in the chapters “Financial Statements” and in “Our Promoters and



*Promoter Group*” on pages 107 and 98 of this Draft Prospectus, our Directors do not have any other interest in the business of our Company.

#### **Appointment of relatives of Directors to any office or place of profit**

Except as disclosed in this Draft Prospectus, none of the relatives of our Directors currently hold any office or place of profit in our Company.

#### **Bonus or Profit Sharing Plan for our Directors**

None of our Directors are a party to any bonus or profit sharing plan.

#### **Changes in our Board during the Last Three Years**

Except as disclosed below, there have been no changes in our Board during the last three years.

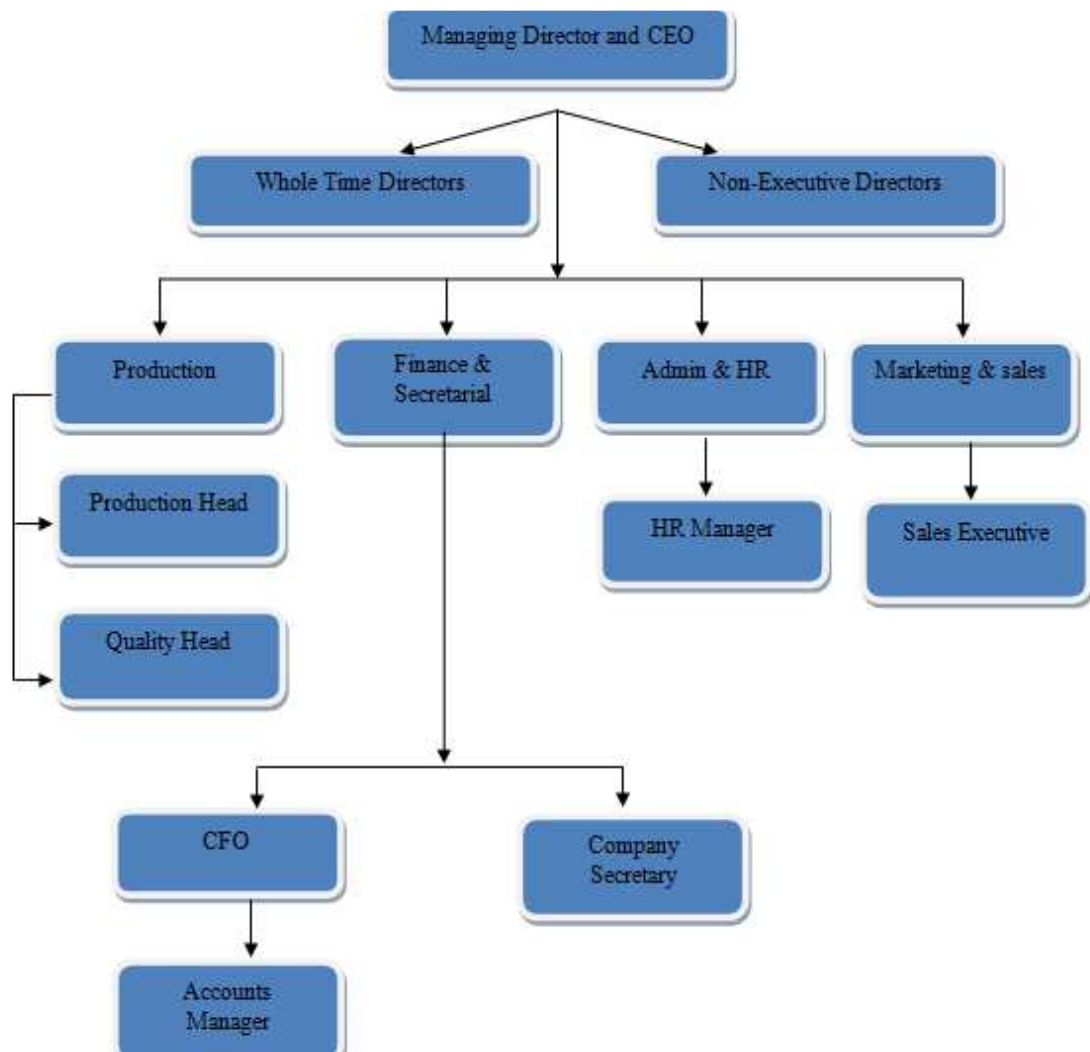
<b>Name of Director</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>Reason</b>
Satish Kaul	-	July 24, 2014	Cessation
Ridhi Lakra	-	September 10, 2014	Change in designation
Gita Lakra	-	September 10, 2014	Change in designation
Ridhi Lakra	-	November 5, 2015	Cessation
Vivek Lakra	November 10, 2015	-	Change in designation
Gita Lakra	November 10, 2015	-	Change in designation
Vipin Kumar Sehgal	November 5, 2015	-	Appointment
Baljit Kumar Trikha	December 1, 2015	-	Appointment
Amit Gupta	February 01, 2016	-	Appointment
Gita Lakra	July 1, 2016		Re-appointment
Ajit Kumar Lakra	July 01, 2016		Re-appointment

#### **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 SME Segment of BSE Limited. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of Equity Shares on SME Platform of BSE Limited. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public offer. Divya Jain, our Company Secretary and Compliance Officer 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.



### Organization Structure





### **Our Key Managerial Personnel**

Set forth below are the details of our key managerial personnel in addition to our Managing Director and the Whole-time Directors as on the date of this Draft Prospectus. For details of our Managing Director and the Whole-time Directors, please refer “*Our Management*” on page 86 of this Draft Prospectus.

**Davinder Pal Singh**, aged 46 years is the Chief Financial Officer of our Company. He holds a bachelor’s degree in commerce from the Punjab University. He has cleared intermediate examination held by the Institute of Chartered Accountants of India and holds an ‘Accounting Technician Certificate’ issued by the Institute of Chartered Accountants of India. He has experience of over 20 years in finance sector. He has been associated with our Company since inception and has been appointed as the Chief Financial Officer of our Company with effect from December 01, 2015. His responsibilities in our Company include overseeing the corporate finance, accounts, statutory audit, financial projections of our Company. He looks after the day today accounting system, tax and other liasioning work with various government authorities. In Fiscal 2016, he received gross remuneration of Rs.2.02 lakhs.

**Divya Jain**, aged 30 years, is the Whole Time Company Secretary of our Company. She is a qualified Company Secretary and a member of the Institute of Company Secretaries of India. She has experience of approximately four year/s in the field of corporate compliance. She has been associated with our Company since August 05, 2016. She is currently responsible for the secretarial and legal compliances and matters related thereto of our Company. In Fiscal 2016, she did not receive any remuneration as she has been appointed on and with effect from August 5, 2016. Her gross salary is Rs. 1.86 Lacs.

**Sanjay Kumar**, aged 40 years, is the Production Manager of our Company. He has completed formal education till Higher School of Secondary from the Ramgroup Goswami College, Bettain, Bihar. He has been associated with our Company since June 1, 2015. He is currently responsible for ensuring quality production and timely delivery of goods. In Fiscal 2016, he received gross remuneration of Rs.5.40 lakhs.

**Surinder Kumar**, aged 29 years, is the Merchandiser our Company. He holds a Bachelor’s degree in Arts from Punjab University. He has experience of over five years in fabric and apparels designing. He has been associated with our Company since January 02, 2012. He is currently responsible for the designing of fabrics and apparels manufactured by our Company. In Fiscal 2016, he received gross remuneration of Rs.3.60 lakhs.

### **Status of Key Managerial Personnel**

All our key managerial personnel are permanent employees of our Company.

### **Nature of family relationship**

Except as disclosed in this Draft Prospectus, none of the above mentioned key managerial personnel are related to each other and neither are they related to our Promoters or Directors. There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel were selected as members of our senior management.

### **Shareholding of the Key Managerial Personnel**

As on date of this Draft Prospectus, our key managerial personnel hold the following number of Equity Shares of our Company:

<b>Name of key managerial personnel</b>	<b>Number of Equity Shares Held (Pre-Issue)</b>	<b>Percentage (in %)</b>
Ajit Kumar Lakra	14,47,898	16.10%
Gita Lakra	2,48,870	2.77%
Vivek Lakra	9,07,900	10.10%
<b>Total</b>	<b>26,04,668</b>	<b>28.97%</b>

### **Bonus or Profit Sharing Plan for our Key Managerial Personnel**

As on the date of this Draft Prospectus our Company does not have any performance linked bonus or profit sharing plan with any of our key managerial personnel.

### **Loans to Key Managerial Personnel**



There is no loan outstanding against key managerial personnel as on date of this Draft Prospectus.

### **Interest of Key Managerial Personnel**

Except for Ajit Kumar Lakra who is one of the Promoter and Managing Director and Chief Executive Officer of our Company, Gita Lakra and Vivek Lakra who are the whole-time directors of our Company, the key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. The key managerial personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

Except as disclosed, none of the key managerial personnel has been paid any consideration of any nature from our Company, other than their remuneration.

### **Changes in Key Managerial Personnel in the Last Three Years**

For details of changes in our Managing Director and the Whole-time Directors during the last three years, see “*Our Management*” page 86 of this Draft Prospectus.

Set forth below are the changes in our key managerial personnel in the last three years immediately preceding the date of this Draft Prospectus:

<b>Name</b>	<b>Designation</b>	<b>Month of Change</b>	<b>Reason</b>
Sanjay Kumar	Merchandiser	June 01, 2015	Appointment
Ridhi Lakra	Chief Financial Officer	November 05, 2015	Appointment
Ridhi Lakra	Chief Financial Officer	December 01, 2015	Cessation
Davinder Pal Singh	Chief Financial Officer	December 01, 2015	Appointment
Shruti Gupta	Company Secretary	January 01, 2016	Appointment
Shruti Gupta	Company Secretary	March 31, 2016	Cessation
Divya Jain	Company Secretary	August 05, 2016	Appointment

### **Employees Stock Option Scheme**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Draft Prospectus.

### **Payment or Benefit to officers of our Company**

Except as stated in this Draft Prospectus and any statutory payments made by our Company, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company’s officers except remuneration of services rendered as Directors, officers or employees of our Company.

Except as stated in the section “*Financial Statements*” on page 107 of this Draft Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to our Company, our Directors or our Promoters.

Currently, our Company does not have any profit sharing plans or any employee stock option or purchase schemes for our employees.

### **Arrangements and Understanding with Major Shareholders**

None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others. For more information, please refer “*History and Certain Other Corporate Matters*” on page 82 of this Draft Prospectus.

### **Employees**

The details about our employees appear under the Paragraph titled “Human Resource” beginning on page 75 of this Draft Prospectus.



### **Our Promoters and Promoter Group**

Our Promoters comprise Ajit Kumar Lakra, Gita Lakra, Vivek Lakra and Ajit Kumar Lakra (HUF). As on the date of this Draft Prospectus, our Promoters holds 55,86,038 Equity Shares representing 62.11% of the issued and paid-up Equity Share capital of our Company.

#### **Details of our Promoters**

##### ***Mr. Ajit Kumar Lakra***



**Ajit Kumar Lakra**, aged 66 years, is the Managing Director and Chief Executive Officer and a Promoter of our Company. He has experience of over three decades in the knitted fabric and apparel industry. He is the President of the Ludhiana Knitters Association, Ludhiana. He is the head of Textile Division of Federation of Industrial & Commercial Organization (FICO). He has been on our Board since the incorporation of our Company. His address is 269 Industrial Area A, Ludhiana – 141 003, Punjab, India.

For a complete profile of Ajit Kumar Lakra, i.e., his educational qualifications, experience, positions / posts held in the past and other directorships and special achievements, please refer “*Our Management*” on page 86 of this Draft Prospectus.

**Passport No:** G4394360

**Driving License:** Not Available

**Voters ID:** NVQ1691252

**PAN:** AAOP15645E

**Name of Bank & Bank Account No.:** Union Bank of India & 501302010003464

As on date of this Draft Prospectus, Ajit Kumar Lakra holds 14,47,898 Equity Shares representing 16.10% of the pre-issue paid-up capital of our Company.

For details of other ventures of Ajit Kumar Lakra, please refer “*Group Entities*” on page 102 of this Draft Prospectus.

##### ***Ms. Gita Lakra***



**Gita Lakra**, aged 62 years, is the Whole Time Director and a Promoter of our Company. She has experience of over 17 years in the knitted fabric and apparel industry. Her address is 269 Industrial Area A, Ludhiana – 141 003, Punjab, India.

For a complete profile of Gita Lakra, i.e., her educational qualifications, experience, positions / posts held in the past and other directorships and special achievements, please refer “*Our Management*” on page 86 of this Draft Prospectus.

**Passport No:** J9990925

**Driving License:** Not Available

**Voters ID:** NVQ1691245

**PAN:** AAOP15644F

**Name of Bank & Bank Account No.:** Union Bank of India & 501302010003465

As on date of this Draft Prospectus, Gita Lakra holds 2,48,870 Equity Shares representing 2.77% of the pre-issue paid-up capital of our Company.

For details of other ventures of Gita Lakra, please refer “*Group Entities*” on page 102 of this Draft Prospectus.

**Mr. Vivek Lakra**

**Vivek Lakra**, aged 35 years, is a Whole time Director and a Promoter of our Company. He has experience of over decade in the knitted fabric and apparel industry. He has been appointed as the Whole Time Director of our Company since October 01, 2012. His address is 269 Industrial Area A, Ludhiana – 141 003, Punjab, India.

For a complete profile of Vivek Lakra, i.e., his educational qualifications, experience, positions / posts held in the past and other directorships and special achievements, please refer “*Our Management*” on page 86 of this Draft Prospectus.

**Passport No:** Z2354287

**Driving License:** 215190

**Voters ID:** NVQ1692110

**PAN:** ACOPL2154N

**Name of Bank & Bank Account No.:** Union Bank of India & 501302010003466

As on date of this Draft Prospectus, Vivek Lakra holds 9,07,900 Equity Shares representing 10.10% of the pre-issue paid-up capital of our Company.

For details of other ventures of Vivek Lakra, please refer “*Group Entities*” on page 102 of this Draft Prospectus.

**Ajit Kumar Lakra (HUF)**

Ajit Kumar Lakra (HUF) is a Hindu Undivided Family represented by Ajit Kumar Lakra as its Karta. The office of Ajit Kumar Lakra (HUF) is situated at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India. The present members of Ajit Kumar Lakra (HUF) are Ajit Kumar Lakra, Gita Lakra, Vivek Lakra, Ridhi Lakra, Ruhaan Lakra and Tasvi Lakra. The PAN Number of Ajit Kumar Lakra (HUF) is AALHA5174N. As on date of this Draft Prospectus, Ajit Kumar Lakra (HUF) holds 29,81,370 Equity Shares representing 33.15% of the pre-issue paid-up capital of our Company.

**Financial Information***(Rs. in Lakhs)*

Particulars	For the period ended March 31		
	2015	2014	2013
Total Income	11.07	3.87	11.08
Capital A/c	53.26	38.51	12.23

We confirm that the PAN, bank account numbers and passport numbers of our Promoters will be submitted to SME Platform of BSE Limited where the Equity Shares are proposed to be listed at the time of filing this Draft Prospectus with BSE Limited.

**Interest of our Promoters**

Our Promoters are interested in our Company to the extent of their respective Equity shareholding in our Company and to such extent any dividend distribution that may be made by our Company in the future. For details pertaining to our Promoters’ shareholding, please refer “*Capital Structure*” on page 40 of this Draft Prospectus.

Our Promoters may also be interested to the extent our Company was promoted by them. Our Promoters, Ajit Kumar Lakra, Gita Lakra and Vivek Lakra are also interested to the extent of being Directors on our Board, as well as any remuneration, sitting fees and reimbursement of expenses payable to each of them. For more information, please refer “*Our Management*” on page 86 of this Draft Prospectus.

None of our Promoters have any interest in any property acquired by our Company within two years of the date of this Draft Prospectus or proposed to be acquired by it or in any transaction in acquisition of land, construction of building and supply of machinery etc.

Other than as disclosed in the section “*Financial Statements- Statement of Related Party Transactions*” on page 125 of



this Draft Prospectus, there are no sales/purchases between our Company and our Promoter and Promoter Group, Group Companies and our associate companies when such sales or purchases exceeding in value in the aggregate 10% of the total sales or purchases of our Company or any business interest between our Company, our Promoters, our Promoter Group, Group Companies and the associate companies as on the date of the last financial statements.

As on the date of this Draft Prospectus, our Promoters may be interested to the extent of giving personal guarantees as security in relation to certain loans availed by our Company. Further, our Promoters may be interested to the extent the Company has availed unsecured loans from them which are repayable on demand. For further details, please refer “*Financial Statements- Statement of Related Party Transactions*” and “*Financial Indebtedness*” on pages 125 and 128, respectively of this Draft Prospectus.

### **Change in the management and control of our Company**

Our Promoters are the original promoters of our Company and there has not been any change in the management or control of our Company.

### **Group Company**

For details of our group entities, please refer “*Group Entities*” on page 102 of this Draft Prospectus.

### **Payment of Benefit to Promoters**

Except as stated above in “– *Our Management*” and in “*Financial Statements- Statement of Related Party Transactions*” and “*Capital Structure*” on pages 86, 125 and 40, there has been no payment of benefits to our Promoters, members of our Promoter Group and Group Entities, during the two years preceding the filing of this Draft Prospectus.

### **Litigation**

For details relating to legal proceedings involving the Promoters, please refer ‘*Outstanding Litigations and Material Developments*’ on page 138 of this Draft Prospectus.

### **Other Confirmations**

Our Promoters have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of this Draft Prospectus against any of our Promoters.

As on the date of this Draft Prospectus, our Promoters and members of our Promoter Group are not and have not ever been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority. Further, none of our Promoters was or is a promoter or person in control of any other company that is or has ever been debarred from accessing the capital markets under any order or direction made by SEBI or any other authority.

Our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

### **Guarantees**

Except as stated in “*Financial Indebtedness*” on page 128 of this Draft Prospectus, our Promoters have not given any guarantee to any third party as of the date of this Draft Prospectus.

### **Companies with which our Promoters have disassociated in the last three years**

None of the Promoters are disassociated with any Company in last three years.

### **Changes in our Promoters**

There is no change in our Promoters since Incorporation i.e. September 18, 1998.



### **Our Promoter Group**

In addition to the Promoters named above, the following individuals and entities form a part of the Promoter Group:

*A. Natural Persons who form part of our Promoter Group:*

Relationship	Ajit Kumar Lakra	Gita Lakra	Vivek Lakra
Father	Late Niranjana Dass Lakra	Late Ram Chand	Ajit Kumar Lakra
Mother	Late Shanti Devi Lakra	Late Laj Rani	Gita Lakra
Spouse	Gita Lakra	Ajit Kumar Lakra	Ridhi Lakra
Brother	Sudarshan Lakra, Dr. Yashpal Lakra, Harminder Pal Lakra & Subash Chander Lakra	Rakesh Arora	-
Sister	Nirmal Rani, Raj Rani, Dr. Santosh & Swaran Gakhar	Dr. Vijay Grover & Anita Madan	Preeti Mehra
Son	Vivek Lakra	Vivek Lakra	Ruhaan Lakra
Daughter	Preeti Mehra	Preeti Mehra	Tasvi Lakra
Spouse's Father	Late Ram Chand	Late Niranjana Dass Lakra	Vinay Dua
Spouse's Mother	Late Laj Rani	Late Shanti Devi Lakra	Anjali Dua
Spouse's Brother	Rakesh Arora	Sudarshan Lakra, Dr. Yashpal Lakra, Harminder Pal Lakra & Subash Lakra	Karan Dua
Spouse's Sister	Dr. Vijay Grover & Anita Madan	Nirmal Rani, Raj Rani, Dr. Santosh & Swaran Gakhar	-

*B. Companies, partnership firms, proprietary concerns, trusts, HUF's related to our Promoters*

Nature of Relationship	Entity
Any body corporate in which 10% or more of the equity share capital of the Promoter or the immediate relative of the promoter or a firm or a firm or HUF in which the promoter or any one or more, of the equity share capital	NIL
Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital	NIL
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than 10%	<ul style="list-style-type: none"> <li>Ajit Kumar Lakra (HUF)</li> <li>Vivek Lakra (HUF)</li> </ul>

*C. All persons whose shareholding is aggregated for the purpose of disclosing in this Draft Prospectus under the heading "shareholding of the promoter group"*

Nil

### **Relationship of Promoters with our Directors**

Sr. No.	Name of the Promoter	Related To	Nature of Relationship
1	Ajit Kumar Lakra	Gita Lakra	Spouse
		Vivek Lakra	Son
2	Gita Lakra	Ajit Kumar Lakra	Spouse
		Vivek Lakra	Son
3	Vivek Lakra	Ajit Kumar Lakra	Father
		Gita Lakra	Mother

Other than as stated above there are no relationships between our Promoters and Directors.



## Group Entities

As per the requirements of SEBI (ICDR) Regulations, for the purpose of identification of ‘group companies’, our Company considered companies as covered under the applicable accounting standards, being Accounting Standard 18 (as mentioned in our restated financial statements), or other companies as considered material by our Board. Pursuant to a resolution of our Board dated June 30, 2016, for the purpose of disclosure in offer documents for the Issue, a company shall be considered material and disclosed as a ‘Group Company’ if such companies is covered under the applicable accounting standards (i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India) and such entities in which our Promoters hold individually or jointly, more than 20% (twenty per cent) of issued, subscribed and paid up share capital or voting rights of such entities.

### 1. Group Companies

Nil

### 2. Partnership Firms

Nil

### 3. HUFs

#### ***Ajit Kumar Lakra (HUF)***

Ajit Kumar Lakra (HUF) is a Hindu Undivided Family represented by Ajit Kumar Lakra as its Karta. The office of Ajit Kumar Lakra (HUF) is situated at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India. The present members of Ajit Kumar Lakra (HUF) are Ajit Kumar Lakra, Gita Lakra, Vivek Lakra, Ridhi Lakra, Ruhaan Lakra and Tasvi Lakra. The PAN Number of Ajit Kumar Lakra (HUF) is AALHA5174N.

As on date of this Draft Prospectus, Ajit Kumar Lakra (HUF) holds 29,81,370 Equity Shares representing 33.15% of the pre-issue paid-up capital of our Company.

#### *Financial Information*

*(Rs. in Lakhs)*

Particulars	For the period ended March 31		
	2015	2014	2013
Total Income	11.07	3.87	11.08
Capital A/c	53.26	38.51	12.23

#### ***Vivek Lakra (HUF)***

Vivek Lakra (HUF) is a Hindu Undivided Family represented by Vivek Lakra as its Karta. The office of Vivek Lakra (HUF) is situated at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India. The present members of Vivek Lakra (HUF) are Vivek Lakra, Ridhi Lakra, Ruhaan Lakra and Tasvi Lakra. The PAN Number of Vivek Lakra (HUF) is AAHHV0808E.

As on date of this Draft Prospectus, Vivek Lakra (HUF) does not hold any equity shares in our Company.

#### *Financial Information*

*(Rs. in Lakhs)*

Particulars	For the period ended March 31		
	2015	2014	2013
Total Income	9.12	2.90	11.01
Capital A/c	40.88	28.29	10.78

### **Related Party Transactions and sales and purchases between our Company and Group Entities**

For details of related party transactions entered into by our Company, please refer to “*Related Party Transactions*” on page 105 of this Draft Prospectus.

## Common Pursuits

Certain of our Group Entities, are authorized to carry out, or are engaged in business that is similar or related to our business. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company and our Group Entities in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favor other companies in which our Promoters have interests. We have also not entered into any non-compete agreement with our Promoters and Vivek Lakra (HUF) (one of our Group Entities). We cannot assure you that our Promoters or our Group Entities 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.

## Other Confirmations

### *Business interest of Group Entities in our Company*

None of our Group Entities have any business or other interest in our Company except for business conducted on an arms' length basis or to the extent of any Equity Shares held by them. For more information on business transactions with our Group Entities and their significance on our financial performance, please refer "*Financial Statements*" on page 107 of this Draft Prospectus.

### *Sale or Purchase between our company and our Promoter Group Companies*

*There are no sales or purchases between our Company and any Company in the Promoter Group and the Group Companies / Entities except as stated on under the titled "Related party transactions" on page no.125 in this Draft Prospectus exceeding 10% of the sales or purchases of our Company.*

### *Interest in promotion of Our Company*

None of our Group Entities were interested in the promotion of our Company.

### *Interest in the property of Our Company*

Our Group Entities do not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of this Draft Prospectus.

### *Interest in the transaction involving acquisition of land*

None of our Group Entities were interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.

Further, our Group Entities have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or currently pending against them. None of our Group entities has been (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

## Litigation

For details relating to legal proceedings involving our Group Entities, please refer '*Outstanding Litigations and Material Developments*' on page 138 of this Draft Prospectus.

## Payment or Benefit to our Group Entities

Except as stated in the "*Related Party Transactions*" on page 105 of this Draft Prospectus, there has been no payment of benefits to our Group Entities during the two years prior to the filing of this Draft Prospectus.

## Other Confirmations

As on the date of this Draft Prospectus, none of our Group Companies are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.



As on the date of this Draft Prospectus, none of the Group Companies: (i) are listed on any stock exchange; (ii) have completed any public or rights issue since the date of its incorporation; (iii) have become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 in India; (iv) has received any winding up petition accepted by a court; (v) have become defunct; (vi) have made an application to the relevant registrar of companies (in India), for striking off its name; or (vii) had negative net worth as of the date of their last audited financial statements.

#### **Disclosures Pertaining to Willful Defaulters**

Our Company, our Promoters, Group Entities and/or our Directors, have not been declared as willful defaulters by the RBI or any bank or financial institution or consortium thereof. Further, our Company, our Promoters, Group Entities and/or our Directors, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI. No disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.



### **Related Party Transactions**

For details of related party transactions during the last five Fiscal Years being fiscal 2016, 2015, 2014, 2013 and 2012 as per the requirements under Accounting Standard 18 “*Related Party Disclosures*” issued by the Institute of Chartered Accountants of India and as reported in the Restated Financial Statements, please refer “*Financial Statements*” on page 107 of this Draft Prospectus.



### **Dividend Policy**

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders at their discretion, subject to the provision of the Articles of Association and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of other factors, including, restrictive covenants under the loan or financing documents we may enter into from time to time. For further details on restrictive covenants, please refer “*Financial Indebtedness*” on page 128 of this Draft Prospectus. Our Company has no formal dividend policy. Our Board may also, from time to time, pay interim dividends.

Our Company has not declared any dividends during the last five financial years.



## Section V – Financial Information

### Financial statements as re-stated

#### **Independent Auditor’s Report on Restated Financial Statements**

**To**  
**The Board of Directors**  
**Superfine Knitters Limited**  
 269, Industrial Area A,  
 Ludhiana - 141003  
 Punjab

Dear Sirs,

1. We have examined the restated summary statement of assets and liabilities of **Superfine Knitters Limited**, (hereinafter referred to as “**the Company**”) as at March 31, 2016, 2015, 2014, 2013 and 2012, restated summary statement of profit and loss and restated summary statement of cash flows for the financial year ended on March 31, 2016, 2015, 2014, 2013 and 2012 (collectively referred to as the “**restated summary statements**” or “**restated financial statements**”) annexed to this report and initialed by us for identification purposes. These restated financial statements have been prepared by the management of the Company and approved by the board of directors of the Company in connection with the proposed Initial Public Offering (IPO) on SME Platform of BSE Limited (“**BSE**”) of the company.
2. These restated summary statements have been prepared in accordance with the requirements of:
  - (i) sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 (“the Act”) read with Companies (Prospectus and Allotment of Securities) Rules 2014;
  - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (“**ICDR Regulations**”) and related amendments / clarifications from time to time issued by the Securities and Exchange Board of India (“**SEBI**”)
3. We have examined such restated financial statements taking into consideration:
  - (i) The terms of reference to our engagement letter with the lead merchant banker dated April 23, 2016 requesting us to carry out the assignment, in connection with the proposed Initial Public Offering of equity shares on SME Platform of BSE Limited (“**IPO**” or “**SME IPO**”); and
  - (ii) The Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (“**Guidance Note**”).
4. The restated financial statements of the Company have been extracted by the management from the audited financial statements of the Company for the year ended on March 31, 2016, 2015, 2014, 2013 and 2012.
5. In accordance with the requirements of the Act including the rules made there under, ICDR Regulations, Guidance Note and engagement letter, we report that:
  - (i) The “**restated statement of asset and liabilities**” of the Company as at March 31, 2016, 2015, 2014, 2013 and 2012 examined by us, as set out in **Annexure I** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to the restated summary statements to this report.
  - (ii) The “**restated statement of profit and loss**” of the Company for the financial year ended on March 31, 2016, 2015, 2014, 2013 and 2012 examined by us, as set out in **Annexure II** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to the restated summary statements to this report.
  - (iii) The “**restated statement of cash flows**” of the Company for the financial year ended on March 31, 2016, 2015, 2014, 2013 and 2012 examined by us, as set out in **Annexure III** to this report read with significant



accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to restated summary statements to this report.

- (iv) *The company has not maintained quantitative details for fixed assets.*
- (v) *In the absence of relevant information, segment reporting for geographical segments i.e. export and domestic segment has not been given.*
- (vi) *The Company had received capital subsidy against fixed assets of Rs 26.87 lakhs during the year ended March 31, 2009. The subsidy was credited to capital reserve instead of reducing the cost of fixed assets. This accounting treatment is not as per Accounting Standard-12 Accounting for Government Grants. To that extent the value of fixed assets is over stated and depreciation is over stated.*
- (vii) *There is no reconciliation statement provided to us for difference in amount of sales and purchases as per audited financial statements and as per vat audit under the vat laws of Punjab. As informed to us this may be due to sale of fixed assets / sales return and / or other items but no evidence has been provided for the same.*

6. Based on our examination, we are of the opinion that the restated financial statements have been prepared:
  - a) using consistent accounting policies for all the reporting periods.
  - b) Making adjustments for prior period and other material amounts in the respective financial years to which they relate.
  - c) there are no extra-ordinary items that need to be disclosed separately in the accounts and requiring adjustments.
  - d) there are no audit qualifications in the audit reports issued by the statutory auditors for the financial year ended on March 31, 2016, 2015, 2014, 2013 and 2012 which would require adjustments in the restated financial statements of the Company.
7. Audit for the financial year ended on March 31, 2016, 2015, 2014, 2013 and 2012 was conducted by M/s. Mehta Sharma & Associates. The financial report included for these years is based solely on the report submitted by them. Further financial statements for the financial year ended on March 31, 2016 have been reaudited by us as per the relevant guidelines.
8. We have also examined the following other financial information relating to the Company prepared by the management and as approved by the board of directors of the Company and annexed to this report relating to the Company for the financial year ended on March 31, 2016, 2015, 2014, 2013 and 2012 proposed to be included in this Draft Prospectus / Prospectus ("**Offer Document**").

**Annexure to restated financial statements of the Company:-**

1. Summary statement of assets and liabilities, as restated as appearing in ANNEXURE I;
2. Summary statement of profit and loss, as restated as appearing in ANNEXURE II;
3. Summary statement of cash flows as restated as appearing in ANNEXURE III;
4. Significant accounting policies and notes to restated financials as appearing in ANNEXURE IV;
5. Details of share capital as restated as appearing in ANNEXURE V to this report;
6. Details of reserves and surplus as restated as appearing in ANNEXURE VI to this report;
7. Details of long term borrowings as restated as appearing in ANNEXURE VII to this report;
8. Details of deferred tax liability as restated as appearing in ANNEXURE VIII to this report;
9. Details of long term provisions as restated as appearing in ANNEXURE IX to this report;
10. Details of short term borrowings as restated as appearing in ANNEXURE X to this report;

11. Details of trade payables as restated as appearing in ANNEXURE XI to this report;
  12. Details of other current liabilities as restated as appearing in ANNEXURE XII to this report;
  13. Details of short term provisions as restated as appearing in ANNEXURE XIII to this report;
  14. Details of fixed assets as restated as appearing in ANNEXURE XIV to this report;
  15. Details of other non current assets as restated as appearing in ANNEXURE XV to this report;
  16. Details of current investments as restated as appearing in ANNEXURE XVI to this report;
  17. Details of inventories as restated as appearing in ANNEXURE XVII to this report;
  18. Details of trade receivables as restated as appearing in ANNEXURE XVIII to this report;
  19. Details of cash and cash equivalents as restated as appearing in ANNEXURE XIX to this report;
  20. Details of short term loans and advances as restated as appearing in ANNEXURE XX to this report;
  21. Details of other current assets as restated as appearing in ANNEXURE XXI to this report;
  22. Details of revenue from operations as restated as appearing in ANNEXURE XXII to this report;
  23. Details of other income as restated as appearing in ANNEXURE XXIII to this report;
  24. Details of contingent liabilities as restated as appearing in ANNEXURE XXIV to this report;
  25. Details of related party transactions as restated as appearing in ANNEXURE XXV to this report;
  26. Summary of significant accounting ratios as restated as appearing in ANNEXURE XXVI to this report;
  27. Capitalisation statement as at March 31, 2016 as restated as appearing in ANNEXURE XXVII to this report;
  28. Statement of tax shelters as restated as appearing in ANNEXURE XXVIII to this report;
9. The 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. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the SME IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

**For R T Jain & Co.**  
**Chartered Accountants**  
**Firm Registration no.103961W**

**Sd/-**  
**(CA Bankim Jain)**  
**Partner**  
**Membership No.139447**

Date: September 06, 2016  
Place: Mumbai



Statement of Assets and Liabilities as Restated

Annexure - I  
(Rs. In Lakhs)

Sr. No.	Particulars	As at March 31,				
		2016	2015	2014	2013	2012
	<b>EQUITY AND LIABILITIES</b>					
<b>1)</b>	<b><u>Shareholders Funds</u></b>					
	a. Share Capital	899.31	899.31	899.31	849.31	771.56
	b. Reserves & Surplus	926.38	855.30	802.63	738.39	623.13
<b>2)</b>	Share Application Money Pending Allotment	-	29.00	-	67.00	146.50
<b>3)</b>	<b><u>Non Current Liabilities</u></b>					
	a. Long Term Borrowings	405.60	323.37	356.65	318.43	373.57
	b. Deferred Tax Liabilities	97.02	101.64	108.20	86.51	88.59
	c. Other Long Term Liabilities	-	-	-	-	-
	d. Long Term Provisions	34.67	20.30	24.26	14.66	7.33
<b>4)</b>	<b><u>Current Liabilities</u></b>					
	a. Short Term Borrowings	1,643.30	1,397.09	1,395.53	1,439.02	1,072.24
	b. Trade Payables	1,166.90	527.02	740.15	660.40	944.27
	c. Other Current Liabilities	300.17	555.83	561.32	360.95	671.78
	d. Short Term Provisions	7.22	12.48	18.69	12.66	18.27
	<b>T O T A L</b>	<b>5,480.57</b>	<b>4,721.34</b>	<b>4,906.74</b>	<b>4,547.33</b>	<b>4,717.24</b>
	<b>ASSETS</b>					
<b>1)</b>	<b><u>Non Current Assets</u></b>					
	a. Fixed Assets					
	i. Tangible Assets	2,570.34	2,465.85	2,414.78	2,484.87	2,359.45
	Less: Accumulated Depreciation	1,265.23	1,163.60	1,058.23	1,056.22	919.39
	ii. Capital Work in Progress	22.68	-	-	-	-
	<b><i>Net Block</i></b>	<b><i>1,327.79</i></b>	<b><i>1,302.25</i></b>	<b><i>1,356.55</i></b>	<b><i>1,428.65</i></b>	<b><i>1,440.06</i></b>
	b. Other Non Current Assets	12.45	16.49	15.69	18.98	19.54
<b>2)</b>	<b><u>Current Assets</u></b>					
	a. Current Investment	4.60	-	-	-	-
	b. Inventories	2,046.48	1,718.26	1,100.70	1,141.88	1,265.52
	c. Trade Receivables	1,653.46	1,192.63	1,742.89	1,524.97	1,379.98
	d. Cash and Cash Equivalents	277.52	155.71	309.98	131.61	266.49
	e. Short Term Loans & Advances	145.73	224.67	268.07	187.39	233.69
	f. Other Current Assets	12.54	111.33	112.86	113.85	111.96
	<b>T O T A L</b>	<b>5,480.57</b>	<b>4,721.34</b>	<b>4,906.74</b>	<b>4,547.33</b>	<b>4,717.24</b>

**Statement of Profit and Loss as Restated**
**Annexure –II**  
**(Rs. In Lakhs)**

Sr. No.	Particulars	For the year ended March 31,				
		2016	2015	2014	2013	2012
<b>A</b>	<b>INCOME</b>					
	Revenue from Operations	8,428.79	7,483.39	6,822.02	6,607.07	6,782.12
	Other Income	62.12	143.56	293.01	167.30	169.68
	<b>Total Income (A)</b>	<b>8,490.91</b>	<b>7,626.95</b>	<b>7,115.03</b>	<b>6,774.37</b>	<b>6,951.80</b>
<b>B</b>	<b>EXPENDITURE</b>					
	Cost of Material Consumed	5,172.06	4,635.11	3,682.10	3,655.16	2,968.78
	Changes in inventories of finished goods, traded goods and work-in-progress	(336.19)	(593.01)	38.22	(47.72)	543.00
	Employee benefit expenses	163.36	98.08	135.76	163.05	160.04
	Finance costs	248.03	245.08	309.64	256.75	272.35
	Depreciation and amortisation expense	101.63	119.11	132.19	141.88	132.87
	Other Expenses	3,046.19	3,038.38	2,746.79	2,526.77	2,804.70
	<b>Total Expenses (B)</b>	<b>8,395.08</b>	<b>7,542.75</b>	<b>7,044.70</b>	<b>6,695.89</b>	<b>6,881.74</b>
<b>C</b>	<b>Profit before extraordinary items and tax</b>	<b>95.83</b>	<b>84.20</b>	<b>70.33</b>	<b>78.48</b>	<b>70.06</b>
	Less: Extraordinary items	-	-	-	-	-
<b>D</b>	<b>Profit before tax</b>	<b>95.83</b>	<b>84.20</b>	<b>70.33</b>	<b>78.48</b>	<b>70.06</b>
	<i>Tax expense :</i>					
	(i) Current tax	29.38	38.10	25.51	26.36	34.11
	(ii) Deferred tax	(4.62)	(6.57)	21.70	(2.08)	(6.67)
<b>E</b>	<b>Total Tax Expense</b>	<b>24.76</b>	<b>31.53</b>	<b>47.21</b>	<b>24.28</b>	<b>27.44</b>
<b>F</b>	<b>Profit for the year (D-E)</b>	<b>71.07</b>	<b>52.67</b>	<b>23.12</b>	<b>54.20</b>	<b>42.62</b>



# Statement of Cash Flow as Restated

Annexure –III  
(Rs. In Lakhs)

Particulars	For the year ended March 31,				
	2016	2015	2014	2013	2012
<b>Cash Flow From Operating Activities:</b>					
Profit before tax	95.84	84.20	70.33	78.45	70.06
<b>Adjustments for:</b>					
Depreciation & Amortisation Expense	101.63	119.11	132.19	141.88	132.87
Loss / (profit) on sale of assets	-	9.98	0.46	(16.17)	20.54
Interest Expense	223.78	219.65	286.81	233.23	245.08
Interest Income	(5.60)	(4.04)	(4.88)	(4.27)	(3.60)
Provision for Gratuity	41.89	22.90	25.18	15.16	7.50
Rental Income	(1.38)	(1.61)	(4.02)	(7.50)	(9.51)
<b>Operating Profit Before Working Capital Changes</b>	<b>456.16</b>	<b>450.19</b>	<b>506.07</b>	<b>440.78</b>	<b>462.94</b>
Adjusted for (Increase)/ Decrease in:					
Inventories	(328.23)	(617.55)	41.18	123.65	320.13
Trade Receivables	(460.82)	550.26	(217.92)	(144.98)	(150.86)
Loans and Advances and Other Current Assets	78.93	43.41	(80.68)	46.29	(80.34)
Trade Payables	639.87	(213.12)	79.75	(283.87)	(547.57)
Other Current Liabilities & Provisions	(198.54)	(11.69)	254.22	(293.78)	(202.16)
<b>Cash Generated From Operations</b>	<b>187.37</b>	<b>201.50</b>	<b>582.62</b>	<b>(111.91)</b>	<b>(197.86)</b>
Net Income Tax paid	(45.43)	(45.63)	(49.60)	(10.46)	(37.55)
<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>141.94</b>	<b>155.87</b>	<b>533.02</b>	<b>(122.37)</b>	<b>(235.41)</b>
<b>Cash Flow From Investing Activities:</b>					
Purchase of Fixed Assets (including capital work in progress)	(127.18)	(139.60)	(150.55)	(123.14)	(170.69)
Sale of fixed assets	-	55.07	104.98	31.08	24.87
Investment in Fixed Deposits	(4.59)	-	0.01	-	-
Interest Income	5.60	4.04	4.88	4.27	3.60
Rental Income	1.38	1.61	4.01	7.50	9.51
<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>(124.79)</b>	<b>(78.88)</b>	<b>(36.67)</b>	<b>(80.29)</b>	<b>(132.71)</b>
<b>Cash Flow from Financing Activities:</b>					
Proceeds from issue of Share Capital / Share Application money	-	29.00	-	-	146.50
Refund of share application money	-	-	(17.01)	(1.75)	-
Net Increase/(Decrease) in Borrowings	328.45	(31.73)	(5.27)	311.64	613.50
Interest paid	(223.79)	(219.65)	(286.82)	(233.23)	(245.08)
Dividend paid	-	(8.88)	(8.88)	(8.88)	-
<b>Net Cash Flow from/(used in) Financing Activities: (C)</b>	<b>104.66</b>	<b>(231.26)</b>	<b>(317.98)</b>	<b>67.78</b>	<b>514.92</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>121.81</b>	<b>(154.27)</b>	<b>178.37</b>	<b>(134.88)</b>	<b>146.80</b>
<b>Cash &amp; Cash Equivalents As At Beginning of the Year</b>	<b>155.71</b>	<b>309.98</b>	<b>131.61</b>	<b>266.49</b>	<b>119.69</b>
<b>Cash &amp; Cash Equivalents As At End of the year</b>	<b>277.52</b>	<b>155.71</b>	<b>309.98</b>	<b>131.61</b>	<b>266.49</b>



## **Annexure IV**

### **Restated Significant Accounting Policies and Notes to Restated Financials:**

#### **Corporate Information**

Superfine Knitters Limited was incorporated in the year 1998 and it is engaged in manufacturing of knitted cloth and garments.

#### **A. Basis of preparation of Financial Statements:**

The restated summary statement of assets and liabilities of the Company as at March 2016, 2015, 2014, 2013 and 2012 and the related restated summary statement of profits and loss and restated summary statement of cash flows for the financial year ended March 2016, 2015, 2014, 2013 and 2012 (herein collectively referred to as “restated summary statements”) have been compiled by the management from the audited financial statements of the Company for the financial year ended on March 2016, 2015, 2014, 2013 and 2012 and approved by the board of directors of the Company. The restated summary statements have been prepared to comply in all material respects with the sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 (“the Act”) read with Companies (Prospectus and Allotment of Securities) Rules 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“the SEBI Guidelines”) issued by SEBI and Guidance note on Reports in Companies Prospectus (Revised). The restated summary statements have been prepared specifically for inclusion in the offer document to be filed by the Company with the SME Platform of BSE in connection with its proposed Initial public offering of equity shares. The Company’s management has recast the financial statements in the form required by Schedule III of the Companies Act, 2013 for the purpose of restated summary statements.

#### **B. Use of Estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect amounts in the financial statements and reported notes thereto. Actual results could differ from these estimates. Differences between the actual result and estimates are recognized in periods in which the results are known/ materialized.

#### **C. Fixed Assets:**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost of an asset comprises of its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use. Expenditure on additions, improvements and renewals is capitalized and expenditure for maintenance and repairs is charged to profit and loss account.

#### **D. Depreciation:**

Depreciation on fixed assets for the year ended on March 31, 2014, 2013 and 2012 is calculated on Straight Line Method (SLM) basis for all tangible and intangible assets using the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on fixed assets for the year ended on March 31, 2016 and 2015 is calculated on Straight Line Method (SLM) basis for all tangible and intangible assets using the rates arrived at based on the method prescribed under Schedule II of the Companies Act, 2013.

#### **E. Valuation of Inventories:**

Cost of inventory includes all cost of purchases and other cost incurred in bringing the inventories to their present location and condition.

Inventory for manufactured goods is valued as under:-

Raw Material	-At cost or net realizable value whichever is less.
Work in Progress	-At cost or net realizable value whichever is less.
Finished Goods	-At cost or net realizable value whichever is less.

Inventory of traded goods is valued at cost or net realizable value whichever is lower.

#### **F. Valuation of Investments:**

- i. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.



- ii. Current Investments are carried at lower of cost and fair value determined on an individual investment basis.
- iii. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

**G. Revenue Recognition:**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

***Revenue from Operations***

***Sale of Manufactured / Traded Goods***

Sale of manufactured / traded goods/material is recognized as revenue when significant risk and rewards of ownership relating to the goods are transferred to the buyer.

***Job work charges***

Income from job work is recognized upon completion of the job and dispatch of finished goods to customer.

***Revenue from Other Sources***

Other Income have been recognized on accrual basis.

**H. Employee Benefits:**

**i. Short Term Employee Benefits:**

All employee benefits payable within twelve months of rendering of services are classified as short term benefits. Benefits include salaries, wages, awards, ex-gratia, performance pay, etc. and are recognized in the period in which the employee renders the related service. Liability on account of encashment of leave, Bonus to employee is considered as short term compensated expense provided on actual.

**ii. Post Employment Benefit :**

***Defined Benefit Plan:***

Provision for gratuity is assessed on actuarial basis and is provided accordingly.

**I. Earning Per Share**

Basic earning per share is computed by dividing the net profit after tax for the year after prior period adjustments attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**J. Taxation & Deferred Tax**

Provision for Current Tax is made in accordance with the provision of Income Tax Act, 1961. Deferred tax is recognized on timing differences between taxable & accounting income / expenditure that originates in one period and are capable of reversal in one or more subsequent period(s).

**K. Contingent Liabilities / Provisions**

Contingent liabilities are not provided in the accounts and are disclosed separately in notes on accounts.

***Presentation and disclosure of financial statements***

During the year ended 31 March 2012, the Revised Schedule VI notified under the Act, had become applicable to the Company, for preparation and presentation of its financial statements. Accordingly, the Company has prepared the financial statements for the year ended 31 March 2012 onwards in accordance with Revised Schedule VI of the Act. The adoption of Revised Schedule VI of the Act does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements

## Notes on Reconciliation of Restated Profits

### Adjustments having impact on Profit

(Rs. In Lakhs)

Adjustments for	For the year ended March 31,				
	2016	2015	2014	2013	2012
Net profit/(loss) after tax as per audited statement of profit and loss	67.04	58.96	29.54	52.84	53.46
<b>Adjustments for:</b>					
Provision for Gratuity	(18.99)	2.29	(10.03)	(7.66)	(7.50)
Change in Deferred Tax Asset	23.02	(8.58)	3.60	8.99	(3.36)
<b>Net profit/ (loss) after tax as restated</b>	<b>71.07</b>	<b>52.67</b>	<b>23.11</b>	<b>54.17</b>	<b>42.60</b>

Explanatory notes to the above restatements made in the audited financial statements of the Company for the respective years.

- 1. Provision for Gratuity** - Provision for gratuity liability has been made in all years covered for restatement as per Actuarial Valuation Report and liability provided in the respective year in which such liability has arisen as per Accounting Standard 15: Employee Benefits.
- 2. Change in deferred tax asset** - Deferred tax asset has been recognized on gratuity provision

### Adjustments having no impact on Profit

#### Material Regrouping

w.e.f, April 1 2014, Schedule III notified under the Companies Act, 2013 has become applicable to the Company for preparation and presentation of its financial statements. Revised Schedule VI notified under the Companies Act, 1956 became applicable to the Company from April 1, 2011, for preparation and presentation of its financial statements. The adoption of Schedule III / Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements.

There is no significant impact on the presentation and disclosures made in the financial statements on adoption of Schedule III as compared to Revised Schedule VI. Appropriate adjustments have been made in the Restated Summary Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

### Details of Share Capital as Restated

Annexure –V  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
<b>Share Capital :</b>					
<b>Authorised:</b>					
Equity Shares of Rs.10.00 each	1,300.00	805.00	805.00	755.00	700.00
8% Non-cumulative redeemable preference shares of Rs 10.00 each	-	100.00	100.00	100.00	100.00
	<b>1,300.00</b>	<b>905.00</b>	<b>905.00</b>	<b>855.00</b>	<b>800.00</b>
<b>Issued, Subscribed and Paid Up</b>					



Equity Shares of Rs.10.00 each	899.31	803.75	803.75	753.75	676.00
8% Non-cumulative redeemable preference shares of Rs 10.00 each	-	95.56	95.56	95.56	95.56
	<b>899.31</b>	<b>899.31</b>	<b>899.31</b>	<b>849.31</b>	<b>771.56</b>
<b>Reconciliation of number of shares outstanding at the end of the year:</b>					
Equity Shares at the beginning of the year	8,037,500	8,037,500	7,537,500	6,760,000	6,760,000
Add: Shares issued during the year	955,570	-	500,000	777,500	-
Equity Shares at the end of the year	8,993,070	8,037,500	8,037,500	7,537,500	6,760,000
8% Non-cumulative redeemable preference shares of Rs 10.00 each	955,570	955,570	955,570	955,570	955,570
Add: Shares issued during the year	-	-	-	-	-
Less: preference shares converted into equity shares	(955,570)	-	-	-	-
8% Non-cumulative redeemable preference shares of Rs 10.00 each	-	955,570	955,570	955,570	955,570

**Details of Shareholders holding more than 5% of the aggregate shares of the company:**

Name of Shareholders	As at March 31,2016		As at March 31,2015		As at March 31,2014		As at March 31,2013		As at March 31,2012	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
<b>Equity Shares</b>										
Ajit Lakra	1,447,898	16.10 %	1,447,844	18.01%	1,447,844	18.01%	1,397,844	18.55 %	1,279,444	18.93%
Ajit Lakra & Sons (HUF)	2,981,357	33.15 %	2,981,357	37.09%	2,981,357	37.09%	2,981,357	39.55 %	2,981,357	44.10%
Vivek Lakra	907,900	10.10 %	732,900	9.12%	732,900	9.12%	482,900	6.41%	456,600	6.75 %
Kiran Mathur							-		357,262	5.28 %
Orient Craft Limited							400,000	5.31%	400,000	5.92 %
Raj Kumar Sadh									350,000	5.18 %
Yashpal Lakra	955,570	10.63 %								
<b>Preference Shares</b>										
Yashpal Lakra			955,570	100.00%	955,570	100.00%	955,570	100.00 %	955,570	100.00%

# Details of Reserves and Surplus as Restated

Annexure –VI (Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
<b>Surplus in profit and loss account</b>					
Opening Balance	705.49	652.82	638.58	593.29	559.55
Add: Net profit / (loss) after tax for the year	71.08	52.67	23.12	54.17	42.63
Less: Preference Dividend	-	-	(7.64)	(7.64)	(7.64)
Less: Dividend Distribution Tax	-	-	(1.24)	(1.24)	(1.24)
<b>Closing Balance</b>	<b>776.57</b>	<b>705.49</b>	<b>652.82</b>	<b>638.58</b>	<b>593.30</b>
<b>Investment allowance reserve</b>					
Opening Balance	2.96	2.96	2.96	2.96	2.96
Add: Transfer during the year	-	-	-	-	-
<b>Closing Balance</b>	<b>2.96</b>	<b>2.96</b>	<b>2.96</b>	<b>2.96</b>	<b>2.96</b>
<b>Capital Reserve</b>					
Opening Balance	26.87	26.87	26.87	26.87	26.87
Add: Transfer during the year	-	-	-	-	-
<b>Closing Balance</b>	<b>26.87</b>	<b>26.87</b>	<b>26.87</b>	<b>26.87</b>	<b>26.87</b>
<b>Securities Premium</b>					
Opening Balance	119.98	119.98	69.98	-	-
Add: Premium received on issue of shares	-	-	50.00	69.98	-
<b>Closing Balance</b>	<b>119.98</b>	<b>119.98</b>	<b>119.98</b>	<b>69.98</b>	<b>-</b>
<b>TOTAL</b>	<b>926.38</b>	<b>855.30</b>	<b>802.63</b>	<b>738.39</b>	<b>623.13</b>

# Details of Long Term Borrowings as Restated

Annexure –VII  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
<b>Secured Loans</b>					
<b><u>-Term Loans</u></b>					
-From Banks	104.65	95.63	84.05	129.17	144.12
<b><u>-Vehicle Loans</u></b>					
-From Banks	-	5.39	13.82	8.32	17.76
<b>Unsecured Loans</b>					
-From directors and relatives of directors	203.41	41.10	129.63	54.42	45.51
-From Others	97.54	181.25	129.15	126.52	166.18
<b>TOTAL</b>	<b>405.60</b>	<b>323.37</b>	<b>356.65</b>	<b>318.43</b>	<b>373.57</b>



#### Nature of security and terms of repayment for long term borrowings:

Nature of security and terms of repayment
Term loan from Union Bank of India is secured by hypothecation of plant and machinery of the company purchased out of term loan
Auto Loan from ICICI Bank is secured against Toyota Innova motor car and repayable in 60 equated monthly instalments
Auto Loan from HDFC Bank is secured against BMW motor car and repayable in 36 equated monthly instalments
Unsecured loan taken from taken from directors / relatives of directors and other parties are without any stipulation w.r.t to terms of repayment as no loan agreement for the same has been entered into between the Company and the lender

#### Details of Deferred Tax Liability as Restated

Annexure –VIII  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
<b>Deferred Tax Liability</b>					
Related to WDV of Fixed Assets	102.89	101.64	111.30	88.88	90.91
<b>Deferred Tax Asset</b>					
Related to expenses disallowed under Income Tax Act	(5.87)	-	(3.10)	(2.37)	(2.32)
<b>Deferred Tax Liability (net) after adjustments</b>	<b>97.02</b>	<b>101.64</b>	<b>108.20</b>	<b>86.51</b>	<b>88.59</b>

#### Details of Long Term Provisions as Restated

Annexure –IX  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Provision for Employee Benefits	34.67	20.30	24.26	14.66	7.33
<b>TOTAL</b>	<b>34.67</b>	<b>20.30</b>	<b>24.26</b>	<b>14.66</b>	<b>7.33</b>

#### Details of Short Term Borrowing as Restated

Annexure –X  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
<b>Secured</b>					
-Cash Credit					
From Banks	1,595.50	1,067.18	1,016.85	1,094.89	701.83
-Export Packing Credit					
From Banks	-	329.91	113.28	97.85	74.96
-Buyers Credit					
From Banks	47.80	-	265.40	246.28	295.45





<b>TOTAL</b>	<b>1,643.30</b>	<b>1,397.09</b>	<b>1,395.53</b>	<b>1,439.02</b>	<b>1,072.24</b>
--------------	-----------------	-----------------	-----------------	-----------------	-----------------

**Nature of Security and Terms of Repayment for Long Term Borrowings:**

Cash credit is secured by hypothecation of paid up stock and book debts upto 120 days and is repayable on demand
Export packing credit is secured by hypothecation of paid up stock and book debts upto 120 days
Buyers credit is secured against documents discounted by bank

**Details of Trade Payables as Restated**

**Annexure –XI  
(Rs. In Lakhs)**

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Micro, Small and Medium Enterprises	-	-	-	-	-
Others	1,166.90	527.02	740.15	660.40	944.27
<b>TOTAL</b>	<b>1,166.90</b>	<b>527.02</b>	<b>740.15</b>	<b>660.40</b>	<b>944.27</b>

**Details of Other Current Liabilities as Restated**

**Annexure –XII  
(Rs. In Lakhs)**

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Current Maturities of Long Term Debt	70.38	80.65	58.18	145.20	160.40
Advance received for sale of plot	-	-	-	-	28.90
Security Deposit	0.31	6.80	7.58	27.80	40.14
Creditors for Expenses	156.08	91.45	100.44	87.04	82.28
Statutory Dues	11.43	6.33	6.83	8.04	4.28
Creditors for Capital Goods	-	72.61	44.41	1.93	20.14
Advance from customers	61.97	297.99	343.88	90.94	335.64
<b>TOTAL</b>	<b>300.17</b>	<b>555.83</b>	<b>561.32</b>	<b>360.95</b>	<b>671.78</b>

**Details of Short Term Provisions as Restated**

**Annexure –XIII  
(Rs. In Lakhs)**

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Provision for income tax	-	9.88	-	3.28	9.22
Provision for preference dividend	-	-	15.29	7.64	7.64
Provision for dividend distribution tax	-	-	2.48	1.24	1.24
Provision for employee benefits	7.22	2.60	0.92	0.50	0.17
<b>TOTAL</b>	<b>7.22</b>	<b>12.48</b>	<b>18.69</b>	<b>12.66</b>	<b>18.27</b>



# Details of Fixed Assets as Restated

## Annexure XIV (Rs. In Lakhs)

Fixed assets	Gross block				Depreciation				Net block	
	AS AT 01.04.20 11	Additio ns	Deducti ons	AS AT 31.03.20 12	Upto 01.04.20 11	For the year	Deductio ns / adjustme nts	Upto 31.03.20 12	AS AT 31.03.20 12	AS AT 31.03.20 11
<b><u>Tangible Assets</u></b>										
Land	457.58	-	-	457.58	-	-	-	-	457.58	457.58
Building	276.79	3.65	-	280.45	56.91	10.31	-	67.22	213.23	219.88
Plant and Machinery	1,309.40	111.71	68.25	1,352.87	697.55	100.98	44.16	754.37	598.49	611.85
Vehicles	84.28	47.85	43.10	89.03	41.16	7.70	21.78	27.09	61.94	43.11
Furniture & Fixture	68.87	2.03	-	70.91	10.95	4.46	-	15.41	55.50	57.93
Computer	37.09	1.72	-	38.81	26.88	6.17	-	33.06	5.75	10.21
Office Equipment	66.08	3.73	-	69.81	19.01	3.24	-	22.25	47.57	47.08
<b>Total</b>	<b>2,300.09</b>	<b>170.69</b>	<b>111.35</b>	<b>2,359.46</b>	<b>852.46</b>	<b>132.86</b>	<b>65.94</b>	<b>919.40</b>	<b>1,440.06</b>	<b>1,447.64</b>

Fixed assets	Gross block				Depreciation				Net block	
	As at 01.04.20 12	Additio ns	Deducti ons	As at 31.03.2013	Upto 01.04.2012	For the year	Deductio ns / adjust ments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b><u>Tangible Assets</u></b>										
Land	457.58	-	10.39	447.19	-	-	-	-	447.19	457.58
Buildings	280.45	2.15	-	282.60	67.22	10.41	-	77.63	204.97	213.23
Plant and Machinery	1,352.87	128.18	-	1,481.05	754.37	104.47	-	858.84	622.20	598.49
Vehicles	89.03	3.40	9.57	82.85	27.09	12.62	5.05	34.65	48.20	61.94
Furniture & Fixtures	70.91	2.49	-	73.40	15.41	4.52	-	19.92	53.47	55.50
Computer	38.81	1.58	-	40.39	33.06	6.41	-	39.47	0.92	5.75
Office Equipment	69.81	7.58	-	77.39	22.25	3.46	-	25.70	51.69	47.57
<b>Total</b>	<b>2,359.46</b>	<b>145.38</b>	<b>19.96</b>	<b>2,484.87</b>	<b>919.40</b>	<b>141.89</b>	<b>5.05</b>	<b>1,056.21</b>	<b>1,428.64</b>	<b>1,440.06</b>

Fixed assets	Gross block				Depreciation				Net block	
	As at 01.04.20 13	Additio ns	Deducti ons	As at 31.03.20 14	Upto 01.04.20 13	For the year	Deductio ns / adjust ments	Upto 31.03.20 14	As at 31.03.20 14	As at 31.03.20 13
<b><u>Tangible</u></b>										

<b>Assets</b>										
Land	447.19	-	-	447.19	-	-	-	-	447.19	447.19
Buildings	282.60	-	-	282.60	77.63	10.51	-	88.14	194.46	204.97
Plant and Machinery	1,481.05	123.85	237.82	1,367.08	858.84	103.65	124.31	838.18	528.90	622.20
Vehicles	82.85	34.86	-	117.71	34.65	8.55	4.46	38.74	78.97	48.20
Furniture & Fixtures	73.40	5.23	8.60	70.03	19.92	4.31	1.41	22.83	47.19	53.47
Computer	40.39	4.63	-	45.02	39.47	1.20	-	40.67	4.35	0.92
Office Equipment	77.39	7.76	-	85.15	25.70	3.97	-	29.67	55.48	51.69
<b>Total</b>	<b>2,484.87</b>	<b>176.33</b>	<b>246.42</b>	<b>2,414.78</b>	<b>1,056.21</b>	<b>132.19</b>	<b>130.18</b>	<b>1,058.23</b>	<b>1,356.54</b>	<b>1,428.64</b>

<b>Fixed Assets</b>	<b>Gross Block</b>				<b>Depreciation</b>				<b>Net Block</b>	
	<b>As At 01.04.20 14</b>	<b>Additions</b>	<b>Deductions</b>	<b>As At 31.03.20 15</b>	<b>Upto 01.04.20 14</b>	<b>For the year</b>	<b>Deductions / Adjustments</b>	<b>Upto 31.03.20 15</b>	<b>As At 31.03.20 15</b>	<b>As At 31.03.20 14</b>
<b><u>Tangible Assets</u></b>										
Land	447.19	-	-	447.19	-	-	-	-	447.19	447.19
Buildings	282.60	4.20	-	286.79	88.14	12.01	-	100.14	186.65	194.46
Plant and Machinery	1,367.08	114.36	55.15	1,426.29	838.18	56.98	5.78	889.38	536.91	528.90
Vehicles	117.71	0.55	23.64	94.62	38.74	11.05	-	41.82	52.80	78.97
Furniture and Fittings	70.03	3.14	-	73.17	22.83	10.27	7.97	33.11	40.06	47.19
Computer	45.02	1.33	-	46.35	40.67	3.50	-	44.17	2.18	4.35
Office Equipment	85.15	6.28	-	91.43	29.67	25.30	-	54.98	36.46	55.48
<b>Total</b>	<b>2,414.78</b>	<b>129.86</b>	<b>78.79</b>	<b>2,465.84</b>	<b>1,058.23</b>	<b>119.11</b>	<b>13.75</b>	<b>1,163.60</b>	<b>1,302.25</b>	<b>1,356.54</b>

<b>Fixed assets</b>	<b>Gross Block</b>				<b>Depreciation</b>				<b>Net Block</b>	
	<b>As at 01.04.20 15</b>	<b>Additions</b>	<b>Deductions</b>	<b>As at 31.03.20 16</b>	<b>Upto 01.04.20 15</b>	<b>For the year</b>	<b>Deductions / adjustments</b>	<b>Upto 31.03.20 16</b>	<b>As at 31.03.20 16</b>	<b>As at 31.03.20 15</b>
<b><u>Tangible Assets</u></b>										
Land	447.19	-	-	447.19	-	-	-	-	447.19	447.19
Buildings	286.79	-	-	286.79	100.14	7.65	-	107.80	179.00	186.65
Plant and Machinery	1,426.29	85.78	-	1,512.07	889.38	64.72	-	954.10	557.97	536.91
Vehicles	94.62	8.85	-	103.48	41.82	10.19	-	52.02	51.46	52.80
Furniture and Fittings	73.17	0.93	-	74.10	33.11	8.80	-	41.91	32.19	40.06
Computer	46.35	5.28	-	51.63	44.17	2.80	-	46.97	4.65	2.18
Office Equipment	91.43	3.65	-	95.08	54.98	7.46	-	62.43	32.65	36.46
<b>Total</b>	<b>2,465.84</b>	<b>104.49</b>	<b>-</b>	<b>2,570.34</b>	<b>1,163.60</b>	<b>101.62</b>	<b>-</b>	<b>1,265.23</b>	<b>1,305.11</b>	<b>1,302.25</b>



#### Details of Other Non Current Assets as Restated

Annexure-XV  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Security Deposit	12.45	16.50	15.68	18.98	19.54
<b>Total</b>	<b>12.45</b>	<b>16.50</b>	<b>15.68</b>	<b>18.98</b>	<b>19.54</b>

#### Details of Current Investments as Restated

Annexure-XVI  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Recurring Deposit with Bank	4.60	-	-	-	-
<b>Total</b>	<b>4.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Details of Inventories as Restated

Annexure-XVII  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Raw Material	164.17	171.19	165.53	167.35	331.70
Work in Progress	32.31	28.67	28.44	35.85	34.23
Finished goods	1,816.20	1,483.66	890.87	921.68	875.58
Stores and Consumables	33.80	34.74	15.86	17.00	24.01
<b>TOTAL</b>	<b>2,046.48</b>	<b>1,718.26</b>	<b>1,100.70</b>	<b>1,141.88</b>	<b>1,265.52</b>

#### Details of Trade Receivables as Restated

Annexure-XVIII  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
<u>Unsecured, considered good</u>					
- Outstanding for less than Six Months					
From Directors/ Promoter/ Promoter Group/Relatives of Directors and Group Companies	-	-	-	-	-
From others	1,211.38	1,048.18	1,540.85	1,402.76	1,231.65
- Other Debts					
From Directors/ Promoter/ Promoter Group/Relatives of Directors and Group Companies	-	-	-	-	-
From others	442.08	144.45	202.04	122.21	148.33
<b>TOTAL</b>	<b>1,653.46</b>	<b>1,192.63</b>	<b>1,742.89</b>	<b>1,524.97</b>	<b>1,379.98</b>

### Details of Cash and Cash Equivalents as Restated

Annexure-XIX  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Cash in Hand	37.49	47.62	39.16	29.38	44.47
Cheques on hand	65.47	-	214.20	13.63	76.76
Balance with scheduled Banks	111.28	54.89	7.06	42.91	103.12
Margin money with Bank	63.28	53.20	49.56	45.69	42.14
<b>TOTAL</b>	<b>277.52</b>	<b>155.71</b>	<b>309.98</b>	<b>131.61</b>	<b>266.49</b>

### Details of Short Term Loan and Advances as Restated

Annexure-XX  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Advance to Supplies	40.35	13.80	4.30	40.05	109.36
Loans and Advances to Others	-	-	0.25	0.25	1.23
Balance with revenue authorities	105.38	210.87	263.52	147.09	123.10
<b>TOTAL</b>	<b>145.73</b>	<b>224.67</b>	<b>268.07</b>	<b>187.39</b>	<b>233.69</b>

### Details of Other Current Assets as Restated

Annexure-XXI  
(Rs. In Lakhs)

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Prepaid expenses	3.85	2.84	3.22	3.18	3.52
Advance Income Tax	6.17	-	0.36	-	-
Advance for Property	-	108.44	108.44	108.44	108.44
Other Current Assets	2.52	0.05	0.84	2.23	-
<b>TOTAL</b>	<b>12.54</b>	<b>111.33</b>	<b>112.86</b>	<b>113.85</b>	<b>111.96</b>

### Details of Revenue from Operations as Restated

Annexure-XXII  
(Rs. In Lakhs)

Particulars	For the year ended March 31,				
	2016	2015	2014	2013	2012
Sales of Manufactured Goods	8,299.45	7,334.55	6,617.78	6,441.45	6,574.65
Sales of Traded Goods	-	5.03	24.15	13.32	19.58
Sales of Services	99.27	100.59	136.47	121.98	162.39
Turnover in respect of products not normally dealt with	30.08	43.23	43.62	30.32	25.49
<b>TOTAL</b>	<b>8,428.80</b>	<b>7,483.40</b>	<b>6,822.02</b>	<b>6,607.07</b>	<b>6,782.11</b>



# Details of Other Income as Restated

## Annexure-XXIII (Rs. In Lakhs)

Particulars	For the Year Ended March 31					Nature
	2016	2015	2014	2013	2012	
Other income	62.12	143.56	293.01	167.30	169.68	
Net Profit Before Tax as Restated	95.84	84.20	70.33	78.45	70.06	
<b>Percentage</b>	<b>64.82%</b>	<b>170.50%</b>	<b>416.62%</b>	<b>213.26%</b>	<b>242.19%</b>	

Source of Income						
Export Incentives	37.98	106.27	237.17	130.70	156.58	Recurring and related to business activity.
Interest on Bank Deposits	5.60	4.04	4.88	4.27	3.60	Recurring and not related to business activity.
Foreign Exchange Fluctuation Gain	12.35	28.25	46.94	6.99	-	Recurring and related to business activity.
Rent Received	1.38	1.61	4.02	7.50	9.51	Recurring and not related to business activity.
Profit on sale of Land	-	-	-	15.89	-	Non - recurring and not related to business activity.
Profit on sale of Vehicles	-	-	-	0.28	-	Non - recurring and not related to business activity.
Miscellaneous Income	4.81	1.12	-	1.67	-	Non - recurring and not related to business activity.



Grauity Liability written back	-	2.28	-	-	-	Non - recurring and related to business activity.
<b>Total Other income</b>	<b>62.12</b>	<b>143.56</b>	<b>293.01</b>	<b>167.30</b>	<b>169.68</b>	

#### Details of Contingent Liability as Restated

**Annexure-XXIV  
(Rs. In Lakhs)**

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Inland bill discounted	-	-	-	-	9.91
Domestic letter of credit	-	181.24	237.00	242.56	347.32
Import letter of credit	-	89.24	44.40	-	19.26
<b>T O T A L</b>	<b>-</b>	<b>270.48</b>	<b>281.40</b>	<b>242.56</b>	<b>376.49</b>

#### Details of Related Party Transaction as Restated

**Annexure-XXV  
(Rs. In Lakhs)**

Name of the person	Nature of Relationship	Nature of Transaction	Amount of transaction during the year ended March 31, 2016	Amount outstanding as on March 31, 2016 (Payable)/ Receivable	Amount of transaction during the year ended March 31, 2015	Amount outstanding as on March 31, 2015 (Payable)/ Receivable	Amount of transaction during the year ended March 31, 2014	Amount outstanding as on March 31, 2014 (Payable)/ Receivable	Amount of transaction during the year ended March 31, 2013	Amount outstanding as on March 31, 2013 (Payable)/ Receivable	Amount of transaction during the year ended March 31, 2012	Amount outstanding as on March 31, 2012 (Payable)/ Receivable
Ajit Lakra	Director	Loan Received	46.80	(66.45)	-	(20.15)	8.70	(30.26)	20.00	(21.27)	-	(17.05)
		Loan Repaid	0.50		8.50		-		16.24		-	
		Directors Remuneration	12.90		10.80		10.80		10.80		10.05	
Gita Lakra	Director	Loan Received	85.32	(89.97)	2.50	(4.65)	-	(3.19)	1.50	(2.93)	-	(3.45)
		Loan Repaid	-		0.30		-		2.50		-	
		Directors Remuneration	10.20		8.40		8.40		8.40		7.80	
Ridhi Lakra	Director	Loan Received		-	7.50	-	-	-	22.50	(10.05)	18.00	(1.62)
		Loan Repaid			12.50		-		17.50		27.00	



		Directors Remuneration	5.20		7.80		7.80		7.80		7.35	
Vivek Lakra	Director	Loan Received	33.82	(46.99)	-	(16.30)	75.75	(28.23)	10.25	(5.96)		-
		Loan Repaid	3.13		10.65		53.80		5.25			
		Directors Remuneration	11.70		9.60		9.60		9.35		9.00	
Ajit Lakra HUF	HUF of Director	Loan Received	11.78	(58.13)	11.80	(48.71)	15.25	(38.40)	11.00	(11.93)	7.99	(13.83)
		Loan Repaid	2.36		1.49		4.40		12.90		1.55	
Vivek Lakra HUF	HUF of Director	Loan Received	4.88	(39.40)	9.69	(36.46)	46.20	(28.12)	11.00	(10.04)	-	-
		Loan Repaid	1.94		1.35		30.70		12.95		-	
Davinder Pal Singh	CFO	Salary	2.02									
Shruti Gupta*	CS	Salary	0.34									

\*Cessation on March 31, 2016

#### Summary of Significant Accounting Ratios as Restated

#### Annexure-XXVI (Rs. In Lakhs)

Particulars	For the year ended March 31,				
	2016	2015	2014	2013	2012
Profit after tax as restated	71.07	52.67	23.12	54.20	42.62
Weighted average number of equity shares at the end of the year	8,516,594	8,037,500	7,538,870	6,772,781	6,760,000
Number of equity shares outstanding at the end of the year	8,993,070	8,037,500	8,037,500	7,537,500	6,760,000
Net Worth	1,795.86	1,724.78	1,672.11	1,557.87	1,364.86
<b>Earnings Per Share</b>					
Basic & Diluted	<b>0.83</b>	<b>0.66</b>	<b>0.31</b>	<b>0.80</b>	<b>0.63</b>
<b>Return on Net Worth (%)</b>	<b>3.96%</b>	<b>3.05%</b>	<b>1.38%</b>	<b>3.48%</b>	<b>3.12%</b>
<b>Net Asset Value Per Share (Rs)</b>	<b>19.97</b>	<b>21.46</b>	<b>20.80</b>	<b>20.67</b>	<b>20.19</b>

Ratios have been calculated as below

$$\text{Basic and Diluted Earnings Per Share (EPS) (Rs.)} = \frac{\text{Restated Profit after Tax available to equity Shareholders}}{\text{Weighted Average Number of Equity Shares at the end of the year / period}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Restated Profit after Tax available to equity Shareholders}}{\text{Restated Net Worth of Equity Shareholders}}$$

$$\text{Net Asset Value per equity share (Rs.)} = \frac{\text{Restated Net Worth of Equity Shareholders}}{\text{Number of Equity Shares outstanding at the end of the year}}$$

# Capitalisation Statement as at March 31, 2016

Annexure-XXVII  
(Rs. In Lakhs)

Particulars	Pre Issue	Post Issue
<b>Borrowings</b>		
Short term debt (A)	1,643.30	1,643.30
Long term debt (B)	405.60	405.60
<b>Total debt (C)</b>	<b>2,048.90</b>	<b>2,048.90</b>
<b>Shareholders' funds</b>		
Equity share capital	899.31	1,239.31
Reserve and surplus - as restated	926.38	994.38
<b>Total shareholders' funds</b>	<b>1,825.69</b>	<b>2,233.69</b>
<b>Long term debt / shareholders funds</b>	<b>0.22</b>	<b>0.18</b>
<b>Total debt / shareholders funds</b>	<b>1.12</b>	<b>0.92</b>

## Statement of Tax Shelters

Annexure- XXVIII  
(Rs. In Lakhs)

Particulars	For the year ended March 31,				
	2016	2015	2014	2013	2012
Profit before tax as Restated (A)	95.84	84.20	70.33	78.45	70.06
Tax Rate as per IT (%)	30.90%	32.45%	30.90%	30.90%	32.45%
MAT Rate (%)	19.06%	19.06%	19.06%	19.06%	19.06%
<b>Adjustments :</b>					
<b>Permanent Differences(B)</b>					
Loss on sale of fixed assets	-	9.98	0.46	-	20.54
Donation	-	0.22	0.20	0.18	-
Penalty	-	-	0.11	0.10	-
Wealth Tax					
<b>Total Permanent Differences(B)</b>	<b>-</b>	<b>10.20</b>	<b>0.77</b>	<b>0.28</b>	<b>20.54</b>
<b>Timing Differences (C)</b>					
Difference between tax depreciation and book depreciation	(0.76)	21.10	8.94	6.58	14.52
Difference due to expenses allowable/ disallowable u/s 43B					
<b>Total Timing Differences (C)</b>	<b>(0.76)</b>	<b>21.10</b>	<b>8.94</b>	<b>6.58</b>	<b>14.52</b>
<b>Net Adjustments D = (B+C)</b>	<b>(0.76)</b>	<b>31.30</b>	<b>9.71</b>	<b>6.86</b>	<b>35.06</b>
<b>Tax expense / (saving) thereon</b>	<b>(0.23)</b>	<b>10.16</b>	<b>3.00</b>	<b>2.12</b>	<b>11.38</b>
<b>Taxable Income/(Loss) (A+D)</b>	<b>95.08</b>	<b>115.50</b>	<b>80.04</b>	<b>85.31</b>	<b>105.12</b>
<b>Income Tax Payable (E)</b>	<b>29.38</b>	<b>38.10</b>	<b>25.51</b>	<b>26.36</b>	<b>34.11</b>
<b>Taxable Income/(Loss) as per MAT</b>	<b>95.84</b>	<b>84.20</b>	<b>70.33</b>	<b>78.45</b>	<b>70.06</b>
<b>MAT Payable (F)</b>	<b>18.26</b>	<b>16.04</b>	<b>13.40</b>	<b>14.95</b>	<b>13.35</b>
<b>Tax payable as per normal or MAT (higher of (E) or (F))</b>	<b>Normal</b>	<b>Normal</b>	<b>Normal</b>	<b>Normal</b>	<b>Normal</b>



### **Financial Indebtedness**

Our Company utilizes various credit facilities from banks and financial institutions for conducting its business. Following is a summary of our Company's outstanding borrowings as on August 31, 2016:

(Rs. in lakhs)

Sr. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	2,082.54
2.	Unsecured Borrowings	314.92

#### **I. Secured Borrowings**

Set forth below is a summary of the outstanding secured borrowings of our Company as on August 31, 2016, together with a brief description of certain significant terms of such financing arrangements:

##### **A. Secured borrowings of our Company**

Name of Lender	Type of Loan	Date of Sanction Letter	Purpose	Amount Sanctioned (Rs.in lakhs)	Re-payment	Amount Outstanding as on August 31, 2016 (Rs.in lakhs)	Rate of Interest (%)	Securities Offered
Union Bank of India	Cash Credit	December 14, 2015 (Date of last renewal)	Working Capital Requirement	1,600.00	Repayable on Demand	1,767.28	10.65	As stated in point I., II. and III. hereunder
	Buyer Credit		Payment for Machinery Supplier	47.80	Re-paid on October 28, 2016	97.50	10.65	
	Term Loan	October 1, 2011	Machinery Loan	50.00	Rs.83,333 p.m.	3.37	10.65	As stated in point I. and III. hereunder
		June 25, 2012		94.00	Rs.1,56,667 p.m.	26.90	10.65	
		October 04, 2014		103.00	Rs.1,71,667 p.m.	74.54	10.65	
		December 15, 2014		29.00	Rs.48,333 p.m.	20.50	10.65	
		December 14, 2015		252.00	Rs.3,93,750 p.m.	89.98	10.65	

#### **Security/ Guarantee provided for the above loans:**

I. (A) Hypothecation of all tangible movable machineries, plant, machinery fixtures, fittings, other installations, cranes furniture, computers and other accessories, vehicles together with spares, tools and accessories and all other articles lying on the premises of (a) Plot No. 269 Industrial area "A", Near R K Road, Ludhiana; (b) Plot no. C-5, Phase V, Focal Point, Dhandari kalan, Ludhiana or in the godowns of the Company on the custody of any person who are mercantile agents of the Company or in the course of transit which may be brought, stored or be lying in or upon the said premises of the Company.

(B) Hypothecation of the whole of the Company's movable goods and assets, both present and future and including but without prejudice to generality of the foregoing words, all stocks of raw materials, work-in-progress, semi-finished goods and finished goods such as hosiery goods, packing materials, consumable stores and spares etc. whatsoever or wheresoever situate and/or in transit whether now belonging to or that may at any time during the continuance of this security belong to the borrower or that may be held by any party anywhere to the order and disposition of the Company.

(C) Hypothecation of all the present and future book-debts, outstanding, monies receivable, claims, bills, contracts, engagements and securities which are now due and owing or which may at any time hereafter during the continuance of the security become due and owing to the Company in the course of its business by any person, firm, company or body corporate, or by the Government of India or any state Government or Indian Railways or any Government department or office or any municipal or Local or

	public or semi-government body or authority whatsoever including those relating to the assets leased out and/or given on hire purchase basis.
II.	(a) Equitable mortgage of factory land & building situated at M C No. B-XXIII 248/860 (p), B-XXIII 2475/853 (p), Plot No.269, 279, Industrial area “A”, Near R K Road, Ludhiana standing in the name of the Company; (b) Equitable mortgage of factory land & building situated at plot no. C-5, Phase V, Focal Point, Dhandari kalan, Ludhiana standing in the name of the company.
III.	Personal guarantee provided by Ajit Lakra, Gita Lakra, Vivek Lakra, Ridhi Lakra, Ajit Kumar Lakra (HUF).

#### Secured Term Loans for Purchase of Vehicles

Name of Lender	Date of Sanction Letter	Amount Sanctioned (Rs.in lakhs)	Re-payment	Amount Outstanding as on August 31, 2016 (Rs. in lakhs)	Rate of Interest (%)	Securities Offered
Union Bank of India	January 8, 2014	19.68	Rs.63,200 p.m	2.47	10.25	Secured against hypothecation of respective vehicle.

#### Principal terms of the borrowings availed by us:

- Interest:** In terms of the loans availed by us, the interest rate is typically base rate plus basis points of the specified lender.
- Security:** In terms of our borrowings where security needs to be created, we are typically required to create security by way of, amongst others, hypothecation of the current assets and moveable assets of our Company; mortgage of certain immovable properties; fixed deposits, pledge of Equity Shares; personal guarantees of the promoters. There may be additional requirements for creation of security under the various borrowing arrangements entered into by us.
- Re-payment:** The vehicle loan facilities are typically repayable on maturity date. Some of our lenders typically have a right to modify or cancel the facilities without prior notice and require immediate repayment of all outstanding amounts. The repayment period for our term loan is in equal monthly, quarterly, half yearly installments.
- Events of Default:** Borrowing arrangements entered into by our Company contain standard events of default, including: (a) Change in constitution or control of our Company, except as specified; and (b) Breach of the obligations under any term of the relevant financing agreement; any other financing agreement entered into by our Company; and failure to pay taxes by our Company, except as specified.

This is an indicative list and there are additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

#### II. Unsecured Borrowings

Following are the details of the unsecured borrowings of our Company as on August 31, 2016:

(Rs. in lakhs)

Lender	Purpose	Rate of Interest	Amount outstanding as on August 31, 2016	Repayment
Ajit Kumar Lakra	Business use	-	73.05	Repayable on Demand
Gita Lakra	Business use	-	89.97	Repayable on Demand
Vivek Lakra	Business use	-	48.09	Repayable on Demand
Ajit Kumar Lakra (HUF)	Business use	9%	59.25	Repayable on Demand
Vivek Lakra (HUF)	Business use	9%	44.56	Repayable on Demand



## **Management's Discussion and Analysis of Financial Condition and Results of Operations**

*You should read the following discussion and analysis of our financial condition and results of operations together with the restated financial statements prepared in accordance with the Companies Act, Indian GAAP, the Accounting Standards and SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto and the reports thereon of each of the financial years ended March 31, 2012, 2013, 2014, 2015 and 2016 in the chapter titled "Financial Statements" on page 107 of this Draft Prospectus. Our fiscal year ends on March 31 of each year so accordingly all references to a particular financial year are to the twelve months ended March 31 of that year.*

### **Business Overview**

Our Company is a multi-divisional textile unit engage in the business of manufacturing knitted apparels for itself as well as for national and international brands in its capacity as their preferred authorised manufacturer and is a well-known supplier of knitted fabrics for large companies in India involved in manufacturing and exporting knitted apparels.

Our Company started in the year 1998 as a fabric knitting unit and is now a well-known supplier of knitted fabrics and apparels to national and international brands. Our manufacturing facilities are located at (a) 269 Industrial Area A, Ludhiana – 141 003, Punjab, India spread over approximately 4,000 sq. yards and has a working floor area of approximately 1,00,000 sq. ft.; and (b) C-5, Phase – V, Focal Point, Ludhiana – 141 010, Punjab, India spread over approximately 5,850 sq. yards and has a working floor area of approximately 60,000 sq. ft.

Our range of apparels that we manufacture for national and international brands as their preferred authorised manufacturer covers all the age groups and segments such as for men's wear, women's wear, kids' wear, boys & girls wear. We use variety of knitted fabrics such as 100% cotton to cotton lycra, 100% polyester, blended (cotton and polyester), mercerized to plain, washed to over dyed and other blended fabrics in the production of apparels. Under our own brand 'Super Star' we manufacture knitted garments for aforesaid age groups and segments.

### **Significant Material Developments Subsequent To the Last balance sheet i.e. March 31, 2016**

To our knowledge, except as disclosed in this Draft Prospectus, there is no subsequent development after the date of our financial statements contained in this Draft Prospectus which materially affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

### **Key factors that may affect our results of operation:**

Our results of operations have been, and will be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that our management believes have historically affected our results of operations during the period under review, or which could affect our results of operations in the future.

- Capable to manage large sized and multiple orders
- Strong in-house design capabilities and techniques
- Strengthen infrastructure for manufacturing
- Evolving customer needs and market trends
- Orders from significant customers
- Our ability to maintain and expand our existing product portfolio;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- Changes in laws and regulations relating to the industry in which we operate;
- Any adverse outcome in the legal proceedings in which we may be involved;
- General economic and demographic conditions;
- Interest and exchange rate fluctuations;
- Tax benefits and incentives.
- Increasing competition in the industry;
- Changes in fiscal, economic or political conditions in India;





For more information on these and other factors/development which have or may affect us, please refer to chapters titled “Risk Factors”, “Industry Overview” and “Our Business” beginning on page 11, 60 and 67 respectively of this Draft Prospectus.

### **Results of Operation**

The following table sets forth select financial data from restated Profit and Loss Accounts for the Financial Year ended on March 31, 2016, 2015, 2014, 2013, & 2012 and the components of which are also expressed as a percentage of total income for such periods.



(Rs. In Lakhs)

Particulars	For the Year ended March, 31									
	2016	% of Total Income	2015	% of Total Income	2014	% of Total Income	2013	% of Total Income	2012	% of Total Income
<b>Income</b>										
Revenue From Operations	8428.79	99.27	7483.39	98.12	6822.02	95.88	6607.07	97.53	6782.12	97.56
Other Income	62.12	0.73	143.56	1.88	293.01	4.12	167.30	2.47	169.68	2.44
<b>Total Income</b>	<b>8490.91</b>	<b>100.00</b>	<b>7626.95</b>	<b>100.00</b>	<b>7115.03</b>	<b>100.00</b>	<b>6774.37</b>	<b>100.00</b>	<b>6951.8</b>	<b>100.00</b>
<b>Expenditure</b>										
Cost of Material Consumed	5172.06	60.91	4635.11	60.77	3682.1	51.75	3655.16	53.96	2968.78	42.71
Changes in inventories of finished goods, traded goods and work-in-progress	(336.19)	(3.96)	(593.01)	(7.78)	38.22	0.54	(47.72)	(0.70)	543.00	7.81
Employees Benefit Expenses	163.36	1.92	98.08	1.29	135.76	1.91	163.05	2.41	160.04	2.30
Finance Cost	248.03	2.92	245.08	3.21	309.64	4.35	256.75	3.79	272.35	3.92
Depreciation and amortisation Expense	101.63	1.20	119.11	1.56	132.19	1.86	141.88	2.09	132.87	1.91
Other Expenses	3046.19	35.88	3038.38	39.84	2746.79	38.61	2526.77	37.30	2804.70	40.34
<b>Total Expenditure</b>	<b>8395.08</b>	<b>98.87</b>	<b>7542.75</b>	<b>98.90</b>	<b>7044.7</b>	<b>99.01</b>	<b>6695.89</b>	<b>98.84</b>	<b>6881.74</b>	<b>98.99</b>
<b>Profit before extraordinary Items &amp; Tax</b>	<b>95.83</b>	<b>1.13</b>	<b>84.20</b>	<b>1.10</b>	<b>70.33</b>	<b>0.99</b>	<b>78.48</b>	<b>1.16</b>	<b>70.06</b>	<b>1.01</b>
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
<b>Profit before Tax</b>	<b>95.83</b>	<b>1.13</b>	<b>84.20</b>	<b>1.10</b>	<b>70.33</b>	<b>0.99</b>	<b>78.48</b>	<b>1.16</b>	<b>70.06</b>	<b>1.01</b>
Current Tax	29.38	0.35	38.1	0.50	25.51	0.36	26.36	0.39	34.11	0.49
Deferred Tax	(4.62)	-0.05	(6.57)	-0.09	21.70	0.30	(2.08)	-0.03	(6.67)	-0.10
<b>Profit for the year</b>	<b>71.07</b>	<b>0.84</b>	<b>52.67</b>	<b>0.69</b>	<b>23.12</b>	<b>0.32</b>	<b>54.20</b>	<b>0.80</b>	<b>42.62</b>	<b>0.61</b>

## Key Components of Our Profit And Loss Statement

**Revenue from operations:** Revenue from operations mainly consists of Sale of Manufactured goods.

**Other Income:** Other income primarily comprises Export Incentives, Interest Income, Foreign Exchange Fluctuation Gain, Rental Income etc.

**Cost of Material Consumed:** Our cost towards raw materials consumed consist primarily of costs of yarn, fabric, accessories, cotton, chemicals and dyes, packing materials etc. Cost of raw materials consumed indicates the difference between the opening and closing stock, as adjusted for materials purchased during the period. This cost pertains to the manufacturing segment.

**Changes in inventories of finished goods, stock in trade and work in progress:** This includes inventories of finished goods and work-in-progress (including garments and yarn).

**Employee benefits expense:** Employee benefit expense includes salaries, staff welfare expenses etc.

**Finance Costs:** Finance cost comprises Interest on Indebtedness, bank and other Finance charges.

**Depreciation expense:** We recognize depreciation and amortization expense on a Straight Line Method as per the provisions set forth in the Companies Act 2013 from 1st April 2014 and rates set forth in Companies Act, 1956 for prior period to 1<sup>st</sup> April 2014.

**Other expenses:** Our other expenses include Dyeing charges, electricity charges, fuel charges, repair and maintenance charges on building and machinery, insurance, manufacturing expenses, travelling and conveyance, communication costs, printing and stationery, legal and professional charges, fees and taxes, Commission, Brokerage, Sales promotion etc.

## COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2016 WITH FISCAL 2015

### Income

#### Revenue from Operations

During the financial year 2015-16 the revenue from operations of our company increased to Rs. 8428.79 Lacs as against Rs. 7483.39 Lacs in the year 2014-15, representing an increase of 12.63%. This increase is majorly due to increase in the sale of manufactured products.

#### Other Income

During the financial year 2015-16 the Other Income of our company decreased to Rs. 62.12 lacs as against Rs. 143.56 lacs for the financial year 2014-15, representing decrease by 56.73%. Such decrease was due to decrease in foreign Exchange gain, Export incentives etc.

### Expenditure

#### Total Expenses

The total expenditure for the financial year 2015-16 increased to Rs. 8395.08 Lacs from Rs. 7542.75 Lacs in the year 2014-15, representing an increase of 11.30%.

#### Cost of Materials Consumed

There was 11.58% increase in our total cost of material consumed from Rs.4635.11 Lacs in the financial year 2014-15 to Rs. 5172.06 Lacs in the financial year 2015-16. This increase was primarily due to increase in purchase of raw material.

#### Changes in Inventories of Finished Goods and Work-in-Progress



Change in inventories of finished goods and work-in-progress totalled Rs. (336.19) Lacs in the financial year 2015-16, as compared to Rs. (593.01) Lacs in the financial year 2014-15. This was attributable to increase in inventories of finished goods and stock in progress.

#### **Employee benefits expenses**

The employee benefit expense comprises of salaries, staff welfare expenses etc. Our Company has incurred Rs.163.36 lacs as employee benefit expenses during the FY 2015-16 as compared to Rs.98.08 lacs during the FY 2014-15. The increase of 66.56% as compared to previous year is due to increase in salaries, wages, Bonus etc.

#### **Finance Cost**

These Costs were for the year 2015-16 increased to Rs 248.03 Lacs as against Rs.245.08 Lacs during the previous financial year. The increase of 1.20% as compared to previous year is due to increase in interest paid to lenders.

#### **Depreciation expense**

Depreciation for the financial year 2015-16 stood at Rs. 101.63 Lacs the same was Rs.119.11 Lacs for the financial year 2014-15. The decrease by 14.68% is mainly due to no major Capital expenditure was made during the year.

#### **Other Expenses**

Our Company has incurred Rs. 3046.19 lacs during the FY 2015-16 on Other Expenses as compared to Rs. 3038.38 lacs during FY 2014-15. The increase of 0.26% is majorly due to increase in manufacturing expenses and other miscellaneous expenses.

#### **Profit/ (Loss) After Tax**

For the year 2015-16 the profit stood at Rs 71.07 lacs as against the profit of Rs. 52.67 lacs for the previous year 2014-15. The cause of increase of 34.93% was majorly due to the factors mentioned above.

### **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2015 WITH FISCAL 2014**

#### **Income**

##### **Revenue from Operations**

During the financial year 2014-15 the revenue from operations of our company increased to Rs. 7483.39 Lacs as against Rs. 6822.02 Lacs in the year 2013-14, representing an increase of 9.69%. This increase is majorly due to increase in the sale of manufactured products.

##### **Other Income**

During the financial year 2014-15 the Other Income of our company decreased to Rs.143.56 Lacs as against Rs. 293.01 Lacs for the financial year 2013-14, representing decrease by 51.01%. Such decrease was due to decrease in foreign Exchange gain, Export incentives etc.

#### **Expenditure**

##### **Total Expenses**

The total expenditure for the financial year 2014-15 increased to Rs.7542.75 Lacs from Rs. 7044.70 Lacs in the year 2013-14, representing an increase of 7.07%.

##### **Cost of Materials Consumed**

There was 25.88% increase in our total cost of material consumed from Rs.3682.10 Lacs in the financial year 2013-14 to Rs. 4635.11 Lacs in the financial year 2014-15. This was primarily due to increase in purchase of raw material.

### **Changes in Inventories of Finished Goods and Work-in-Progress**

Change in inventories of finished goods and work-in-progress totalled Rs. (593.01) Lacs in the financial year 2014-15, as compared to Rs. 38.22 Lacs in the financial year 2013-14. This was attributable due to increase in inventories of finished goods and stock in progress.

### **Employee benefits expenses**

The employee benefit expense comprises of salaries, staff welfare expenses etc. Our Company has incurred Rs. 98.08 Lacs as employee benefit expenses during the FY 2014-15 as compared to Rs. 135.76 Lacs during the FY 2013-14. The decrease of 27.75% as compared to previous year is due to decrease in salary, staff welfare expenses etc.

### **Finance Cost**

These Costs were for the year 2014-15 increased to Rs. 245.08 Lacs as against Rs.309.64 Lacs during the previous financial year. The decrease of 20.85% as compared to previous year is due to decrease in interest paid on borrowings.

### **Depreciation expense**

Depreciation for the financial year 2014-15 stood at 119.11 Lacs the same was 132.19 Lacs for the financial year 2013-14. The decrease by 9.89% is mainly due to no major Capital expenditure was made during the year.

### **Other Expenses**

Our Company has incurred Rs. 3038.38 Lacs during the FY 2014-15 on Other Expenses as compared to Rs. 2746.79 Lacs during FY 2013-14. The increase of 10.62% is majorly due to increase in manufacturing expenses, Administrative expenses and other miscellaneous expenses.

### **Profit/ (Loss) After Tax**

For the year 2014-15 the profit stood at Rs.52.67 Lacs as against the profit of Rs.23.12 Lacs for the previous year 2013-14. The cause of increase of 127.81% was majorly due to the factors mentioned above.

## **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2014 WITH FISCAL 2013**

### **Income**

#### **Revenue from Operations**

During the financial year 2013-14 the revenue from operations of our company increased to Rs. 6822.02 Lacs as against Rs. 6607.07 Lacs in the year 2012-13, representing an increase of 3.25%. This increase is majorly due to increase in the sale of manufactured products.

#### **Other Income**

During the financial year 2013-14 the Other Income of our company increased to Rs. 293.01 Lacs as against Rs.167.30 Lacs for the financial year 2012-13, representing increase by 75.14%. Such increase was due to increase in foreign Exchange gain, Export incentives etc.

### **Expenditure**

#### **Total Expenses**

The total expenditure for the financial year 2013-14 increased to Rs.7044.70 Lacs from Rs. 6695.89 Lacs in the year 2012-13, representing an increase of 5.21%.

#### **Cost of Materials Consumed**

There was 0.74% increase in our total cost of material consumed from Rs. 3655.16 Lacs in the financial year 2012-13 to Rs. 3682.10 Lacs in the financial year 2013-14. This was primarily due to increase in purchase of raw material.



### **Changes in Inventories of Finished Goods and Work-in-Progress**

Change in inventories of finished goods and work-in-progress totalled Rs. 38.22 Lacs in the financial year 2013-14, as compared to Rs. (47.72) Lacs in the financial year 2012-13. This was attributable to decrease in inventories of finished goods and stock in progress.

### **Employee benefits expenses**

The employee benefit expense comprises of salaries, staff welfare expenses etc. Our Company has incurred Rs. 135.76 Lacs as employee benefit expenses during the FY 2013-14 as compared to Rs. 163.05 Lacs during the FY 2012-13. The decrease of 16.74% as compared to previous year is due to decrease in salary, staff welfare expenses etc.

### **Finance Cost**

These Costs were for the year 2013-14 increased to Rs 309.64 Lacs as against Rs. 256.75 Lacs during the previous financial year. The increase of 20.60% as compared to previous year is due to increase in interest paid to lenders.

### **Depreciation expense**

Depreciation for the financial year 2013-14 stood at 132.19 Lacs the same was 141.88 Lacs for the financial year 2012-13. The decrease by 6.83% is mainly due to no major Capital expenditure was made during the year.

### **Other Expenses**

Our Company has incurred ₹ 2746.79 Lacs during the FY 2013-14 on Other Expenses as compared to Rs.2526.77 Lacs during FY 2012-13. The increase of 8.71% is majorly due to increase in manufacturing expenses, Administrative expenses and other miscellaneous expenses.

### **Profit/ (Loss) After Tax**

For the year 2013-14 the profit stood at Rs. 23.12 Lacs as against the profit of Rs. 54.20 Lacs for the previous year 2012-13. The cause of decrease of 57.34% was majorly due to the factors mentioned above.

### **Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI Regulations:**

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

- ***Unusual or infrequent events or transactions***

There has not been any unusual or infrequent events or transactions that have significantly affected operations of the Company.

- ***Significant economic changes that materially affected or are likely to affect income from continuing operations.***

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

- ***Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.***

Apart from the Risks disclosed under the section titled "Risk Factors" no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company's knowledge.

- ***Future changes in relationship between costs and revenues in case of events such as future increase in labour or material cost or prices that will cause material change.***



Other than as described in the chapter titled “**Risk Factors**” beginning on page 11 of this Draft Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

- ***The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices***

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company

- ***Total turnover of each major industry segment in which our Company operates***

The Company operates in single segment in context of accounting standards 17 on Segment Reporting issued by ICAI.

- ***Status of any publicly announced New Products or Business Segment***

Our Company has not announced any new product.

- ***The extent to which our Company’s business is seasonal***

Our business is not seasonal in nature.

- ***Dependence on few Suppliers/ customers***

Given the nature of our business operations, we do not believe our business is dependent on any single or a few Supplier/customers.

- ***Competitive conditions***

It faces competition from existing and potential competitors which is common for any business. It has, over a period of time, developed certain competitive strengths which has been discussed in section titled “*Our Business*” on page 67 of this Draft Prospectus.



## **Section VI – Legal and Other Information**

### **Outstanding litigations and material developments**

*Except as stated below there is no (i) pending criminal litigation involving our Company, Directors, Promoter or Group Companies; (ii) actions taken by statutory or regulatory authorities involving our Company, Directors, Promoter or Group Companies; (iii) outstanding claims involving our Company, Directors, Promoter or Group Companies for any direct and indirect tax liabilities; (iv) outstanding proceedings initiated against our Company for economic offences; (v) defaults or non-payment of statutory dues by our Company; (vi) material fraud against our Company in the last five years immediately preceding the year of this Draft Prospectus; (vii) inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or any previous companies law against our Company during the last five years immediately preceding the year of this Draft Prospectus and if there were prosecutions filed (whether pending or not); (viii) fines imposed or compounding of offences for our Company in the last five years immediately preceding the year of this Draft Prospectus; (ix) litigation or legal action against our Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Draft Prospectus; (x) pending litigations involving our Company, Directors, Promoter, Group Companies or any other person, as determined to be material by the Company's Board of Directors in accordance with the SEBI (ICDR) Regulations; or (xi) outstanding dues to creditors of our Company as determined to be material by our Company's Board of Directors in accordance with the SEBI (ICDR) Regulations and dues to small scale undertakings and other creditors.*

*For the purpose of material litigation in (x) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigations to be disclosed by our Company in this Draft Prospectus:*

- (a) All criminal proceedings, statutory or regulatory actions and taxation matters, involving our Company, Promoter, Directors, or Group Companies, as the case may be shall be deemed to be material;*
- (b) All pending litigation involving our Company, Promoter, Directors, or Group Companies as the case may be, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' (a) the monetary amount of claim by or against the entity or person in any such pending matter(s) is in excess of Rs. 2 crores or 5% of the net profits after tax of the Company for the most recent audited fiscal period whichever is higher; or (b) where the monetary liability is not quantifiable, each such case involving our Company, Promoter, Directors, or Group Companies, whose outcome would have a bearing on the business operations, prospects or reputation of our Company;*
- (c) Notices received by our Company, Promoter, Directors, or Group Companies, as the case may be, from third parties (excluding statutory/regulatory authorities or notices threatening criminal action) shall, in any event, not be evaluated for materiality until such time that the Company / Directors / Promoter / Group Companies, as the case may be, are impleaded as parties in proceedings before any judicial forum.*

*Our Company, our Promoter and/or our Directors, have not been declared as wilful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoter or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.*

*Unless otherwise stated, all proceedings are pending as of the date of this Draft Prospectus. All information provided below is as of the date of this Draft Prospectus.*

#### **LITIGATION INVOLVING OUR COMPANY**

##### **Litigation against our Company**

NIL

##### **Litigation by our Company**

NIL

#### LITIGATION INVOLVING THE DIRECTORS

NIL

#### LITIGATION INVOLVING OUR PROMOTERS

NIL

#### LITIGATION INVOLVING OUR GROUP ENTITIES

NIL

#### TAX PROCEEDINGS

A summary of tax proceedings involving our Company, our Promoter, our Directors, or our Group Companies are stated below:

Nature of case	Number of cases	Amount involved (in Rs. lakhs)
<b>Company</b>		
Direct Tax	3	17.51
Indirect Tax	2	80.75
<b>Subsidiary</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Promoter</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Directors</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Group Companies</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

#### MATERIAL FRAUDS AGAINST OUR COMPANY

There have been no material frauds committed against our Company in the five years preceding the year of this Draft Prospectus.

#### PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES

There are no proceedings initiated against our Company for any economic offences.

#### NON PAYMENT OF STATUTORY DUES

As on the date of this Draft Prospectus there have been no (i) instances of non-payment or defaults in payment of statutory dues by our Company, (ii) overdues to companies or financial institutions by our Company, (iii) defaults against companies or financial institutions by our Company, or (iv) contingent liabilities not paid for.

#### PAST CASES WHERE PENALTIES WERE IMPOSED

There are no past cases where penalties were imposed on our Company by concerned authorities/courts.

#### POTENTIAL LITIGATION AGAINST OUR COMPANY

As on the date of this Draft Prospectus, there is no potential litigation proceeding against our Company.

#### OUTSTANDING LITIGATION AGAINST OTHER PERSONS AND COMPANIES WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY



As on the date of this Draft Prospectus, there is no outstanding litigation against other persons and companies whose outcome could have a material adverse effect on our Company.

## PAST INQUIRIES, INSPECTIONS OR INVESTIGATIONS

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 or any previous company law in the last five years immediately preceding the year of this Draft Prospectus in the case of Company, Promoters, Directors. Other than as described above, there have been no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last five years immediately preceding the year of this Draft Prospectus.

Further, there is no legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the promoters during the last five years immediately preceding the year of the issue of this Draft Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

## OUTSTANDING DUES TO CREDITORS

As per the Materiality Policy, our Board has approved that each creditor, to whom our Company individually owes a net aggregate amount that exceeds 5.00% of the trade payables as per the Restated Financial Statements for the most recent financial year, shall be considered as a material creditor of our Company. Our Board has also approved that dues owed by our Company to small scale undertakings as per the Restated Financial Statements for the most recent financial year shall be disclosed in a consolidated manner.

As of March 31, 2016, our Company, in its ordinary course of business, has an aggregate amount of Rs.1,166.90 lakhs, which is due towards sundry and other creditors. As per the above policy, consolidated information of outstanding dues, as at March 31, 2016, owed to small scale undertakings, material dues to creditors and other dues to creditors separately, giving details of number of cases and aggregate amount for such dues is as under:

(Rs. in lakhs)

Particulars	Number of cases	Amount Outstanding (Rs.)
Dues to small scale undertakings	Not Available	Not Available
Material dues to creditors	6	581.22
Other dues to creditors	213	585.68

Further, our Company has not received any intimation from suppliers regarding their status under the 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 been furnished. Our Company does not owe any small scale industries or any MSMEs any amounts exceeding Rs.1 lakh which is outstanding for more than 30 days. There are no disputes with such entities in relation to payments to be made to them.

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at <http://www.superfineknitters.com>. It is clarified that such details available on our website do not form a part of this Draft Prospectus. Anyone placing reliance on any other source of information, including our Company's website, <http://www.superfineknitters.com>, would be doing so at their own risk.

## MATERIAL DEVELOPMENTS

Except as stated in “*Management's Discussion and Analysis of Financial Condition and Results of Operation*” on page 130, there have not arisen, since the date of the last financial statements disclosed in this Draft Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months.

## **Government and Other Approvals**

*In view of the licenses / permissions / approvals / no-objections / certifications / registrations, (collectively “Authorisations”) from the Government of India and various statutory / regulatory / governmental authorities listed below, our Company can undertake this Issue and our current business activities and to the best of our knowledge, no further approvals from any governmental or statutory or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Prospectus.*

*The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities. For further details in connection with the regulatory and legal framework within which we operate, please refer “Key Regulations and Policies” on page 77 of this Draft Prospectus.*

### **A. Corporate / General Authorisations**

<b>Sr. No.</b>	<b>Authorisation granted</b>	<b>Issuing Authority</b>	<b>Registration No./Reference No./License No.</b>	<b>Applicable Act/ Regulation</b>	<b>Date of Issue</b>	<b>Valid up to</b>
1.	Certificate of Incorporation in the name of ‘ <i>Super Fine Knitters Limited</i> ’	Registrar of Companies, Punjab, Himachal Pradesh, and Chandigarh	U18101PB1998PLC021814	Companies Act, 1956	September 18, 1998	Valid until cancelled
2.	Certificate of Commencement of Business	Registrar of Companies, Punjab, Himachal Pradesh, and Chandigarh	U18101PB1998PLC021814	Companies Act, 1956	September 24, 1998	Valid until cancelled

### **B. Issue Related Authorisations**

- Our Board of Directors has, pursuant to a resolution passed at its meeting held on July 1, 2016, authorised the Issue subject to the approval by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013 such other authorities as may be necessary.
- The shareholders of our Company have authorised the Issue, pursuant to a special resolution under Section 62(1)(c) of the Companies Act, 2013, passed at their EGM held on July 25, 2016.
- Our Company has obtained approval dated [•] from the BSE.
- Our Company's International Securities Identification Number (“ISIN”) is INE459U01018.
- The Company has obtained approval from Lenders *vide* letter dated May 18, 2016 from Union Bank of India, SSI Finance Branch, Ludhiana.

### **C. Business Related Approvals**

<b>Sr. No</b>	<b>Authorization Granted</b>	<b>Issuing Authority</b>	<b>Registration No./Reference No./License No.</b>	<b>Date of Issue / Renewal / Effective Date</b>	<b>Validity</b>
1.	Permanent Account Number	Commissioner of Income Tax, Jalandhar	AADCS4217P	September 18, 1998	Valid until cancellation
2.	Tax Deduction Account Number (TAN)	Income Tax Department, GoI	JLDS01443B	-	Valid until cancellation
3.	Certificate of	Ministry of	3099001457	May 25, 1999	Valid until



Sr. No	Authorization Granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue / Renewal / Effective Date	Validity
	Importer-Exporter Code (IEC)	Commerce, Government of India (Asst. Director General of Foreign Trade)			cancellation
4.	Registration Certificate under Punjab VAT Act, 2005	Excise & Taxation Officer, Ludhiana	03321085889	April 01, 2005	Valid until cancellation
5.	Registration certificate under Central Sales Tax Act, 1956	Excise & Taxation Officer-cum-Designated Officer, Ludhiana - III	03321085889	November 23, 2012	Valid until cancellation
6.	Excise Registration	Central Board of Excise and Customs	AADCS4217PEM003	April 14, 2007	Valid until cancellation
7.	Registration for Service Tax under the Finance Act, 1994	Ministry of Finance and Department of Revenue, Central Board of Excise and Customs	AADCS4217PST001	March 03, 2016	Valid until cancellation
8.	Registration-Cum-Membership Certificate	Apparel Export Promotion Council (Sponsored by Govt. of India. Ministry of Textiles)	AEPC/MEM/SM/MAF/101864	August 07, 2014	March 31, 2017
9.	Certificate of Membership	Federation of Punjab Small Industries Association	-	September 21, 2015	-
10.	Export House Certificate	Joint Director General, Foreign Trade, Ludhiana	IEC No. 3099001457	August 01, 2014	Until further orders.
11.	Renewal of the no objection certificate in respect of fire fighting services for our Company	Rajendra Fire Services, Fire Protection Engineers	-	May 13, 2016	September 18, 2020

- Our Company received an acknowledgement from the Department of Industries and Commerce, Punjab on March 11, 2010 for registering our Company as a “Manufacturing Enterprise” for Hosiery Knitted Cloth and Readymade Garments under the Medium Category and issued Industrial Entrepreneur’s Memorandum No. (IEM) 030091300013-Part II.

***Following are the details of the Licenses and approvals obtained by our Company for its Units:***

***I. Our Company’s Unit situated at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India.***

- Our Company’s unit is registered as an Employer with the Employee’s State Insurance Corporation under Employer code 26000264100000106.
- Our Company’s unit is registered as an establishment with the Employee’s Provident Fund Organization, India under Establishment Code LD/LDH/0016328/000 as evidenced by the letter dated December 22, 2011 issued by the Assistant Provident Fund Commissioner, Regional Office, Ludhiana under the Employee’s Provident Fund and Miscellaneous Provisions Act, 1952.

***II. Our Company’s Unit 2 is situated at C-5, Focal Point, Ludhiana – 141 010, Punjab, India.***

- Our Company's unit is registered as an Employer with the Employee's State Insurance Corporation under Employer code 26260264100010106.
- Our Company's unit is registered as an establishment with the Employee's Provident Fund Organization, India under establishment Code LDLDH0041325000 as evidenced by the letter dated December 22, 2011 issued by the Assistant Provident Fund Commissioner, Regional Office, Ludhiana under the Employee's Provident Fund and Miscellaneous Provisions Act, 1952.

#### **D. Intellectual property registrations**

Our Company does not have any trademarks, registered in its name as on the date of this Draft Prospectus. Further, Our Company has not made any applications for the registration of its trademarks, which are pending as on the date of this Draft Prospectus.

#### **E. Approvals applied for but not yet received / Renewals made in the usual course of business:**

<b>Particulars</b>	<b>Date of Application</b>
Factory license under the Factories Act, 1948 for our Company's unit at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India	November 23, 2015
Factory license under the Factories Act, 1948 for our Company's unit at C-5, Phase – V, Focal Point, Ludhiana – 141 010, India	February 16, 2016
Certificate of renewal for allowing use of boiler PI-4297 under the Indian Boilers Act, 1923 for the boiler used at our Company's unit at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India	May 25, 2015

#### **F. Material licenses / approvals for which our Company is yet to apply for / Statutory Approvals / Licenses required:**

<b>Sr. No.</b>	<b>Particulars</b>
1.	Grant of consent to Operate an outlet under section 25 / 26 of the Water (Prevention and Control of Pollution) Act, 1974, for discharge of effluent for operating our Company's unit at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India.
2.	Grant of consent to Operate an outlet under section 25 / 26 of the Water (Prevention and Control of Pollution) Act, 1974, for discharge of effluent for operating our Company's unit at C-5, Phase – V, Focal Point, Ludhiana – 141 010, India.
3.	Grant of consent to Operate an outlet under section 21 of the Air (Prevention and Control of Pollution) Act, 1981, for discharge of emission arising out of premises of our Company's unit at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India.
4.	Grant of consent to Operate an outlet under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for discharge of emission arising out of premises of our Company's unit at C-5, Phase – V, Focal Point, Ludhiana – 141 010, India.
5.	Certificate for allowing use of boilers under the Indian Boilers Act, 1923 for the boiler used at our Company's unit at C-5, Phase – V, Focal Point, Ludhiana – 141 010, India.
6.	No Objection certificate for Installation of 1 DG Sets of 320 KVA for our Company's unit at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India.
7.	No Objection certificate for Installation of 1 DG Sets of 160 KVA for our Company's unit at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India.
8.	No Objection certificate for Installation of 1 DG Sets of 250 KVA for our Company's unit at C-5, Phase – V, Focal Point, Ludhiana – 141 010, India.
9.	Registration under the Legal Metrology Act, 2008.





## **Section VII -Other Regulatory and Statutory Disclosures**

### **Authority for the Issue**

#### *Corporate Approvals*

- Our Board has, pursuant to its resolution dated July 1, 2016, authorized the Issue, subject to the approval of the Equity Shareholders of our Company under Section 62(1)(c) of the Companies Act 2013.
- Our Equity Shareholders have, pursuant to a resolution dated July 25, 2016, under Section 62(1)(c) of the Companies Act, authorized the Issue.

We have received approval from BSE *vide* their letter dated [•] to use the name of BSE in this Offer Document for listing of our Equity Shares on SME Platform of BSE. BSE is the Designated Stock Exchange.

### **Prohibition by SEBI, the RBI or other Governmental Authorities**

None of our Company, our Promoters, our Promoter Group, our Directors, our Group Entities and persons in control of our Company are or have ever been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other governmental authorities. Neither our Promoters, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities. Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

Neither our Company, nor any of our Promoters, Group Entities, nor our Directors, nor the relatives (as per the Companies Act) of our Promoters are or have been identified as wilful defaulters by the RBI or any other governmental authorities.

The listing of securities of our Company has never been refused at any time by any stock exchange in India or abroad.

### **Association with Securities Market**

We confirm that none of our Directors are associated with the securities market in any manner except for trading on day to day basis for the purpose of investment.

### **Eligibility for this Issue**

Our Company is eligible for the Issue in accordance with Regulation 106(M)(2) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post-issue face value capital exceed ten crores Rupees and upto twenty five crores rupees and we shall hence 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 BSE).

We confirm that:

- a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to “*General Information – Underwriting*” on page 37 of this Draft Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within Eight (8) 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) days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
- c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Issue. For further details of the arrangement of market making please refer to the section titled “General Information – Details of the Market Making Arrangements for this Issue” on page 37 of this Draft Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an offer under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange/s.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

- e) Our Company has Net Tangible assets of at least Rs.3 crore as per the latest audited financial results.
- f) The Net worth (excluding revaluation reserves) of our Company is at least Rs. 3 crore as per the latest audited financial results
- g) Our Company has track record of distributable profits in terms of sec. 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months or has networth of ₹ 5 crore.
- h) The distributable Profit, Net tangible Assets and Net worth of our Company as per the restated financial statements for Fiscal ended March 31, 2016, 2015 and 2014 is as set forth below:

*(Rs. in lakhs)*

Particulars	March 31, 2016	March 31, 2015	March 31, 2014
Distributable Profit <sup>(1)</sup>	71.07	52.67	23.12
Net tangible Assets <sup>(2)</sup>	2,362.98	2,228.92	2,191.05
Net Worth <sup>(3)</sup>	1,795.86	1,724.78	1,672.11

1. Distributable profits have been computed in terms section 123 of the Companies Act, 2013.

2. ‘Net tangible assets’ are defined as the sum of all net assets (i.e. non current assets, current assets less current liabilities) of our Company, excluding deferred tax asset and intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

3. “Net Worth” has been defined as the aggregate of the paid up share capital, share application money (excluding the portion included in other current liabilities) and reserves and surplus excluding revaluation reserve and after deducting miscellaneous expenditure, if any.

- i) As on the date of this Draft Prospectus, our Company has a paid up capital of Rs.899.30 lakhs, which is in excess of Rs. 100 lakhs, and the Post Issue Paid-up Equity Share Capital will be Rs.1,239.31 lakhs.
- j) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- k) There is no winding up petition against the Company, which has been admitted by the court or a liquidator has not been appointed.
- l) There has been no change in the Promoter(s) of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.
- m) Our Company has entered into the tripartite agreements with NSDL & CDSL along with our Registrar for facilitating trading in dematerialized mode.
- n) We have a website: [www.superfineknitters.com](http://www.superfineknitters.com)



## **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO 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 MERCHANT BANKER, GUINNESS CORPORATE ADVISORS PRIVATE 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, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED 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 THIS DRAFT PROSPECTUS, THE LEAD MERCHANT BANKER, GUINNESS CORPORATE ADVISORS PRIVATE LIMITED 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, GUINNESS CORPORATE ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 30, 2016 WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
  - A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - C. THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013 (TO THE EXTENT NOTIFIED), THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF**

PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD /TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE “MAIN OBJECTS” LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THIS DRAFT PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE
10. WE CERTIFY ALL THE SHARES SHALL BE ISSUED IN DEMATERIALIZED FORM IN COMPLIANCE WITH THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013 AND THE DEPOSITORIES ACT, 1996 AND THE REGULATIONS MADE THEREUNDER.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.



13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE - **NOTED FOR COMPLIANCE**
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER, AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 (SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

ADDITIONAL CONFIRMATIONS/ CERTIFICATIONS TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE.

- (1) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
- (3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.-**NOTED FOR COMPLIANCE**.
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISOR TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT PROSPECTUS. – **NOT APPLICABLE**

**(6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.**

*Note: The filing of this Draft Prospectus does not, however, absolve our Company from any liabilities under section 34 and section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and / or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the LM any irregularities or lapses in this Draft Prospectus.*

*All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Chandigarh in terms of Section 26 and 30 of the Companies Act, 2013.*

**Disclaimer Clause of BSE**

BSE Limited ("BSE") has given vide its letter dated [●], permission to this Company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter for granting the aforesaid permission to this company. BSE does not in any manner:-

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**CAUTION – Disclaimer from our Company, our Directors and the Lead Manager**

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, [www.superfineknitters.com](http://www.superfineknitters.com), would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU / Issue Agreement entered into between the Lead Manager and our Company dated July 25, 2016 and the Underwriting Agreement dated July 25, 2016 entered into between the Underwriter and our Company and the Market Making Agreement dated July 25, 2016 entered into among the Lead Manager, the Market Maker and our Company.

All information shall be made available by our Company and the Lead Manager to the Applicants and public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at collection centres or elsewhere.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for our Company, our Group Entities and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or our Group Entities or their respective affiliates or associates for which they have received, and may in future receive compensation.

**Note:**

**Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.**



**Statement on Price Information of Past Issues handled by Guinness Corporate Advisors Private Limited:-**

Price information of past issues handled by Guinness Corporate Advisors Private Limited

Sr. No.	Issuer Name	Issue size (Rs. in cr.)	Issue price (Rs.)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]-30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180th calendar days from listing
1	Oasis Tradelink Limited	6.00	30	14.07.14	35.90	-3.00%	12.50%	14.17%
						[+3.49%]	[+5.51%]	[+9.80%]
2	Encash Entertainment Limited	4.39	40	29.09.14	44.00	25.00%	177.63%	17.50%
						[+1.07%]	[+3.00%]	[+3.24%]
3	Naysaa Securities Limited	1.50	15	25.09.14	14.25	0.00%	0.00%	-13.33%
						[+1.08%]	[+3.92%]	[+6.51%]
4	VMV Holidays Limited	1.56	10	14.07.15	10.25	2.50%	-8.50%	-8.50%
						[-1.51%]	[-3.68%]	[-1.13%]
5	Gala Print City Limited	3.04	24	16.07.15	24.45	2.50%	0.00%	-2.92%
						[-1.33%]	[-5.62%]	[-2.73%]
6	P. B. Films Limited	5.00	10	22.09.15	9.50	-12.00%	-20.00%	-50.00%
						[+6.38%]	[+0.33%]	[-1.43%]



7	Nintec Systems Limited	1.88	10	18.04.2016	11.70	15.00%	41.50%	NA
						[-0.43%]	[+7.48%]	
8	Shanti Educational Initiatives Ltd.	39.60	90	14.06.2016	90.00	3.33%	5.56%	NA
						[+5.86%]	[+7.42%]	
9	Kwality Pharmaceuticals Limited	6.21	45	18.07.2016	45.00	0.11%	NA	NA
						[+1.15%]		
10	Riddhi Steel and Tube Limited	8.89	38	14.09.2016	37.70	NA	NA	NA

Note: The 30th, 90th, and 180th calendar days has been taken as listing date plus 29, 89, 179 calendar days respectively. Where the 30th day / 90th day / 180th day of a particular year falls on a BSE trading holiday, the immediately following trading day has been considered. Where the 30th day / 90th day / 180th of a particular year falls on the day when there is no trade in equity share of the Company, preceding trading day has been considered. BSE SENSEX has been considered as the benchmark index. We have taken the Issue price to calculate the % change in closing price as on 30th, 90th and 180th day.

*Summary statement of price information of past issues handled by Guinness Corporate Advisors Private Limited*

Financial Year	Total no. of IPOs	Total Funds raised (Rs. in cr.)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day from listing date		
			Over	Between	Less than 25%	Over	Between	Less than 25%	Over	Between	Less than 25%	Over	Between	Less than 25%
			50%	25-50%		50%	25-50%		50%	25-50%		50%	25-50%	
April 1, 2016 – date of filing of this DP	4	56.58	NA	NA	NA	NA	NA	3	NA	NA	NA	NA	NA	NA
2015-16	3	9.60	NA	NA	1	NA	NA	2	NA	1	2	NA	NA	NA
2014-15	4	28.20	NA	NA	2	NA	1	1	NA	1	1	NA	NA	2



### **Track records of past issues handled by the *Guinness Corporate Advisors Private Limited***

For details regarding the track record of the Guinness Corporate Advisors Private Limited, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the website of Guinness Corporate Advisors Private Limited at [www.guinnessonline.net](http://www.guinnessonline.net)

### **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, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2 (72) of the Companies Act, 2013, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, Alternative Investment Fund, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ` 2,500 Lakhs, pension fund with minimum corpus of Rs.2,500 Lakhs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and Insurance funds set up and managed by the Department of Posts, India, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company this Draft Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Ludhiana, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been filed with BSE for its observations and BSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no 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.

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.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

### **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.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

### **Filing**

This Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the Offer Document in term of Regulation 106(M)(3) of SEBI (ICDR) Regulations. However, a copy of the Prospectus shall be filed with SEBI at the Corporate Finance Department at their Office situated at: 5<sup>th</sup> Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi – 110 001, India.

A copy of the Prospectus, along with the documents required to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration with the RoC, Chandigarh situated at Corporate Bhawan, Plot No.4 B, Sector 27 B, Madhya Marg, Chandigarh - 160019, India.

### **Listing**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, application shall be made to SME Platform of BSE 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.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by BSE, our Company will forthwith repay, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within the prescribed time, then our Company and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE are taken within six Working Days of the Issue Closing Date.

The Company has obtained approval from BSE vide letter dated [•] to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

***“Any person who –***

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or***
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.”***

The liability prescribed under Section 447 of the Companies Act, 2013, includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

### **Consents**

Consents in writing of the Directors, the Promoters, Chief Financial Officer, the Company Secretary & Compliance Officer, the Statutory Auditor, the Peer Review Auditor, the Banker to the Company, the Lead Manager, Registrar to the



Issue, Banker to the Issue, Legal Advisor to the Issue, Underwriter to the Issue and Market Maker to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Prospectus with the RoC, as required under Sections 26 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, M/s. Mehta Sharma & Associates, Chartered Accountants, have agreed to provide their written consent to include its report on statement of funds deployed as on August 31, 2016 dated September 15, 2016. M/s. R.T. Jain & Co., Chartered Accountants (Peer Review Auditor) have provided their written consent to the inclusion of their reports dated September 6, 2016 on the Restated Financial Statements and their reports dated September 6, 2016 on the Statement of Possible Tax Benefits, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consents and reports have not been withdrawn up to the time of filing of this Draft Prospectus.

### Expert Opinion

Our Company has received written consent from Independent Peer Reviewed Auditor, M/s. R. T. Jain & Co., Chartered Accountants to include their name as required under section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as “Expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the reports on the Restated Financial Statements dated September 6, 2016 and the Statement of Tax Benefits dated September 6, 2016, issued by them, included in this Draft Prospectus and such consent has not been withdrawn as on the date of this Draft Prospectus.

### Issue Related Expenses

The total expenses of the Issue are estimated to be approximately Rs.34.00 lakhs. The estimated Issue related expenses include, among others, Issue management fees, underwriting, brokerages and and payment to other intermediaries such as legal advisor, peer review auditor, Registrar to the Issue etc. and other out of pocket expenses. The break-up for the estimated Issue expenses are as follows:

Activity	Amount(Rs. in Lacs)	Percentage of the total Issue expenses	Percentage of the total Issue size
Issue management fees including fees and reimbursements of Underwriting Fees, brokerages, and payment to other intermediaries such as Legal Advisor, Registrars and other out of pocket expenses.	28.00	82.35	6.86
Regulatory Fees	2.00	5.88	0.49
Other Expenses (printing, stationery, advertisement, postage etc.)	4.00	11.77	0.98
<b>Total estimated Issue expenses</b>	<b>34.00</b>	<b>100.00</b>	<b>8.33</b>

### Details of Fees Payable

#### Fees Payable to the Lead Manager

The total fees payable to the Lead Manager (including underwriting fees) will be as per the Memorandum of Understanding and Underwriting Agreement among our Company and the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

#### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated July 26, 2016, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

### **Fees Payable to Others**

The total fees payable to the Legal Advisor, Peer Review Auditor and Advertisers, etc. will be as per the terms of their respective engagement letters, if any

### **Commission and Brokerage Paid on Previous Issues of our Equity Shares**

Since this is the 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.

### **Previous Rights and Public Issues during the Last Five Years**

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” 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 Shares otherwise than for Cash**

Except as stated in “*Capital Structure*” on page 40 of this Draft Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

### **Previous capital issue during the last three years by listed Group Companies and Subsidiary of our Company**

None of the Group Companies of our Company are listed. Further, none of our Group Companies have made any public or rights issue of securities in the preceding three years.

### **Performance vis-à-vis objects**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

None of the Group Entities has made public issue of equity shares during the period of ten years immediately preceding the date of filing draft offer document with the BSE.

### **Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

As on the date of this Draft Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

### **Partly Paid-Up Shares**

As on the date of this Draft Prospectus, there are no partly paid-up Equity Shares of our Company.

### **Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Draft Prospectus.

### **Option to Subscribe**

- a. Investors will get the allotment of specified securities in dematerialization form only.
- b. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.

### **Stock Market Data for our Equity Shares**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.



## Investor Grievances and Redressal System

The Company has appointed Cameo Corporate Services 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, namely, Cameo Corporate Services Limited, 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-coordinating 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 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.

Our Board by a resolution on June 30, 2016 constituted a Stakeholders Relationship Committee. For further details, please refer to the chapter titled "Our Management" beginning on page 86 of this Draft Prospectus.

The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Table
1.	Non receipt of Demat Credit of Shares	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Redressal of investors' grievance is given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Our Company has appointed Divya Jain as the Company Secretary and Compliance Officer and she may be contacted at the following address:

Divya Jain  
**Company Secretary & Compliance Officer,**  
 269 Industrial Area A,  
 Ludhiana – 141 003, Punjab, India  
**Tel:** +91 161 468 9900  
**E-mail:** [info@superfineknitters.com](mailto:info@superfineknitters.com)

Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Issue 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 account or refund orders, *etc.*

### Status of Investor Complaints

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

### Disposal of Investor Grievances by Listed Companies under the Same Management as the Company

As on the date of this draft Prospectus our Company does not have any Listed Group Company.

**Changes in Auditors during the last three financial years**

There has been no change in the auditors of our Company in last three financial years

**Capitalisation of Reserves or Profits**

Save and except as stated in “*Capital Structure*” on page 40 of this Draft Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

**Revaluation of assets**

Our Company has not revalued its assets since incorporation.





## **Section VIII – Issue Related Information**

### **Terms of the Issue**

*The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009 our Memorandum and Articles of Association, the terms of this Draft Prospectus, Prospectus, Application Form, the Revision Form and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

*Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.*

*Further vide the said circular Registrar to the Issue and Depository Participants have been also authorised to collect the application forms.*

### **Ranking of Equity Shares**

The Equity Shares being issued in the Issue shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer “*Main Provisions of Articles of Association*” on page 204 of this Draft Prospectus.

### **Authority for the Issue**

This Issue has been authorized by a resolution of the Board passed at their meeting held on July 01, 2016 subject to the approval of shareholders through a special resolution to be passed pursuant to section 62 (1) (c) of the Companies Act, 2013. The shareholders have authorized the Issue by a special resolution in accordance with Section 62 (1) (c) of the Companies Act, 2013 passed at the EGM of the Company with shorter notice held on July 25, 2016.

### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act and our Articles of Association.

### **Face Value and Issue Price per Share**

The face value of the Equity Shares is Rs.10.00 each and the Issue Price is Rs.12.00 per Equity Share.

The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under “*Basis for Offer Price*” on page 56 of this Draft Prospectus. At any given point of time there shall be only one denomination for the Equity Shares.

### **Compliance with SEBI (ICDR) Regulations**

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. 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 the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;

- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer “*Main Provisions of Articles of Association*” on page 204 of this Draft Prospectus.

## **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Ludhiana, India.

**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.**

**The above information is given for the benefit of the Applicants. Our Company 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.**

## **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint – tenants with benefits of survivorship.

## **Nomination Facility to Investor**

In accordance with Section 72 of the Companies Act, 2013 the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, 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 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 the prescribed manner, 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 our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) 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 investor wants to change the nomination, they are requested to inform their respective depository participant.



### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.

*In accordance with Regulation 106 P (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 offer through this Draft Prospectus and shall not be restricted to the minimum subscription level.*

*In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty).*

*Further, 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**

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 15 days of closure of Issue.

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.

### **Arrangements for Disposal of Odd Lots**

The trading of the equity shares will happen in the minimum contract size of 10,000 shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. 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 SME Platform of BSE.

### **Minimum Application Value; Market Lot and Trading Lot**

In terms of section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, trading in the Equity Shares shall only be in dematerialized form for all investors.

Trading of the Equity Shares will happen in the minimum contract size of 10,000 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 BSE 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 10,000 Equity Share subject to a minimum allotment of 10,000 Equity Shares to the successful applicants.

### **Application by Eligible NRIs, FIIs registered with SEBI, VCFs registered with SEBI and QFIs**

It is to be understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or VCFs or QFIs. Such Eligible NRIs, QFIs, FIIs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Issue capital of our Company, Promoters' minimum contribution as provided in "Capital Structure" on page 40 of this Draft Prospectus, and except as provided in the 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, please refer "Main

*Provisions of Articles of Association” on page 204 of this Draft Prospectus.*

### **Option to receive Equity Shares in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, the Equity Shares in the Issue shall be allotted only in dematerialised form. Further, as per the SEBI (ICDR) Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchange.

### **Migration to Main Board**

Our Company may migrate to the main board of BSE from the SME Platform on a later date subject to the following:

- a) If the Paid up Capital of the company is likely to increase above Rs.25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE 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.

OR

- b) If the Paid up Capital of the company is more than Rs.10 crores but below Rs.25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **Market Making**

The shares offered through this Issue are proposed to be listed on the SME Platform of BSE, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Platform for a minimum period of three years from the date of listing on the SME Platform of BSE. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please refer “*General Information – Details of the Market Making Arrangements for this Issue*” on page 37 of this Draft Prospectus.

In accordance with the SEBI Circular No.CIR/MRD/DSA/31/2012 dated November 27, 2012; it has decided to make applicable limits on the upper side for the Market Maker during market making process taking into consideration the Issue size in the following manner:

<b>Issue size</b>	<b>Buy quote exemption threshold (including mandatory initial inventory of 5% of issue size)</b>	<b>Re-entry threshold for buy quotes (including mandatory initial inventory of 5% of issue size)</b>
Upto Rs.20 Crore	25%	24%
Rs.20 Crore to Rs.50 Crore	20%	19%
Rs.50 Crore to Rs.80 Crore	15%	14%
Above Rs.80 Crore	12%	11%

Further, the following shall apply to market makers while managing their inventory during the process of market making:

The exemption from threshold shall not be applicable for the first three months of market making and the market maker shall be required to provide two way quotes during this period irrespective of the level of holding.

Any initial holdings over and above such 5% of issue size would not be counted towards the inventory levels prescribed.

Apart from the above mandatory inventory, only those shares which have been acquired on the platform of the exchange during market making process shall be counted towards the Market Maker's threshold. Threshold limit will take into consideration, the inventory level across market makers.

The Market Maker shall give two way quotes till it reaches the upper limit threshold; thereafter it has the option to give only sell quotes. Two way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.



In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

### New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

### Period of Operation of Subscription List of Public Issue

<b>Issue Opens On</b>		<b>[●]</b>
<b>Issue Closes On</b>		<b>[●]</b>

### Submission of Applications

<b>Issue Period (except the Issue Closing Date)</b>	
Submission and Revision in Applications	Only between 10.00 a.m. and 5.00 p.m. IST
<b>Issue Closing Date</b>	
Submission and Revision in Applications	Only between 10.00 a.m. and 3.00 p.m. IST

### On the Issue Closing Date, the Applications shall be uploaded until:

- (i) 4.00 p.m. IST in case of Applications by QIBs and Non-Institutional Investors, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchange, in case of Applications by Retail Individual Investors.

On Issue Closing Date, extension of time will be granted by Stock Exchange only for uploading Applications received by Retail Individual Investors after taking into account the total number of Applications received and as reported by the Lead Manager to the Stock Exchange.

**It is clarified that Applications not uploaded on the electronic bidding system or in respect of which the full Application Amount is not blocked by SCSBs would be rejected.**

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to 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, 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 during Monday to Friday (excluding any public holiday). None among our Company or Lead Manager is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

### Issue Structure

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer, whose post issue face value capital is more than ten crores rupees and up to twenty five crores rupees 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 SME Platform of BSE). For further details regarding the salient features and terms of such an issue please refer chapter titled "*Terms of the Issue*" and "*Issue Procedure*" on page 158 and 165 of this Draft Prospectus.

#### Following is the Issue structure:

Public issue of 34,00,000 Equity Shares of face value of Rs.10.00 each of our Company for cash at a price of Rs.12.00 per Equity Share (including a share premium of Rs.2.00 per Equity Share) ("**Issue Price**") aggregating to Rs.408.00 lakhs ("**the Issue**") of which 1,80,000 Equity Shares aggregating to Rs.21.60 lakhs will be reserved for subscription by Market Maker ("**Market Maker Reservation Portion**"). The Issue less the Market Maker Reservation Portion i.e. issue of 32,20,000 Equity Shares of face value of Rs.10.00 each at an Issue Price of Rs.12.00 per equity share aggregating to Rs.386.40 lakhs is hereinafter referred to as the "Net Issue". The Issue and the Net Issue will constitute 27.43% and 25.98%, respectively of the post issue paid-up equity share capital of our Company.

Particulars	Net Issue to Public <sup>^</sup>	Market Maker reservation portion
<b>Number of Equity Shares</b>	32,20,000 Equity Shares	1,80,000 Equity Shares
<b>Percentage of Issue Size available for allocation</b>	94.71% of the Issue Size  (50% for the Retail Individual Investors and the balance 50% for Other than Retail Individual Investors).	5.29% of the Issue Size
<b>Basis of Allotment/Allocation if respective category is oversubscribed</b>	Proportionate subject to minimum allotment of 10,000 Equity Shares and Further allotment in multiples of 10,000 Equity Shares each.  For further details please refer to the section titled " <i>Issue Procedure – Basis of Allotment</i> " on page 171 of this Draft Prospectus.	Firm Allotment
<b>Mode of Application*</b>	All Applications by the Applicants must be made compulsorily through ASBA mode (Online or Physical).	Through ASBA mode
<b>Minimum Application Size</b>	<u><b>For QIB and NII:</b></u> Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value exceeds Rs.2,00,000  <u><b>For Retail Individuals:</b></u> 10,000 Equity Shares	1,80,000 Equity Shares
<b>Maximum Application</b>	<u><b>For QIB and NII:</b></u> The maximum application size is the Net Issue to public subject to limits the investor has to adhere under the relevant laws and regulations as applicable.  <u><b>For Retail Individuals:</b></u> 10,000 Equity Shares	1,80,000 Equity Shares
<b>Mode of Allotment</b>	Dematerialized Form	Dematerialized Form
<b>Trading Lot</b>	10,000 Equity Shares	10,000 Equity Shares. However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations.



Particulars	Net Issue to Public <sup>^</sup>	Market Maker reservation portion
<b>Terms of payment</b>	The SCSBs shall be authorized to block such funds in the bank account of the Applicant that are specified in the ASBA Application Form.	

<sup>^</sup>As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue 'the allocation' is the net issue to the public category shall be made as follows: (a) Fifty percent to Retail Individual Investors; and (b) Remaining to Investors Other than Retail Individual Investors. 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.**

*\* In case of joint Application, 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.*

### Withdrawal of the Issue

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

1. The final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and,
2. The final ROC approval of the Prospectus after it is filed with the ROC.

In case, the Company wishes to withdraw the Issue after Issue opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

### Issue Programme

<b>Issue Opening Date</b>	<b>[•]</b>
<b>Issue Closing Date</b>	<b>[•]</b>

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working day i.e. all trading days of stock exchanges excluding Sunday and bank holidays as per SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.



## **Issue Procedure**

*All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document") included below under section titled " – Part B - General Information Document for investing in public issues", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchange and the Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.*

*Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in applicable law which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications are submitted in accordance with applicable law and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Prospectus.*

**This section applies to all the Applicants. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form.**

### **PART A**

#### **Fixed Price Issue**

The Issue is being made under Regulation 106(M)(2) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

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. 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 Exchange.

Our Company 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.

#### **Application Form**

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the Lead Manager, SCSBs, the BSE ([www.bseindia.com](http://www.bseindia.com)), the terminals of the Registered Brokers, the RTAs and the CDPs at least one day prior to the Issue Opening Date.

Pursuant to SEBI Circular dated September 27, 2011 and bearing No. CIR/CFD/DIL/1/2016, the Application Form has been standardized. Also please note that pursuant to SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 investors in public issues can only invest through ASBA Mode.

Applicants must provide bank account details and authorisation to block funds in the relevant space provided in the



Application Form and the Application Forms that do not contain such details are liable to be rejected. Applicants shall ensure that the Applications are made on Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Application Forms) and the Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Application Forms for various categories is as follows:

Category	Colour of Application Form *
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including Eligible NRIs, FIIs, FPI or FVCIs or FPIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue

\* Excluding electronic Application Forms

Designated Intermediaries shall submit Application Forms to SCSBs and shall not submit it to any non-SCSB bank or any escrow bank.

An Applicant shall submit a completed Application Form to any of the Designated Intermediaries which include: (i) an SCSB, with whom the bank account to be blocked, is maintained; (ii) a syndicate member (or sub-syndicate member); (iii) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity); (iv) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for this activity); (v) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

The Designated Intermediaries shall, at the time of receipt of Application, give an acknowledgement to Applicant, by giving the counter foil or specifying the Application number to the Applicant, as a proof of having accepted the Application Form, in physical or electronic mode, respectively.

- (i) For Applications submitted by Applicants to SCSB: After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the Stock Exchange and may begin blocking funds available in the bank account specified in the form, to the extent of the Application money specified.
- (ii) For applications submitted by investors to other Designated Intermediaries: After accepting the Application Form, respective Designated Intermediary shall capture and upload the relevant details in the electronic bidding system of Stock Exchange.

Stock Exchange shall validate the electronic Application details with depository's records for DP ID, Client ID and PAN, by the end of each day and bring the inconsistencies to the notice of Designated Intermediaries concerned, for rectification and re-submission within the time specified by Stock Exchange. Stock Exchange shall allow modification of selected fields in the Application details already uploaded on a daily basis.

Syndicate Member/SCSB to note that stamp of Broker/SCSB/DP/RTA Branch shall be done only after Application has been uploaded

### Who can Apply?

In addition to the category of Applicants set forth under “- *General Information Document for Investing in Public Issues - Category of Investors Eligible to Participate in an Issue*”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares; and
- Any other persons eligible to Apply in this Issue under the laws, rules, regulations, guidelines and policies applicable to them.

**The Equity Shares have not been and will not be registered, 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.**

### Option to subscribe in the Issue

- a. As per Section 29 of the Companies Act, 2013, allotment of Equity Shares will in dematerialized form only.
- b. The equity shares, on allotment, shall be traded on Stock Exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

#### **Participation by Associates of Lead Manager**

Except for the Underwriting Obligations, the Lead Manager shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the Lead Manager may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

#### **Application by Indian Public Including Eligible NRI's**

Application must be made only in the names of Individuals, Limited Companies or Statutory Corporations/ Institutions and not in the names of Minors (except through their Legal Guardians), 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, Partnership firms or their nominees. In case of HUFs application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

Eligible NRIs may obtain copies of Application Form from the Designated Intermediaries. Eligible NRI Applicants make application on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non- Resident (“FCNR”) ASBA Accounts, and eligible NRI Applicants make application on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full Application Amount, at the time of the submission of the Application Form.

Eligible NRIs Applicants make application on non-repatriation basis are advised to use the Application Form for residents (white in colour).

Eligible NRIs Applicants make application on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

#### **Applications by Mutual Funds**

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, the Company reserve the right to reject any Application without assigning any reason therefor. Applications made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications in respect of more than one scheme of a Mutual Fund will not be treated as multiple Applications, provided that such Applications clearly indicate the scheme for which the Application is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

#### **Applications by FPI (including FIIs and QFIs)**

On January 7, 2014, the SEBI notified the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2014 (“SEBI FPI Regulations”) pursuant to which the existing classes of portfolio investors namely, ‘foreign institutional investors’ and ‘qualified foreign investors’ will be subsumed under a new category namely, ‘foreign portfolio investors’ or ‘FPIs’. On March 13, 2014, the RBI amended FEMA 20 and specified conditions and requirements with respect to investment by FPIs in Indian companies.



In terms of the SEBI FPI Regulations, an FII which holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in the Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% 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.

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 22 of the SEBI FPI Regulations, an FPI, other than Category III Foreign Portfolio Investors and unregulated broad based funds, which are classified as Category II Foreign Portfolio Investors by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only if (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by, or on behalf of, it to any persons that are not regulated by an appropriate foreign regulatory authority.

#### **Applications by SEBI registered Venture Capital Funds, AIFs and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the “**SEBI VCF Regulations**”) and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the “**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, 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 investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after notification of the SEBI AIF Regulations.

#### **Applications by limited liability partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason therefor.

#### **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 reserves the right to reject any Application without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the “**Banking Regulation Act**”), and Master Circular – Para-banking Activities dated July 1, 2015 is 10% of the paid-up share capital of the investee company or 10% of the banks’ own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company’s paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

#### **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 reserves the right to reject any Application without assigning any reason therefor.

The exposure norms for insurers applicable to investment in equity shares, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (“**IRDA Investment Regulations**”), as amended, are: (a) equity shares of a company: the lower of 10% of the outstanding Equity Shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or 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 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 belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (a), (b) and (c) above, as the case may be. Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDA from time to time

#### **Applications by provident funds/pension funds**

In case of Applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs.2,500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application, without assigning any reason therefor.

#### **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 ASBA applications.

**In accordance with RBI regulations, OCBs cannot participate in the Issue.**

#### **Application under Power of Attorney**

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged 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 therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:



(a). With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

(b). With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

(c). With respect to applications made by provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that our Company, the lead manager may deem fit.

***Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars and mailing of the Allotment Advice / CANs / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.***

***The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the 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.***

#### **Maximum and Minimum Application Size**

##### **(a) For Retail Individual Applicants**

The Application must be for a minimum of 10,000 Equity Shares and in multiples of 10,000 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs. 2,00,000.

##### **(b) For Other Applicants (Non Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 200,000 and in multiples of 10,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB or Non Institution Applicant cannot withdraw or lower its Application at any stage of Issue.

In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion.

**Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Prospectus.**

#### **Information for the Applicants:**

- a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- b) The LM will circulate copies of the Prospectus along with the Application Form to potential investors.

- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office or from the registered office of the LM.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the LM or their authorized agent(s) to register their Applications.
- e) Applications made in the name of Minors and/or their nominees shall not be accepted.

### **Instructions for Completing the Application Form**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp and acknowledge by the Designated Intermediary.

### **Applicant's Depository Account and Bank Details**

**Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.**

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allocation Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue. By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

### **Procedure and Time Schedule for Allotment of Equity Shares**

The Issue will be conducted through the "Fixed Price Method" pursuant to which the Designated Intermediary will accept Applications for the Equity Shares during the Issue Period. The Issue Period will commence on [●] and expire on [●]. Following the expiration of the Issue Period, our Company, in consultation with the Lead Manager, will determine the basis of allotment and entitlement to allotment based on the applications received and subject to the confirmation by the Stock Exchanges. Successful Applicants will be provided with a confirmation of their allocation for the Equity Shares within a prescribed time. The SEBI (ICDR) Regulations, 2009 require our Company to complete the allotment to successful Applicants within 4 days of the expiration of the Issue Period. The Equity Shares will then be credited and allotted to the investors demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

### **Payment Instructions**

All Applicants are required to use the ASBA facility to make payment.

### **Basis of Allotment**

Allotment will be made in consultation with BSE 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 10,000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 10,000 Equity Shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the drawal 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 10,000 equity shares, the number in excess of the multiple of 10,000 would be rounded off to the nearest multiple of 10,000, subject to minimum allotment of 10,000 Equity Share.

5. If the shares allotted 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. If as a result of the process of rounding off to the lower nearest multiple of 10,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.

6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

- a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
- b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retail individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
- c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

As per Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 as amended, if the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 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 BSE.

The Executive Director / Managing Director of BSE - 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, 2009.

**As per the RBI regulations, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.**

#### **Terms of Payment / Payment Instructions**

The entire Issue price of Rs. 12/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, The Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants.

- All Applicants are required to make use ASBA for applying in the Issue
- Application Amount cannot be paid in cash, through money order, cheque or through postal order or through stock invest.
- Applicants may submit the Application Form in physical mode to the Designated Intermediaries.
- Applicants must specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- From one ASBA Account, a maximum of five Applications can be submitted.
- Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

- Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

### **Unblocking of ASBA Account**

- a. Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- b. On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- c. In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six Working Days of the Issue Closing Date

### **Electronic Registration of Applications**

1. The Designated Intermediary will register the Applications using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Applications are being accepted. The Lead Manager, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Designated Intermediary, (ii) the Applications uploaded by the Designated Intermediary, (iii) the Applications accepted but not uploaded by the Designated Intermediary or (iv) Applications accepted and uploaded without blocking funds.
2. The Designated Intermediary shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Designated Intermediary, (ii) the Applications uploaded by the Designated Intermediary, (iii) the Applications accepted but not uploaded by the Designated Intermediary and (iv) Applications accepted and uploaded without blocking funds. It shall be presumed that for Applications uploaded by the Designated Intermediary, the full Application Amount has been blocked.
3. In case of apparent data entry error either by the Designated Intermediary in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).
4. The Designated Intermediary will undertake modification of selected fields in the Application details already uploaded within before 1.00 p.m. of the next Working Day from the Issue Closing Date.



5. The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available with the Designated Intermediary and their authorized agents during the Issue Period. The Designated Branches or the Agents of the Designated Intermediary can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities on a regular basis. On the Issue Closing Date, the Designated Intermediary shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Lead Manager on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.
6. At the time of registering each Application submitted by an Applicant, Designated Intermediary shall enter the following details of the investor in the on-line system, as applicable:
- Name of the Applicant;
  - IPO Name;
  - Application Form number;
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;
  - Numbers of Equity Shares Applied for;
  - Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number

In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic Application Form number which shall be system generated.

7. The Designated intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The registration of the Application by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
8. Such acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.
9. In case of QIB Applicants, the Lead Manager has the right to accept the Application or reject it. However, the rejection should be made at the time of receiving the Application and only after assigning a reason for such rejection in writing. In case on Non-Institutional Applicants and Retail Individual Applicants, Applications would be rejected on the technical grounds.
10. The permission given by the Stock Exchanges to use their network and software of the Online IPO 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 any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our 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; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
11. Only Applications that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Designated Intermediary will be given time till 1.00 p.m. on the next working day after the Issue Closing Date to verify the PAN, DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar will receive this data from the Stock Exchanges and will validate the electronic Application details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such Applications are liable to be rejected.

**Do's:**

- Check if you are eligible to apply as per the terms of the Prospectus and under applicable law rules, regulations, guidelines and approvals;
- Ensure that you have Applied at the Issue Price;
- Read all the instructions carefully and complete the Application Form in the prescribed form;
- Ensure that the details about the PAN, DP ID and Client ID are correct and the Applicant's depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
- Ensure that the Application Form is signed by the account holder in case the Applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- With respect to Applications by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Application;
- Ensure that you request for and receive an acknowledgement of the Application from the concerned Designated Intermediary, for the submission of your Application Form;
- 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 syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres) the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
- Instruct your respective banks to not release the funds blocked in the ASBA Account for any other purpose;
- Submit revised Application to such Designated Intermediary through whom the original Application was placed and obtain a revised acknowledgement;
- Except for Applications (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the 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 the 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;
- Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
- 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;
- Ensure that the signature of the First Applicant, in case of joint Application, is included in the Application Forms;
- 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 Application, 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;
- Ensure that the category and sub-category is indicated;
- Ensure that in case of Application under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
- Ensure that Application submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
- 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 Exchange 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;
- Ensure that you tick the correct investor category, as applicable, in the Application Form to ensure proper upload of your Application in the online IPO system of the Stock Exchange;
- Ensure that the Application Form is delivered within the time prescribed as per the Application Form and the Prospectus;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that the entire Application Amount is paid at the time of submission of the Application or in relation to the ASBA Applications, ensure that you have correctly signed the authorization/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;

- Ensure that you receive an acknowledgement from the Designated Branch of the SCSB, for the submission of your Application Form.

***Dont's:***

- Do not Apply for lower than the minimum Application size;
- Do not Apply /revise Application Amount to less than or higher than the Issue Price;
- Do not Apply on another Application Form after you have submitted an Application to the Lead Manager, the SCSBs or the Registered Brokers, as applicable;
- Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest;
- The payment of the Application Amount in any mode other than blocked amounts in the bank account maintained with an SCSB shall not be accepted;
- Do not send Application Forms by post; instead submit the same to the Designated Intermediaries only;
- Do not Apply for an Application Amount exceeding Rs.200,000 if you are applying under the Retail category;
- 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 the Prospectus;
- Do not submit the General Index Register number instead of the PAN;
- Do not instruct your respective banks to release the funds blocked in the ASBA Account for any other purpose;
- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- 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;
- 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;
- Do not Apply if you are not competent to contract under the Indian Contract Act, 1872, as amended (other than minors having valid depository accounts as per Demographic Details provided by the Depositories);
- Do not withdraw your Application or lower the size of your Application (in terms of quantity of the Equity Shares or the Application Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
- Do not submit more than five Application Forms per ASBA Account;

The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Other Instructions**

***Joint Applications in the case of Individuals***

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

***Multiple Applications***

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications

- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

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.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of “know your client” norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (“PAN”) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

### **Right to Reject Applications**

In case of QIB Applicants, the Company in consultation with the LM 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.

### **Grounds of Rejections**

Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Applicants are advised to note that the Applications are liable to be rejected, *inter-alia*, on the following grounds, which have been detailed at various places in this GID:-

- Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- Applications by OCBs;
- In case of partnership firms, Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted along with the Application Form;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- The amounts mentioned in the Application Form does not tally with the amount payable for the value of the Equity Shares Applied for;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;



- Submission of more than five Application Form as through a single ASBA Account;
- Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the Prospectus;
- Multiple Applications as defined in this GID and the Prospectus;
- Application Forms are not delivered by the Applicants within the time prescribed as per the Application Form, Issue Opening Date advertisement and as per the instructions in the Prospectus and the Application Forms;
- Inadequate funds in the bank account to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants not submitted through ASBA process;
- Applications not uploaded on the terminals of the Stock Exchange; and
- Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Application Form.
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date , unless the extended time is permitted by BSE

**Applicants Should Note that in Case the PAN, the DP ID and client ID mentioned in the application form and entered into the electronic application system of the stock exchanges do not match with PAN, the DP ID and client ID available in the depository database, the application form is liable to be rejected.**

#### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who –*

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

#### **Signing of Underwriting Agreement**

Vide an Underwriting Agreement dated July 25, 2016 this issue is 100% Underwritten.

#### **Filing of the Prospectus with the ROC**

The Company will file a copy of the Prospectus with the ROC in terms of 26 of the Companies Act, 2013.

#### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013 the Company shall, after registering the Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional



newspaper with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price.

#### **Issuance of a Confirmation of Allocation Note (“CAN”)**

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 Brokers 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.

#### **Designated Date and Allotment of Equity Shares**

(a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Applicants Depository Account will be completed within six Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within five Working Days from the Issue Close Date.

#### **Disposal of Applications and Application Moneys and Interest in Case of Delay**

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 6 working days of closure of the issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 3 (three) working days of the Issue Closing Date;
- 2) Giving of Instructions for refund by unblocking of amount via ASBA not later than 4(four) working days of the Issue Closing Date, would be ensured; and
- 3) If such money is not repaid within eight 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 days, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

#### **Undertakings by our Company**

Our Company undertakes the following:

- (i) if our Company does not proceed with the Issue after the Issue Closing Date 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 Exchange on which the Equity Shares are proposed to be listed shall also be informed promptly.



- (ii) If our Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh offer document with the Stock Exchange(s)/RoC/SEBI, in the event our Company subsequently decide to proceed with the Issue.
- (iii) That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- (iv) all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed are taken within six Working Days of the Issue Closing Date;
- (v) Allotment will be made or the Application money will be refunded within six Working Days from the Issue Closing Date or such lesser time as specified by SEBI or the application money will be refunded to the Applicants forthwith, failing which interest will be due to be paid to the Applicants at the rate of 15% per annum for the delayed period.
- (vi) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant within six Working Days from the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (vii) That funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- (viii) That no further issue of Equity Shares shall be made until the Equity Shares offered through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.;
- (ix) Adequate arrangements shall be made to collect all Application Forms from the Applicants;
- (x) That the certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time; and
- (xi) Our Company shall not have recourse to the proceeds from the Issue until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

#### **Utilization of Issue Proceeds**

Our Board certifies that:

- (i) all monies received from the Issue shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- (ii) details of all monies utilised out of the Issue referred to in sub item (i) shall be disclosed and continue to be disclosed until the time any part of the Issue proceeds remains unutilised, under an appropriate separate head in the balance-sheet of the Issuer indicating the purpose for which such monies had been utilised; and
- (iii) details of all unutilised monies out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.
- (iv) Our Company shall comply with the requirements of the SEBI (LODR) Regulations in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.

Our Company declare that all monies received out of the Public 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.

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.

## **Withdrawal of the Issue**

Our Company in consultation with the LM reserves the right not to proceed with the Issue at anytime, including after the Issue Closing Date but before the Board meeting for Allotment, without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper. The Stock Exchanges where the Equity Shares are proposed to be listed shall also be informed promptly.

If the Company withdraws the Issue after the Application Closing Date, the Company will be required to file a fresh Offer Document with the Stock Exchange.

## **Equity Shares in Dematerialised 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:

- (a) Agreement dated [.] between NSDL, the Company and the Registrar to the Issue;
- (b) Agreement dated March 11, 2016 between CDSL, the Company and the Registrar to the Issue;

The Company's shares bear an ISIN No. INE459U01018.

- An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis à vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

## **Communications**

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue 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 Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip. Investors can contact the Compliance Officer or the Registrar to the Issue 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 etc.



## PART B

### General Information Document for Investing in Public Issues

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. 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 Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read this Draft Prospectus / Prospectus before investing in the Issue.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken inter-alia through Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”).

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue; are set out in the Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of Stock Exchange, on the website of the LM to the Issue and on the website of Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section “Glossary and Abbreviations”.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs ON SME EXCHANGE

##### 2.1 Initial Public Offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus

The Issuer may also undertake IPO under of chapter XB of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post-issue face value capital does not exceed ten crores rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 106M (2): An issuer, whose post issue face value capital, is more than ten crores rupees and up to twenty five crores rupees, may also issue specified securities in accordance with provisions of this Chapter.

The present Issue is being made under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulations.

## 2.2 Other Eligibility Requirements

In addition to the eligibility requirements specified in paragraphs 2.1, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013 and the Companies Act, 1956 to the extent applicable (the “Companies Act”), The Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry- specific regulations, if any, and other applicable laws for the time being in force.

Following are the eligibility requirements for making an SME IPO under Regulation 106M of Chapter XB of SEBI (ICDR) Regulation:

- (a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, Issue has to be 100% underwritten and the LM has to underwrite at least 15% of the total issue size.
- (b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013
- (c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issued any observations on the Offer Document. The Lead Manager shall submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- (d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue.
- (e) The Issuer shall have Net Tangible assets of at least Rs. 3 crore as per the latest audited financial results.
- (f) The Net worth (excluding revaluation reserves) of the Issuer shall be at least Rs. 3 crore as per the latest audited financial results.
- (g) The Issuer should have a track record of distributable profits in terms of section 123 of Companies Act, 2013 for two out of immediately preceding three financial years or it should have net worth of at least Rs. 5 Crores.
- (h) The Post-issue paid up capital of the Issuer shall be at least Rs. 3 Crore.
- (i) The Issuer shall mandatorily facilitate trading in demat securities.
- (j) The Issuer should not been referred to Board for Industrial and Financial Reconstruction.
- (k) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.
- (l) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the Issuer.
- (m) The Company should have a website.
- (n) There has been no change in the promoter(s) of the Company in the one year preceding the date of filing application to BSE for listing on SME segment.

Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this Issue.

Thus Company is eligible for the Issue in accordance with regulation 106M (2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital exceed ₹ 1,000 lakhs. Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.



### 2.3 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Issue Opening Date, in case of an IPO and at least one Working Day before the Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### 2.4 Issue Period

The Issue may be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Issue Period. Details of Issue Period are also available on the website of Stock Exchange(s).

### 2.5 Migration To Main Board

SME Issuer may migrate to the Main Board of Stock Exchange from the SME Exchange at a later date subject to the following:

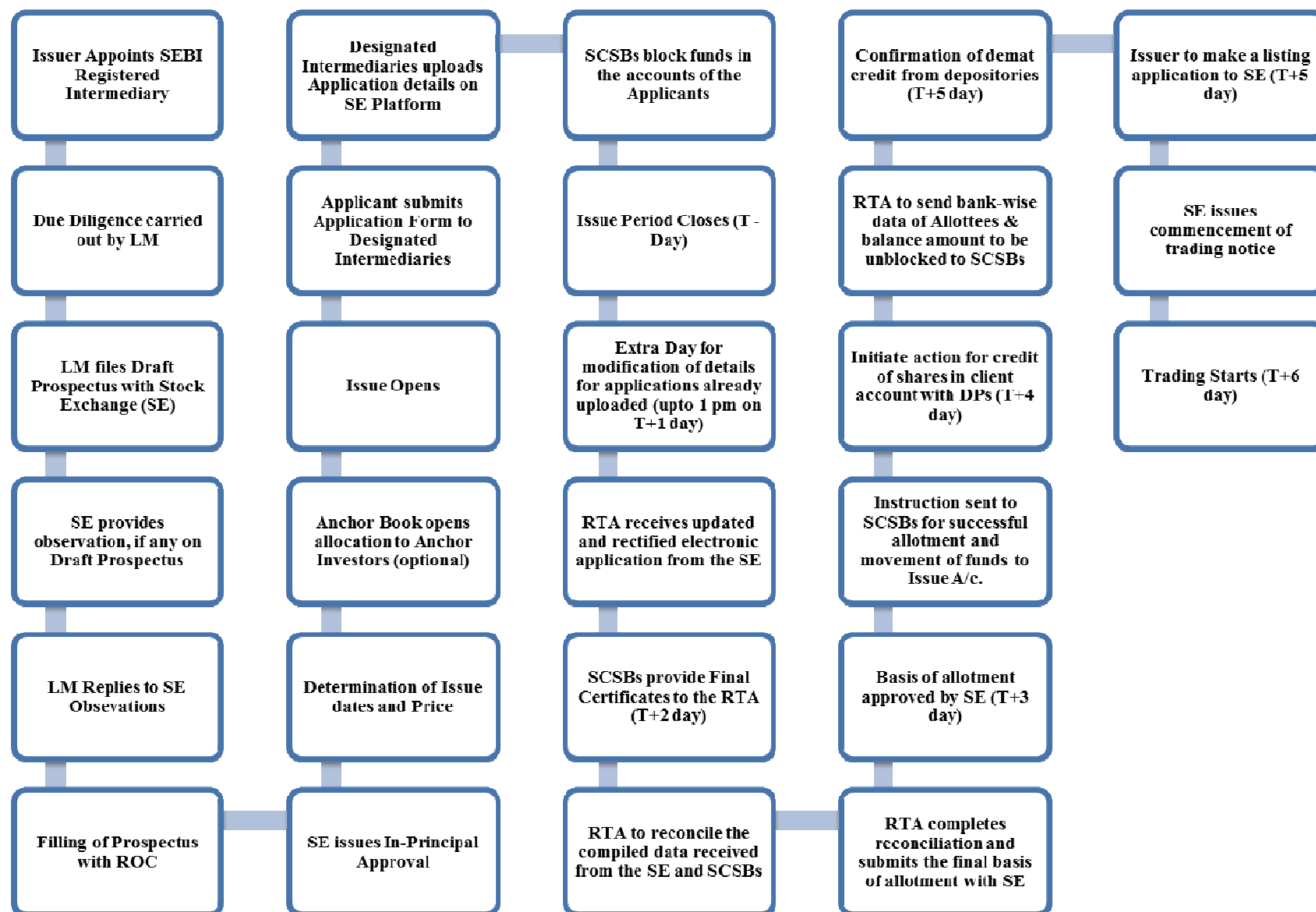
- (a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other 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), the Company shall apply to Stock Exchange for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- (b) If the Paid up Capital of the company is more than 10 crores and upto Rs. 25 crores, the Company 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.

### 2.6 Flowchart Of Timelines

A flow chart of process flow in Fixed Price and Book Built Issues is as follows.







### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

**Each Applicant should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
- Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI;
- Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- Insurance Companies registered with IRDA;
- Provident Funds and Pension Funds with minimum corpus of ₹ 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
- Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing regulations, OCBs cannot participate in this Issue

### SECTION 4: APPLYING IN THE ISSUE

**Fixed Price Issue:** Applicants should only use the specified Application Form bearing the stamp of an SCSB as available or downloaded from the websites of the Stock Exchange. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Application Form for various categories of Applicants is as follows:

Category	Colour of the Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), FPIs, QFIs, on a repatriation basis	Blue

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

#### 4.1 INSTRUCTIONS FOR FILING THE APPLICATION (FIXED PRICE ISSUE) FORM

Applicants may note that forms not filled completely or correctly as per instructions provided in this GUID, the Prospectus and the Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below. The samples of the Application Form for resident Applicants and the Application Form for non-resident Applicants are reproduced below:

<b>COMMON BID CUM APPLICATION FORM</b>		<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>		<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS</b>	
Address : _____ Contact Details: _____ CIN No. _____		Bid cum Application Form No. _____		ISIN : _____	
TO, THE BOARD OF DIRECTORS XYZ LIMITED		BOOK BUILT ISSUE		ISIN : _____	
LOGO		SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/DP/RTA STAMP & CODE	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE		ESCROW BANK/SCSB BRANCH STAMP & CODE		1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
BANK BRANCH SERIAL NO.		SCSB SERIAL NO.		Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____	
3. BIDDER'S DEPOSITORY ACCOUNT DETAILS		4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")		5. CATEGORY	
[For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID]		Bid Options:		[Retail Individual Bidder] [Non-Institutional Bidder] [QIB]	
Amount paid (₹ in figures) _____ (₹ in words) _____		ASBA Bank A/c No. _____ Bank Name & Branch _____		PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>	
7A. SIGNATURE OF SOLE / FIRST BIDDER		7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)		BROKER / SCSB / DP / RTA STAMP (Acknowledging receipt of Bid in Stock Exchange system)	
Date : _____		I/We authorize the SCSB to do all acts as are necessary to make the Application in the line		1) _____ 2) _____ 3) _____	
LOGO		XYZ LIMITED INITIAL PUBLIC ISSUE - R		Acknowledgement Slip for Broker/SCSB/DP/RTA	
DPID / CLID		Amount paid (₹ in figures) _____ Bank & Branch _____		Bid cum Application Form No. _____ PAN of Sole / First Bidder _____	
ASBA Bank A/c No. _____		Received from Mr./Ms. _____		Stamp & Signature of SCSB Branch	
Telephone / Mobile _____ Email _____		Option 1 Option 2 Option 3		Stamp & Signature of Broker / SCSB / DP / RTA	
Amount Paid (₹) _____		ASBA Bank A/c No. _____		Name of Sole / First Bidder _____	
Bank & Branch _____		Bank & Branch _____		Acknowledgement Slip for Bidder	
Bid cum Application Form No. _____		Bid cum Application Form No. _____		Bid cum Application Form No. _____	

**COMMON BID CUM APPLICATION FORM**

TO:  
THE BOARD OF DIRECTORS  
XYZ LIMITED

**XYZ LIMITED - INITIAL PUBLIC ISSUE - NR**

Address : \_\_\_\_\_ Contact Details : \_\_\_\_\_ CIN No. \_\_\_\_\_

BOOK BUILT ISSUE  
ISIN : \_\_\_\_\_

**FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIs OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS**

Bid cum Application Form No. \_\_\_\_\_

---

SYNDICATE MEMBER'S STAMP & CODE

BROKER/SCSB/DP/RTA STAMP & CODE

SEB BROKER'S / SUB-AGENT'S STAMP & CODE

BANK BRANCH SERIAL NO.

SCSB SERIAL NO.

**1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER**

Mr / Ms. \_\_\_\_\_

Address \_\_\_\_\_

E-mail \_\_\_\_\_

Tel. No (with STD code) / Mobile \_\_\_\_\_

**2. PAN OF SOLE / FIRST BIDDER**

\_\_\_\_\_

---

**3. BIDDER'S DEPOSITORY ACCOUNT DETAILS** ☐ NSDL ☐ CDSL

Use NSDL, enter 8 digit DP ID followed by 8 digit Client ID / Use CDSL, enter 16 digit Client ID

**4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")**

Bid Option	No. of Equity Shares Bid (In Figures) (Must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 10 only) (In Figures)			"Cut-off" Please tick
		Bid Price	Retail Discount	Net Price	
Option 1					<input type="checkbox"/>
(OR) Option 2					<input type="checkbox"/>
(OR) Option 3					<input type="checkbox"/>

**5. INVESTOR STATUS**

☐ NRI Non-Resident Indian (Repatriation basis)

☐ FI FI or Sub-account of a Corporate/Foreign Individual

☐ FPIA FI Sub-account Corporate/Individual

☐ FVCU Foreign Venture Capital Investor

☐ FPI Foreign Portfolio Investor

☐ OTH Others (Please Specify) \_\_\_\_\_

---

**6. PAYMENT DETAILS**

Amount paid (₹ in figures) \_\_\_\_\_ (₹ in words) \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Bank Name & Branch \_\_\_\_\_

**PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐**

---

**7A. SIGNATURE OF SOLE / FIRST BIDDER**

Date : \_\_\_\_\_

**7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)**

(We authorize the SOLE / FIRST BIDDER to act as an authorized signatory to make the Application in the name)

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

**BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)**

---

LOGO

**XYZ LIMITED**

**INITIAL PUBLIC ISSUE - NR**

**Acknowledgement Slip for Broker/SCSB/DP/RTA**

Bid cum Application Form No. \_\_\_\_\_

PAN of Sole / First Bidder \_\_\_\_\_

Amount paid (₹ in figures) \_\_\_\_\_ Bank & Branch \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Received from Mr/Ms. \_\_\_\_\_

Telephone / Mobile \_\_\_\_\_ E-mail \_\_\_\_\_

---

**XYZ LIMITED - INITIAL PUBLIC ISSUE - NR**

No. of Equity Shares \_\_\_\_\_

Bid Price \_\_\_\_\_

Amount Paid (₹) \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Bank & Branch \_\_\_\_\_

**Stamp & Signature of Broker / SCSB / DP / RTA**

**Name of Sole / First Bidder**

\_\_\_\_\_

**Acknowledgement Slip for Bidder**

Bid cum Application Form No. \_\_\_\_\_

#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST APPLICANT

- Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- Mandatory Fields:** Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications (including letters notifying the unblocking of the

bank accounts of Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

- (c) **Joint Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:  
*“Any person who:*
  - (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
  - (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
  - (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*  
*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective Depository Participant.

#### 4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST APPLICANT

- (a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim (“PAN Exempted Applicants”). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Applications by Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

#### 4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID



and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**

- (b) Applicants should ensure that the beneficiary account provided in the Application Form is active.
- (c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- (d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk.

#### 4.1.4 FIELD NUMBER 4: APPLICATION DETAILS

- (a) The Issuer may mention Price in the Draft Prospectus. However a prospectus registered with RoC contains one price.
- (b) Minimum And Maximum Application Size

- i. For Retail Individual Applicants

The Application must be for a minimum of 10,000 Equity Shares. As the Application Price payable by the Retail Individual Applicants cannot exceed Rs. 2,00,000, they can make Application for only minimum Application size i.e. for 10,000 Equity Shares.

- ii. For Other Applicants (Non Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 200,000 and in multiples of 10,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB and a NII Applicant cannot withdraw or lower its quantity or price in its application once the application is submitted and is required to pay 100% Margin upon submission of Application. In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.

- (c) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to different Designated Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (d) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.
  - ii. For applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (e) The following applications may not be treated as multiple Applications:
  - i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the



Net Issue portion in public category.

- ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Application has been made.
- iii. Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its subaccounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.1.5 FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

- i. The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of application, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- ii. An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- iii. The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. For details pertaining to allocation and Issue specific details in relation to allocation, applicant may refer to the Prospectus.

#### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Applicants, such as NRIs, FIIs/FPIs and FVCIs may not be allowed to Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- (c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.
- (d) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD NUMBER 7: PAYMENT DETAILS**

- (a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full amount in the Application Form and the payment shall be made for Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- (b) Please note that, providing bank account details in the space provided in the Application Form is mandatory and Applications that do not contain such details are liable to be rejected.
- (c) In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Issue only through ASBA process providing details about the bank account which will be blocked by the SCSBs for the same.

##### **4.1.7.1 Payment instructions for Applicants**

- (i) Applicants may submit the Application Form either (i) in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account, or (ii) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Application Form, or (iii) in physical mode to any Designated Intermediary.
- (ii) Applicants should specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.



- (iii) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- (iv) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (v) From one ASBA Account, a maximum of five Application Forms can be submitted.
- (vi) Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (vii) Applicants applying through a Registered Broker, RTA or CDP should note that Application Forms submitted to them may not be accepted, if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Registered Brokers, RTA or CDP, as the case may be, to deposit Application Forms.
- (viii) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application form.
- (ix) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- (x) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (xi) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (xii) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- (xiii) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

#### **4.1.7.2 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Applications, if any, along with reasons for rejection, if any to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Applicant to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Amount in the relevant ASBA Account within six Working Days of the Issue Closing Date.

#### **4.1.7.3 Discount (if applicable)**



- (a) The Discount is stated in absolute rupee terms.
- (b) Applicants applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Applicants may refer to the Prospectus.
- (c) the Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Amount less Discount (if applicable).

Applicant may note that in case the net payment (post Discount) is more than two lakh Rupees, the system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

#### **4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the ASBA Applicant, then the Signature of the ASBA Account holder(s) is also required.
- (c) Signature has to be correctly affixed in the authorization/undertaking box in the Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Amount mentioned in the Application Form.
- (d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

#### **4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Applicants should ensure that they receive the Acknowledgement Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the Application Form.
- (b) All communications in connection with Applications made in the Issue should be addressed as under:
  - i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, unblock fund, the Applicants should contact the Registrar to the Issue.
  - ii. In case of Applications submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.
  - iii. In case of queries relating to uploading of Applications by a Registered Broker, the Applicants should contact the relevant Registered Broker
  - iv. In case of Application submitted to the RTA, the Applicants should contact the RTA.
  - v. In case of Application submitted to the DP, the Applicants should contact the relevant DP.
  - vi. Applicant may contact our Company Secretary and Compliance Officer or LM in case of any other complaints in relation to the Issue.
- (c) The following details (as applicable) should be quoted while making any queries -
  - i. full name of the sole or First Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
  - ii. name and address of the Designated Branch, as the case may be, where the application was submitted
  - iii. ASBA Account number in which the amount equivalent to the Amount was blocked.

For further details, Applicant may refer to the Prospectus and the Application Form.

## **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- (b) RII may revise their applications till closure of the Issue period or withdraw their applications until finalization of allotment.



- (c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- (d) The Applicant can make this revision any number of times during the Issue Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the SCSB through which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

COMMON BID REVISION FORM		XYZ LIMITED - INITIAL PUBLIC ISSUE - R		FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS	
Address : _____ Contact Details: _____ CIN No. _____		BOOK BUILT ISSUE		Bid cum Application Form No. _____	
TO, THE BOARD OF DIRECTORS XYZ LIMITED		ISIN : _____			
SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/DP/RTA STAMP & CODE		1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE		ESCROW BANK/SCSB BRANCH STAMP & CODE		Mr. / Ms. _____ Address _____ Tel. No (with STD code) / Mobile _____ Email _____	
BANK BRANCH SERIAL NO.		SCSB SERIAL NO.		2. PAN OF SOLE / FIRST BIDDER	
				3. BIDDER'S DEPOSITORY ACCOUNT DETAILS	
				For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID	
PLEASE CHANGE MY BID					
4. FROM (AS PER LAST BID OR REVISION)					
Bid Options:		No. of Equity Shares Bid (Bid must be in multiples of Bid Lot as advertised)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)	
		(In Figures)		(In Figures)	
		8 7 6 5 4 3 2 1		3 2 1 3 2 1 3 2 1 "Cut-off" (Please ✓/tick)	
Option 1					
(OR) Option 2					
(OR) Option 3					
5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")					
Bid Options:		No. of Equity Shares Bid (Bid must be in multiples of Bid Lot as advertised)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)	
		(In Figures)		(In Figures)	
		8 7 6 5 4 3 2 1		3 2 1 3 2 1 3 2 1 "Cut-off" (Please ✓/tick)	
Option 1					
(OR) Option 2					
(OR) Option 3					
6. PAYMENT DETAILS					
Additional Amount Paid (₹ in figures)		(₹ in words)		PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>	
ASBA Bank A/c No.					
Bank Name & Branch					
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED/ABSTRACTED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.					
7A. SIGNATURE OF SOLE / FIRST BIDDER		7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)		BROKER / SCSB / DP / RTA STAMP (Acknowledging receipt of Bid in Stock Exchange system)	
Date : _____		1) _____ 2) _____ 3) _____			
TEAR HERE					
LOGO		XYZ LIMITED BID REVISION FORM - INITIAL PUBLIC ISSUE - R		Acknowledgement Slip for Broker/SCSB/DP/RTA	
DPID / CLID		Bank & Branch		PAN of Sole / First Bidder	
Additional Amount Paid (₹)		ASBA Bank A/c No.		Stamp & Signature of SCSB Branch	
Received from Mr./Ms.		Telephone / Mobile			
		Email			
TEAR HERE					
XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R		Stamp & Signature of Broker / SCSB / DP / RTA		Name of Sole / First Bidder	
No. of Equity Shares		Option 1		Option 2	
Bid Price		Option 3			
Additional Amount Paid (₹)				Acknowledgement Slip for Bidder	
ASBA Bank A/c No.				Bid cum Application Form No.	
Bank & Branch					

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

#### 4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST APPLICANT, PAN OF SOLE/FIRST APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.2.2 FIELD 4 & 5: APPLICATION FORM REVISION 'FROM' AND 'TO'

- (a) Apart from mentioning the revised number of shares in the Revision Form, the Applicant must also mention the details of shares applied for given in his or her Application Form or earlier Revision Form.
- (b) In case of revision of applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application amount should not exceed Rs. 2,00,000/-. In case amount exceeds Rs. 2,00,000/- due to revision and the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category.

#### 4.2.3 FIELD 6: PAYMENT DETAILS

- (a) All Applicants are required to make payment of the full application amount along with the Revision Form.
- (b) Applicant may Issue instructions to block the revised amount in the ASBA Account, to Designated Branch through whom such Applicant had placed the original application to enable the relevant SCSB to block the additional application amount, if any.

#### 4.2.4 FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3 SUBMISSION OF REVISION FORM/APPLICATION FORM

#### 4.3.1 Applicants may submit completed application form / Revision Form in the following manner:-

Mode of Application	Submission of Application Form
ALL Application	To the Designated Intermediary

## SECTION 5: ISSUE PROCEDURE IN FIXED PRICE ISSUE

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue.** As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediaries.

Applicants may submit an Application Form either in physical form to the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only. The Application Form is also made available on the websites of the Stock Exchange at least one day prior to the Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

### GROUNDS OF REJECTIONS

Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Applicants are advised to note that the Applications are liable to be rejected, *inter-alia*, on the following grounds, which have been detailed at various places in this GID:-

- Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- Applications by OCBs;
- In case of partnership firms, Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;



- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted along with the Application Form;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- The amounts mentioned in the Application Form does not tally with the amount payable for the value of the Equity Shares Applied for;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Submission of more than five Application Form as through a single ASBA Account;
- Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the Prospectus;
- Multiple Applications as defined in this GID and the Prospectus;
- Application Forms are not delivered by the Applicants within the time prescribed as per the Application Form, Issue Opening Date advertisement and as per the instructions in the Prospectus and the Application Forms;
- Inadequate funds in the bank account to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants not submitted through ASBA process;
- Applications not uploaded on the terminals of the Stock Exchange; and
- Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Application Form.
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date , unless the extended time is permitted by BSE

**Applicants should note that in case the PAN, the DP ID and client ID mentioned in the application form and entered into the electronic application system of the stock exchange by the brokers do not match with PAN, the DP ID and client ID available in the depository database, the application form is liable to be rejected.**

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section of the GID.

## **SECTION 6: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

This being Fixed Price Issue, this section is not applicable for this Issue.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

### **7.1 BASIS OF ALLOTMENT**

Allotment will be made in consultation with the BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth hereunder:

- (a) 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).
- (b) 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).

- (c) For applications where the proportionate allotment works out to less than 10,000 equity shares the allotment will be made as follows:
- vii. Each successful Applicant shall be allotted 10,000 equity shares; and
  - viii. The successful Applicants out of the total applicants for that category shall be determined by the withdrawal 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.
- (d) If the proportionate allotment to an Applicant works out to a number that is not a multiple of 10,000 equity shares, the Applicant would be allotted Shares by rounding off to the nearest multiple of 10,000 equity shares subject to a minimum allotment of 10,000 equity shares.
- (e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Applicants in that category, the balance available Shares or 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 Applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 10,000 Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in the Prospectus.
- (f) The above proportionate allotment of Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual Applicants as described below:
- i. As per Regulation 43 (4) of SEBI (ICDR), as the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
  - ii. The balance net offer of shares to the public shall be made available for allotment to
    - individual applicants other than retails individual investors and
    - other investors, including corporate bodies/ institutions irrespective of number of shares applied for.
  - iii. The unsubscribed portion of the net offer to any one of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required. '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 BSE.

The Executive Director / Managing Director of BSE - 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 SEBI (ICDR) Regulations.

## 7.2 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue. Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Applicants Depository Account will be completed within six Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within five Working Days from the Issue Close Date.



## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within six Working Days of the Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with CDPs, and dispatch the Allotment Advice within six Working Days of the Issue Closing Date.

### **8.2 GROUNDS FOR UNBLOCKING OF FUND/REFUND**

#### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange for permission to deal in/list and for an official quotation of the Equity Shares. The Stock Exchange from where such permission is sought are disclosed in this Draft Prospectus. The Designated Stock Exchange may be as disclosed in this Draft Prospectus/the Prospectus with which the Basis of Allotment may be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange, the Issuer may forthwith take steps to refund, without interest, all moneys received from Applicants. If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in the Prospectus.

#### **8.2.2 NON RECEIPT OF 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 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, if the “amount stated in the prospectus as 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 the Prospectus or such other period as may be specified by the Securities and Exchange Board, the application money has to be returned within such period as may be prescribed.

If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement to Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest at the rate of 15% p.a.

#### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allotees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

### **8.3 MODE OF UNBLOCKING OF FUND/REFUND**

Within six 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 or in the event of withdrawal or failure of the Issue.

### **8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The Issuer may pay interest at the rate of 15% per annum if demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 6 Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Issue Closing Date, if Allotment is not made.

## **SECTION 9: GLOSSARY AND ABBREVIATIONS**

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

<b>Term</b>	<b>Description</b>
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	An Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI (ICDR) Regulations.
Anchor Investor Portion	Up to 30% of the QIB Category which may be allocated by the Issuer in consultation with the Lead Manager, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application	An indication to make an offer during the Issue Period by a prospective pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price including all revisions and modifications thereto.
Application Form	The form in terms of which an Applicant shall make an Application and which shall be considered as the application for the Allotment pursuant to the terms of the Prospectus
Designated Intermediaries / Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue.
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by an Applicant to make an Application authorizing the relevant SCSB to block the Application Amount in the relevant ASBA Account Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No.CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all potential investors shall participate in the Issue only through ASBA process providing details about the bank account which will be blocked by the SCSBs
ASBA Account	Account maintained with an SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the appropriate Application Amount in relation to an Application by an Applicant
Application	An indication to make an offer during the Issue Period by an Applicant, pursuant to submission of Application Form, to subscribe for or purchase our Equity Shares at the Issue Price including all revisions and modifications thereto, to the extent permissible under the SEBI (ICDR) Regulations
Application Amount	The value indicated in Application Form and payable by the Applicant upon submission of the Application, less discounts (if applicable).
Banker(s) to the Issue/	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Public Issue Account(s) may be opened, and as disclosed in the Prospectus and Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue
Issue Closing Date	The date after which the SCSBs may not accept any Application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation Applicants may refer to the Prospectus for the Issue Closing Date
Issue Opening Date	The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Opening Date
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 application inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one





	working day prior to the Issue Closing Date in accordance with the SEBI (ICDR) Regulations. Applicants may refer to the Prospectus for the Issue Period
Book Building Process/ Book Building Method	The book building process as provided under SEBI (ICDR) Regulations
Lead Manager(s)/Lead Manager/ LM	The Lead Manager to the Issue as disclosed in this Draft Prospectus/ Prospectus and the Application Form of the Issuer.
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may 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
Companies Act	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated SCSB Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time
Designated Date	The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account following which the board of directors may give delivery instructions for the transfer of the Equity Shares constituting the Issue
Designated Stock Exchange	The designated stock exchange as disclosed in this Draft Prospectus/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Applicants in accordance with the SEBI (ICDR) Regulations.
Draft Prospectus	This draft prospectus filed with the Designated stock exchange in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI (ICDR) Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoter and immediate relatives of the promoter. For further details /Applicant may refer to the Prospectus
Equity Shares	Equity shares of the Issuer
FCNR Account	Foreign Currency Non-Resident Account
Applicant	The Applicant whose name appears first in the Application Form or Revision Form
FPI(s)	Foreign Portfolio Investor
Fixed Price Issue/ Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI (ICDR) Regulations, in terms of which the Issue is being made
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Application Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Application Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996

NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Prospectus/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less Market Maker Reservation Portion
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FPIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than Rs. 2,00,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in this Draft Prospectus/the Prospectus and the Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs registered with SEBI and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of Section 26 of the Companies Act, 2013
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the ASBA Accounts on the Designated Date
QIB Category Qualified Institutional Buyers or QIBs	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis As defined under SEBI (ICDR) Regulations
RTGS	Real Time Gross Settlement
Refunds through electronic transfer of funds	Refunds through ASBA
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in this Draft Prospectus / Prospectus and Application Form
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI (ICDR) Regulations
Retail Individual Investors / RIIs	Investors who applies or for a value of not more than Rs. 2,00,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies for a value of not more than Rs. 2,00,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Applicant in an issue to modify the quantity of Equity Shares in an Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI (ICDR) Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SME IPO	Initial public offering as chapter XB of SEBI (ICDR) Regulation



SME Issuer	The Company making the Issue under chapter XB of SEBI (ICDR) Regulation
Stock Exchange/SE	The Stock Exchange as disclosed in this Draft Prospectus/ Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Self Certified Syndicate Banks or SCSBs	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the respective websites of the Stock Exchange ( <a href="http://www.bseindia.com">www.bseindia.com</a> )
Designated SCSB Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the respective websites of the Stock Exchange ( <a href="http://www.bseindia.com">www.bseindia.com</a> )
Underwriter	The Lead Manager(s)
Underwriting Agreement	The agreement dated July 25, 2016 entered into between the Underwriters and our Company
Working Day(s)	All trading days of stock exchanges excluding Sundays and bank holidays in accordance with the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 issued by SEBI.

### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated primarily through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP, issued the consolidated FDI Policy by way of circular no. D/o IPP F. No. 5(1)/2016-FC-1 dated June 7, 2016 (“**FDI Policy**”), which with effect from June 7, 2016, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on June 6, 2016. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (“**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 SEBI and RBI.

As per the existing policy of the Government of India, OCBs cannot participate in the Issue.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States, and, unless so registered, 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 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 above information is given for the benefit of the Applicants. Our Company 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.**



## Section IX – Main Provisions of the 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.*

- |                       |   |  |
|-----------------------|---|--|
| 1.                    | <p>No regulations contained in Table “F” in the First Schedule to the Companies Act, 2013 shall apply to this Company, but the regulations for the management of the Company and for the observance by the members thereof and their representatives shall, subject to any exercise of the statutory powers by the Company with reference to the repeal or alteration of, or addition to its regulations by Special Resolution, as prescribed by the said Companies Act, 2013, be such as are contained in the said Articles.</p>   | <p><b>Table “F” not to apply but company to be governed by these Articles.</b></p>   |
| <b>INTERPRETATION</b> |   |  |
| 2.                    | <p>The marginal notes hereto shall not affect the construction hereof. In the interpretation of these Articles the following expression shall have the following meanings, unless repugnant to the subject or context:</p> <p><b>"The Act"</b> - means the Companies Act, 2013, as amended (for the time being in force) and the Companies Act, 1956 to the extent the provisions have not been superseded by the Companies Act, 2013 and includes the rules made there under and any statutory modification or re-enactment thereof for the time being in force.</p> <p><b>"Annual General Meeting"</b> - means a general meeting of the members held in accordance with the provisions of the Section 96 of the Companies Act, 2013.</p> <p><b>"Auditors"</b> - means and includes the persons appointed as such for the time being of the Company.</p> <p><b>"Beneficial Owner"</b> - shall mean beneficial owner as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996.</p> <p><b>"Board"</b> or <b>"Board of Directors"</b> - means the board of directors of the Company, from time to time.</p> <p><b>"Bye-laws"</b> - means the Bye-laws which may be made by the Board of Directors of the Company under these Articles and which may for the time being be in force.</p> <p><b>"Capital"</b> - means the capital for the time being raised for the purpose of the Company.</p> <p><b>"The Chairman"</b> - means the Chairman of the Board of Directors for the time being of the Company.</p> <p><b>"The Company"</b> or <b>"This Company"</b> means Super Fine Knitters Limited.</p> <p><b>"Debenture"</b> - includes debenture stock, bonds or any other instrument of the Company evidencing a debt, whether constituting a charge on the assets of the Company or not.</p> <p><b>"Depositories Act, 1996"</b> - shall include statutory modifications or re-enactment thereof.</p> <p><b>"Depository"</b> - shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.</p> <p><b>"Directors"</b> - means the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board, or acting under a Circular Resolution under the Articles.</p> <p><b>"Dividend"</b> - includes any interim dividend.</p> <p><b>"Documents"</b> - includes summons, notices, requisition, other legal process and registers, whether issued, sent or kept in pursuance of the Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.</p> <p><b>"Executor"</b> or <b>"Administrator"</b> - means a person who has obtained Probate or Letter of Administration, as the case may be, from a Competent Court.</p> <p><b>"Extra-ordinary General Meeting"</b> - means an extra-ordinary general meeting of the members duly called and constituted and any adjourned holding thereof.</p> <p><b>"General Meeting"</b> - means a general meeting of the members.</p> <p><b>"Group"</b> - means a group of two or more individuals, associations, firms or bodies corporate, or any combination thereof, which exercises or is in a position to exercise,</p> | <p><b>Interpretation</b></p> <p><b>The Act</b></p> <p><b>Annual General Meeting</b></p> <p><b>Auditors</b></p> <p><b>Beneficial Owner</b></p> <p><b>Board of Directors</b></p> <p><b>Bye-laws</b></p> <p><b>Capital</b></p> <p><b>Chairman</b></p> <p><b>The Company or This Company</b></p> <p><b>Debenture</b></p> <p><b>Depositories Act</b></p> <p><b>Depository</b></p> <p><b>Directors</b></p> <p><b>Dividend</b></p> <p><b>Documents</b></p> <p><b>Executor or Administrator</b></p> <p><b>Extra-ordinary General Meeting</b></p> <p><b>General Meeting</b></p> <p><b>Group</b></p> |

or has the subject of exercising, control over any individual, body corporate, firm or trust.

**"In writing" or "written"** – means and includes words printed, lithographed, represented or reproduced in any other modes in a visible form, including telex, telegram.

**"Members"** - means the duly registered holders, from time to time of the shares of the Company and includes the subscribers to the Memorandum of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

**"Month"** - means a calendar month.

**"Office"** - means the registered office for the time being of the Company

**"Ordinary Resolution"** - shall have the meaning assigned to it by Section 114 of the Companies Act, 2013.

**"Paid-up"** - includes credited as paid up.

**"Persons"** - includes individuals, any company or association or body of individuals whether incorporated or not.

**"Proxy"** - means an instrument whereby any person is authorized to vote for a member at the general meeting or poll.

**"The Register of Members"** - means the register of members to be kept pursuant to Section 88 of the Companies Act, 2013.

**"The Registrar"** - means the Registrar of Companies.

**"The Company's Regulations"** - means the regulations for the time being for the management of the Company.

**"Seal"** - means the Common Seal for the time being of the Company.

**"SEBI"** – means the Securities and Exchange Board of India.

**"Secretary"** - means and include a temporary or Assistant Secretary and any person or persons appointed by the Board in accordance with the provisions of the Companies (Secretary's Qualifications) Rules, 1975 or any other rules for the time being in force] to perform any of the duties of the Secretary.

**"Shares"** - means the shares or stocks into which the capital of the Company is divided and the interest corresponding with such shares or stocks except where a distinction between stocks and shares is expressed or implied.

**"Special Resolution"** - shall have the meaning assigned thereto by Section 114 of the Companies Act, 2013.

**"Tribunal"** – means the National Company Law Tribunal constituted under Section 408 of the Companies Act, 2013.

**"Year"** - means the calendar year and "Financial Year" - shall have the meaning assigned thereto by Section 2(41) of the Companies Act, 2013.

Words importing the masculine gender also include the feminine gender.

Words importing the singular number includes where the context admits or requires, the plural number and vice versa.

Unless the context otherwise requires, words and-expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof for the time being in force.

## **In Writing and Written**

## **Members**

## **Month**

## **Office**

## **Ordinary Resolution**

## **Paid-up**

## **Persons**

## **Proxy**

## **The Register of Members**

## **The Registrar**

## **The Company's Regulations**

## **Seal**

## **SEBI**

## **Secretary**

## **Shares**

## **Special Resolution**

## **Tribunal**

## **Year**

## **Gender**

## **Singular Number**

## **Expressions in the Act to bear the same meaning in Articles**

## **CAPITAL**

### **The Authorized Share Capital**

3. (a) The Authorized Share Capital of the Company will be as that specified in Clause V of the Memorandum of Association from time to time in accordance with the regulations of the Company and the legislative provision for the time being in force in this behalf and power to divide the Share Capital into Equity Share Capital or Preference Share Capital and to attach thereto respectively, any preferential, qualified or special rights, privileges or conditions, and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents, PROVIDED HOWEVER that where any Government has made an order under sub-section 4 of Section 62 of the Companies Act, 2013 directing that any debenture issued by the Company or loan taken by the Company or any part thereof shall be converted into shares of the Company and no appeal has been preferred to the Tribunal under sub-section (4) of Section 62 of the Companies Act, 2013, or where such appeal has been dismissed, the memorandum of the Company shall, where such order has the effect of increasing the Authorized Share Capital, stand altered and the Authorized Share Capital of the Company shall stand increased by an amount equal to the amount of the value of the shares into which such debentures or loans or part thereof has been converted.

**Preference Shares, Rights of Holders**

- (b) The holders of Preference Shares shall be entitled to be paid out of the profits which the Directors shall determine to distribute by way of dividend, a fixed cumulative preferential dividend at such rates as maybe fixed by the Company (free of Company's tax but subject to deduction of tax at source at the prescribed rate), on the amount credited as paid up thereon and to the right, on winding up, to be paid all arrears of preferential dividend, whether earned or declared or not, down to the commencement of winding up, and also to be repaid the amount of capital paid or credited as paid up on the Preference Shares held by them respectively in priority to any payment in respect of Equity Shares, but shall not be entitled to any other rights in the profits or assets of the Company.

Subject as aforesaid and to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the Equity Shares, in the event of the winding up of the Company, the holders of the Equity Shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such shares and all surplus assets thereafter shall belong to the holders of the Equity Shares in proportion to the amount paid up or credited as paid up on such Equity Shares respectively at the commencement of the winding up.

- (c) Subject to the provisions of Section 80 of the Companies Act, 1956 (as may be applicable) and Section 55 of the Companies Act, 2013 (as may be applicable) the following provisions shall apply in regards to redemption of Cumulative Preference Shares:
- (a) The Company may subject to the terms of issue at any time but in any event not later than twenty years from the issue of shares apply any profits or monies of the Company which may be lawfully applied for the purpose in the redemption of the preference shares at par together with a sum equal to arrears of dividend thereon down to the date of redemption.
  - (b) In the case of any partial redemption under sub-clause (c)(a) of this Article, the Company shall for the purpose of ascertaining the particular shares to be redeemed, cause a drawing to be made at the office or at such other place as the Directors may decide, in the presence of a representative of the Auditors for the time being of the Company.
  - (c) Forthwith after every such drawing the Company shall give to the holders of the shares drawn for redemption notice in writing of the Company's intention to redeem the same fixing a time (not less than three months thereafter) and the place for the redemption and surrender of the shares to be redeemed.
  - (d) At the time and place so fixed each holder shall be bound to surrender to the Company the Certificate for his shares to be redeemed and the Company shall pay to him the amount payable in respect of such redemption and where any such Certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh Certificate there for.
- (d) Subject to the provisions of the Articles, the Company shall be entitled to create and issue further Preference Shares ranking in all or any respects pari-passu with the said Preference Shares, PROVIDED in the event of its creating and/or issuing Preference Shares in future, ranking pari-passu with the Preference Shares proposed to be issued, the Company would do so only with the consent of the holders of not less than three-fourths of the Preference Shares then outstanding.
- (e) The Preference Shares shall not confer on the holders thereof the right to vote either in person or by proxy at any general meeting of the Company save to the extent and in the manner provided by Section 47(2) of the Companies Act, 2013.
- (f) The rights, privileges and conditions for the time being attached to the Preference Shares may be varied, modified or abrogated in accordance with the provisions of these Articles and of the Act.

**Increase of capital by the Company and how carried into effect**

4. (a) The Company in general meeting may, by ordinary resolution from time to time, increase the capital by creation of new shares of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at general meeting of the Company in conformity with Sections 47 and 55 of the Companies Act, 2013.
- (b) Whenever the capital of the Company has been increased under the provisions of this Article the Company shall file with the Registrar notice of the increase of capital as required by Section 64 of the Companies Act, 2013 within thirty days of the passing of the resolution authorizing the increase, or of the receipt of the order of the Government or consequent upon an order made by the Government under Section 62 of the Companies Act, 2013.

**Capital of two kinds only**

5. Neither the original capital nor any increased capital shall be more than two kinds, namely (i) Equity Share Capital and (ii) Preference Share Capital, as defined in Section 43 of the Companies Act, 2013.

**New Capital same as existing capital**

6. Except in so far as otherwise provided by the conditions of issue or by these Articles any capital raised by creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

**Preference Shares**

7. Subject to the provisions of Section 55 of the Companies Act, 2013, the Company shall have the power to issue Preference Shares which are or at the option of the Company are to be liable to the redeemed and the resolution



authorizing such issue shall prescribe the manner, terms and conditions of redemption.

**Provisions to apply on Issue of Preference Shares**

8. On the issue of Preference Shares under the provisions of Article 7 hereof and subject to the provisions of the Act, the following provisions shall take effect :
- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.
  - (b) No such shares shall be redeemed unless they are fully paid.
  - (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Securities Premium Account, before the shares are redeemed.
  - (d) Where such shares are proposed to be redeemed out of the profits of the Company, there shall out of such profits, be transferred to a reserve fund to be called 'The Capital Redemption Reserve Account', a sum equal to the nominal amount of the shares to be redeemed and the provisions of the Companies Act, 2013 relating to the reduction of the Share Capital of the Company shall, except as provided in Section 55 of the Companies Act, 2013, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
  - (e) Subject to the provisions of Section 55 of the Companies Act, 2013, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

**Reduction of Capital**

9. The Company may from time to time by special resolution, subject to confirmation by the Court or the Tribunal (as may be applicable) and subject to the provisions of Sections 52, 55 and 66 of the Companies Act, 2013 and other applicable provisions, if any, reduce its share capital in any manner and in particular may –
- (a) extinguish or reduce the liability on any of its shares in respect of the share capital not paid-up; or
  - (b) either with or without extinguishing or reducing the liability on any of its shares, -  
cancel any paid-up share capital which is lost or is unrepresented by available assets;  
Pay off any paid-up share capital which is in excess of the wants of the Company.

**Buy Back of Shares**

10. Notwithstanding anything contained in these Articles, the Company may purchase its own shares or other securities, and the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted by law.

**Variation in terms of contract or objects in prospectus**

11. The Company shall not, at any time, vary the terms of a contract referred to in prospectus or objects for which the prospectus was issued, except subject to the approval of, or except subject to an authority given by the Company in General Meeting by way of special resolution, and in accordance with the provisions of the Act. Provided that the Company shall not use any amount raised by it through Prospectus for buying, trading or otherwise dealing in equity shares of any other listed Company. The dissenting shareholders of the Company, being the shareholders who have not agreed to the proposal to vary the terms of the contracts or the objects referred to in the prospectus, shall be given an exit offer by the promoters or controlling shareholders of the company, at the fair market value of the equity shares as on the date of the resolution of the Board of Directors recommending such variation in the terms of the contracts or the objects referred to in the prospectus, in accordance with such terms and conditions as may be specified on this behalf by the Securities and Exchange Board of India.

**Consolidation, division, sub-division and cancellation of shares**

12. Subject to the provisions of Section 61 of the Companies Act, 2013, 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.

Whenever the Company does any one or more of the things provided for in the foregoing sub-clauses (a), (b), (c) and (d), the Company shall, within thirty days thereafter give notice thereof to the Registrar as required by Section 64 of the Companies Act, 2013 specifying, as the case may be, the shares consolidated, divided, sub-divided, converted into stock or cancelled.

13. Whenever the share capital of the Company, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Companies Act, 2013, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or by means of a special resolution passed at a separate general meeting of the holders of shares of that class, and all the provisions hereafter contained as to general meetings shall, mutatis mutandis, apply to every such meeting. This Article is not to derogate from any power; the Company would have if this Article was omitted. Provided that if variation by one class of shareholders of the Company affects the rights of any other class



of shareholders of the Company, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this Article shall apply to such variation. The rights conferred upon the holders of the shares (including Preference Shares, if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of the issue of shares of that class be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari-passu therewith.

## **SHARES, DEBENTURES, OTHER SECURITIES AND CERTIFICATES**

### **Register and Index of Members**

14. The Company shall cause to be kept and maintained, a Register of Members, register of debenture-holders, and a register of any other security holders in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares, debentures, or other securities held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Company is authorized to, if so required by the Company, maintain a part of its register of members, register of debenture holders and / or register of any other security holders outside India (such part of the relevant register shall be called the “**Foreign Register**” and such Foreign Register shall contain the names and particulars of the members, debenture holders, other security holders or beneficial owners (as the case may be) residing outside India.

### **Dematerialization**

15. (1) Notwithstanding anything to the contrary contained in these Articles, the Company shall be entitled to dematerialize and rematerialize its existing shares, debentures and other securities and/or to offer its fresh shares, debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any, and the register and index of beneficial owners maintained by the relevant Depository under section 11 of the Depositories Act, 1996, shall be deemed to be the corresponding register and index maintained by the Company.

### **Options for Investors**

- (2) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person, who is a beneficial owner of the securities, can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996, and the Company shall, in the manner and within the time prescribed issue to the beneficial owner the required Certificates of Securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in the records the name of the allottee as the beneficial owner of the security.

### **Securities with Depositories to be in fungible form**

- (3) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 89 and 112 and such other applicable provisions of the Companies Act, 2013 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

### **Rights of Depositories and Beneficial Owners**

- (4) (a) Notwithstanding anything to the contrary contained in the Companies Act, 1956, the Companies Act, 2013 or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the beneficial owner.  
(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.  
(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all liabilities in respect of the securities held by a Depository on behalf of the beneficial owner.

### **Service of Documents**

16. Notwithstanding anything contained in the Companies Act, 1956, the Companies Act, 2013 or these Articles to the contrary, where securities are held with a Depository the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

### **Transfer of Securities**

17. Nothing contained in Section 56 of the Companies Act, 2013, or these Articles shall apply to transfer of securities issued by the Company, effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.

### **Allotment of Securities dealt within a Depository**

18. Notwithstanding anything contained in Section 56 of the Companies Act, 2013 or these Articles, where securities issued by the Company are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

### **Distinctive numbers of Securities held with a Depository**

19. Nothing contained in Section 56 of the Companies Act, 2013 or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company, shall apply to securities held with a Depository.

### **Restriction on Allotment and Return of Allotment**

20. The Board of Directors shall observe the restrictions as to allotment of shares to the public, contained in Section 39 of the Companies Act, 2013, as well as any other applicable provisions of the Act, and shall cause to be made the returns

as to allotment provided for in Section 39 of the Companies Act, 2013 and/or as may be prescribed under the Act.

**Further Issue of Shares**

21. (1) Where at any time, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
- (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.
  - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. Such notice shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least three days before the opening of the issue.
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any shares to any person in whose favour any member may renounce the shares offered to him.
  - (d) After the expiry of the time specified in the aforesaid notice, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner and to such person(s) as they, in their sole discretion, think fit, subject to the provisions of the Act. Which is not disadvantageous to the shareholders and the Company
- (2) Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any matter whatsoever, subject to Section 62 of the Act:
- (a) If a special resolution to that effect is passed by the Company in general meeting, or
  - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
- (3) Nothing in sub clause (c) of clause (1) hereof shall be deemed:
- (a) to extend the time within which the offer should be accepted: or
  - (b) to authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or the terms of any loans raised by the Company:
- (a) To convert such debentures or loans into shares in the Company; or
  - (b) To subscribe for shares in the Company.
- PROVIDED that the terms of issue of such debentures or terms of such loan containing such an option have been approved before the issue of such debentures or the raising of such loan by a special resolution passed by the Company in a General Meeting.
- (5) Notwithstanding anything contained in sub-clause (3) above, where any debentures have been issued or loan has been obtained from any Government by the Company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion. Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to the Tribunal which shall after hearing the company and the Government pass such order as it deems fit.
- (6) In determining the terms and conditions of conversion under sub- clause (4), the Government shall have due regard to the financial position of the Company, the terms of issue of debentures or loans, as the case may be, the rate of interest payable on such debentures or loans and such other matters as it may consider necessary.
- (7) Where the Government has, by an order made under sub-clause (5), directed that any debenture or loan or any part thereof shall be converted into shares in the Company and where no appeal has been preferred to the Tribunal under sub-clause (5) or where such appeal has been dismissed, the Memorandum of the Company shall, where such order has the effect of increasing the authorized share capital of the Company, be altered and the authorized share capital of the Company shall stand increased by an amount equal to the amount of the value of shares which such debentures or loans or part thereof has been converted into.

**Application of premium received on shares**

22. (1) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to an account, to be called "THE SECURITIES PREMIUM ACCOUNT" and the provisions of the Companies Act, 2013 relating to reduction of share capital of the Company shall, except as provided in this Article, apply as if the securities premium account were the paid-up share capital of the Company.
- (2) Notwithstanding anything contained in clause (1) above but subject to the provisions of Section 52 of the Companies



Act, 2013, the securities premium account may be applied by the Company-

- (a) towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus;
- (b) in writing off the preliminary expenses of the Company;
- (c) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company;
- (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company; or
- (e) for the purchase of its own shares or other securities under Section 68 of the Companies Act, 2013.

**Power also to Company in General Meeting to issue shares**

23. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 21 and 22, the Company in a General Meeting may, subject to the provisions of Section 62 of the Companies Act, 2013 and 108A of the Companies Act, 1956, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Sections 52, 53 and 54 of the Companies Act, 2013) as such General Meeting shall determine and with full power to give any person whether a member or not the option to call for or be allotted shares of any class of the Company either at a premium or at par or at a discount (subject to compliance with the provisions of Sections 52, 53 and 54 of the Companies Act, 2013) such option being exercisable at such time and for such consideration as may be directed by such General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any such shares.

**Shares at a discount**

24. Except as provided in Section 54 of the Companies Act, 2013, the Company shall not issue shares at a discount. Any share issued by the Company at a discounted price shall be void.

**Instalments on shares to be duly paid**

25. If by the conditions of any allotment of any share, the whole or any part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares or his legal representatives.

**Shares at the disposal of the Directors**

26. Subject to Section 62 and other applicable provision of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 53 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares. Provided that option or right to call shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

**Acceptance of shares**

27. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles; and every person who does or otherwise accepts any shares and whose name is on the Register shall, for the purpose of these Articles, be a member.

**Deposit and Call etc. to be a debt payable**

28. The money (if any) which the Board of Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the register of members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

**Liability of Members**

29. Every member, or his heirs, executors or administrators to the extent of his assets which come to their hands shall be liable to pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts, at such time or times and in such manner as the Board of Directors shall from time to time require or fix for the payment thereof.

**Limitation of time for issue of certificates**

30. (1) Every member shall be entitled, without payment, to receive one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every share certificate shall be under the Seal of the Company and shall specify the number and the distinctive number(s) of the shares in respect of which it was issued and the amount paid up thereon and shall be in such form as the directors may prescribe. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the

Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. PROVIDED THAT if the letter of allotment is lost or destroyed the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence. The certificate shall be signed in conformity with the provisions of the Companies (Share Capital and Debenture) Rules, 2014 or any statutory modification or re-enactment thereof for the time being in force. Printing of blank forms to be used for issue of Share Certificates and maintenance of books and documents relating to issue of Share Certificates shall be in accordance with the provisions of aforesaid rules. Such certificates of title to shares shall be completed and kept ready for delivery within such time frame as may be prescribed in this regard after the allotment.

In respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

#### **Issue of new certificate in place of one defaced, lost or destroyed**

- (2) Subject to provisions of the Act and the Companies (Share Capital and Debentures) Rules, 2014, if any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of shares, 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 may deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees as the Directors so decide, or on payment of such fees (not exceeding ₹ 2/- for each certificate) as the Directors shall prescribe. PROVIDED THAT no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding the foregoing provisions of Article 30 the Directors shall comply with applicable law including such rules or regulation or requirements of any stock exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf for the time being in force.

The provisions of this Article shall mutatis mutandis apply to issue of the certificates for any other securities including the debentures of the Company.

#### **Sub-division of shares**

31. Notwithstanding anything contained in Article 30, the Board of Directors may refuse applications for subdivision of Share Certificate into denominations of less than the marketable lot for the time being in force, except when such sub-division is required to be made to comply with a statutory order or an order of a competent court of law or to remedy a genuine mistake of fact or law.

PROVIDED THAT the Directors may, at their discretion, in case of genuine needs, allow sub-division of share certificates in denomination of less than the marketable lots, and may, if necessary, require production of suitable documentary evidence there for.

#### **The first named joint holders deemed sole holder**

32. If any share stands in the names of two or more persons, the first named in the Register shall, as regards receipt of dividends or bonus or service of notice or any other matter connected with the Company, except voting at meetings and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall severally as well as jointly be liable for the payment of all instalments and calls due in respect of such share, and for all incidents thereof according to the provisions of the Act.

#### **Company not bound to recognize any interest in share other than of registered holder**

33. Except as ordered by a court / Tribunal of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the beneficial owner thereof and accordingly shall not be bound to recognize any benami trust, or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.

#### **Nomination**

34. Notwithstanding anything contained hereinabove, a Member has a right to nominate one or more persons as his/her nominee(s) to be entitled to the rights and privileges as may be permitted under the law, of such a member in the event of death of the said member/s subject to the provisions of the Companies Act, 2013, and other applicable laws.

#### **Declarations in respect of beneficial interest in any share**

35. When any declaration is filed with the Company under the provisions of Section 89 of the Companies Act, 2013, (i) by any holder of shares who does not hold beneficial interest in such share specifying the particulars of the person holding beneficial interest in such shares, or (ii) by a person who holds or acquires a beneficial interest in any share of the Company specifying the nature of his interest, particulars of the person in whose name the shares stand registered in the books of the Company and such other particulars as may be prescribed, the Company, or (iii) by the person referred to in (i) and the beneficial owner referred to in (ii) where any change occurs in the beneficial interest of such shares, the



Company shall make a note of such declaration in its concerned register and file, within 30 days from the date of receipt of the declaration by it, a return with the Registrar with regard to such declaration together with the prescribed fees for the same.

**No purchase or giving of loans to purchase Company's shares**

36. Save as provided in Section 67 of the Companies Act, 2013, the Company shall not have the power to buy its own shares unless the consequent reduction of share capital is effected under the provisions of the Companies Act, 2013. The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of or for any share in the Company or in its holding Company.

**UNDERWRITING**

**Commission may be paid**

37. Subject to the provisions of Section 40 of the Companies Act, 2013, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures or debenture stock in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or debenture-stock of the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and a half per cent of the price at which the debentures are issued. Such commission shall be paid either out of the proceeds of the issue or the profit of the Company or both. Subject to the provisions of the Act, any commission payable as aforesaid may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures as the case may be or partly in one way and partly in the other.

**Commission to be included in the Annual Return**

38. Where the Company has paid any sum by way of commission in respect of any shares or debentures such statement thereof shall be made in the Annual Return as required by Section 92 of the Companies Act, 2013.

**INTEREST OUT OF CAPITAL**

**Interest out of Capital**

39. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by the Act, and may charge the same to Capital as part of the cost of construction of the work or building or the provisions of the plant.

**CALLS**

**Directors may make Calls**

40. Subject to the provisions of Section 49 of the Companies Act, 2013, the Board of Directors may, from time to time, by a Resolution passed at a meeting (and not by a Circular Resolution), make such calls as it thinks fit upon the members in respect of all monies unpaid on the shares held by them (whether on account of the nominal value of the shares or by way of premium), and not by conditions of allotment thereof made payable at fixed time. Each member shall pay the amount of every call so made on him to the person or persons and at the time and place appointed by the Board of Directors. A call may be made payable by instalments. A call may be postponed or revoked as the Board may determine.

**Notice of Calls**

41. At least fourteen days' notice in writing of any call shall be given by the Company specifying the time or times and place of payment, and the person or persons to whom such call shall be paid.

**Call to date from resolution**

42. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board of Directors and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

**Directors may extend time**

43. The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such times as to all or any of the members who on account of residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension; but no member shall be entitled to such extension as of right except as a matter of grace and favour.

**Amount payable at fixed time or by instalments to be treated as calls**

44. If by the terms of issue of any share or otherwise any amount is or becomes payable at any fixed time or by instalments at fixed times (whether on account of the nominal amount of the shares or by way of premium) every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or instalment accordingly.

**When interest on call or instalment payable**

45. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof the holder for the time being or allottee of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest on the same at such rates as may be fixed by the Board of Directors from the

day appointed for the payment thereof to the time of actual payment but the Directors may, in their absolute discretion, waive payment of such interest wholly or in part.

**Evidence in actions by Company against shareholders**

46. On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives for the recovery of any monies claimed to be due to the Company for any call in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered is entered in the Register of Members as the holder or as one of the holders of the shares at or subsequent to the date at which the money sought to be recovered is alleged to have become due, on the shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever and the proof of the matters aforesaid shall be conclusive evidence of the debt.

**Partial payment not to preclude forfeiture**

47. Neither a judgment nor a decree in favour of the Company for the calls or other monies due in respect of any shares nor the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his share, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

**Payment in anticipation of calls may carry interest**

48. The Board of Directors may, if it thinks fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance or so much thereof from time to time as exceeds the amount of the calls then made upon shares in respect of which such advance has been made, the Company may pay interest, at such rate, not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum as the member paying the sum in advance and the Board of Directors agree upon. The Board of Directors may at any time repay the amount so advanced. The member paying any such sum in advance shall not be entitled to dividend or to participate in the profits of the Company or to voting rights in respect of the monies so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

**LIEN**

**Company's lien on shares/debentures**

49. The Company shall have a first and paramount lien upon all shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such shares/debentures and no equitable interests in any such share shall be created except upon the footing and condition that this Article is to have full effect. Any such lien shall extend to all dividends payable and bonuses declared from time to time declared in respect of shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. PROVIDED THAT the Board of Directors may, at any time, declare any share/debenture to be wholly or in part exempt from the provisions of this Article.

Fully paid-up share shall be free from all lien and in the case of partly paid-up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

**As to enforcing lien by sale**

50. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same. 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 the notice in writing 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. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such shares and may authorize out of their members to execute a transfer thereof on behalf of and in the name of such members.

**Transfer of shares sold under lien**

51. (1) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.
- (2) The Purchaser shall be registered as the holder of the shares comprised in any such transfer.
  - (3) 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.

**Application of proceeds of sale**

52. (1) The net proceeds of any such sale shall be received by the Company and applied in or towards such part of the amount in respect of which the lien exists as is presently payable; and





- (2) The residue, if any, shall be paid to the person entitled to the shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the share before the sale).

#### **FORFEITURE OF SHARES**

##### **If money payable on share not paid notice to be given to member.**

53. If any member fails to pay any call or any instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter, during such time as the call for instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non- payment.

##### **If call or instalment not paid, notice may be given.**

54. For the purpose of the provisions of these presents relating to forfeiture of shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such share on the day of allotment.

##### **Form of notice**

55. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.

##### **If default of payment, shares to be forfeited**

56. If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which such notice has been given, may at any time thereafter, before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a Resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other monies payable in respect of the forfeited shares and not actually paid before the forfeiture.

##### **Notice of forfeiture to a member**

57. When any share shall have so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Member, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

##### **Forfeited share to be the property of the Company and may be sold etc.**

58. Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit. The Board may decide to cancel such shares.

##### **Member still liable to pay money owing at the time of forfeiture and interest**

59. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding twelve per cent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such monies or any part thereof, if it thinks fit, but shall not be under any obligation so to do.

##### **Effect of forfeiture**

60. The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

##### **Power to annul forfeiture**

61. The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

##### **Validity of forfeiture**

62. (1) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or Secretary of the Company, and that a share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (2) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (3) The person to whom such share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the shares;
- (4) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay any calls, amounts, instalments, interest and expenses owing to the Company prior to such purchase or allotment nor shall be titled (unless by express agreement) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment;
- (5) Such purchaser or allottee 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, re-allotment

or other disposal of the share.

**Provision of these Articles as to forfeiture to apply in case of non-payment of any sum**

63. The provisions of these Articles 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.

**Cancellation of share certificates in respect of forfeited shares**

64. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the Certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the persons entitled thereto.

**Surrender of shares**

65. The Directors may, subject to the provisions of the Companies Act, 2013, accept a surrender of any share from or for any member desirous of surrendering on such terms as they think fit.

**TRANSFER AND TRANSMISSION OF SHARES**

**Register of Transfers**

66. The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share and debenture held in material form.

**Transfer and Transmission of Shares and Securities held in electronic form**

67. In the case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

**Instrument of Transfer**

68. The instrument of transfer of any share shall be in writing and all the provisions of Section 56 of the Companies Act, 2013 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
- (1) An application for the registration and transfer of the shares in the Company may be made either by the transferor or the transferee.
  - (2) Whether the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
  - (3) For the purpose of sub-clause (2), above, notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

**To be executed by transferor and transferee**

69. Every such instrument of transfer duly stamped shall be executed by or on behalf of both the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. A common form of transfer shall be used.

**Transfer by legal representation**

70. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution to the instrument of transfer.

**Transfer books when closed**

71. The Board of Directors may, after giving not less than seven days previous notice by advertisement as required by Section 91 of the Companies Act, 2013 or such lesser period as may be specified by the Securities Exchange Board of India close the Transfer Books, the Register of Members or the Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as it may seem expedient to the Board.

**Directors may refuse to register transfers**

72. (1) Subject to the provisions of Sections 58 and 59 of the Companies Act, 2013 and other applicable provisions of the Act or any other law for the time being in force, the Directors may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmissions by operation of law of the right to, any shares or debentures or interest of a Member in the Company. The Company shall within one month from the date of which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmissions, as the case may be, giving reasons for such refusal. PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except if a company has lien on such shares. Transfer of shares/debentures in whatever lot shall not be refused.



- (2) No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind, unless represented by a guardian.

**Notice of refusal to be given to transferor and transferee**

73. If the Company refuses to register the transfer of any shares or transmission of any right therein, the Company shall within thirty days from the date on which the instrument of transfer or intimation of transmission was lodged with the Company send notice of refusal to the transferee and the transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 58 of the Companies Act, 2013, or any statutory modification thereof for the time being in force shall apply.

**Death of one or more joint-holders of shares**

74. In case of the death of any one or more persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person

**Titles to shares of deceased member**

75. Except where a deceased member had made a nomination in respect of the shares held (in which case such shares shall be dealt with in the manner prescribed by the Act and the Rules there under), the executors or administrators of a deceased member or the holder of a succession certificate or the legal representatives in respect of the shares of a deceased member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the names of such member, and the Company shall not be bound to recognize such executors or administrators or holders of a succession certificate of the legal representative unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration, or Succession Certificate as the case may be, from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register under Article 79 the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member, as a member.

**Registration of persons entitled to shares otherwise than by transfer (Transmission Clause)**

76. Subject to the provisions of Articles 76 and 77 any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by and lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board of Directors (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles, or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require, either be registered as a member in respect of such shares or elect to have some person nominated by him and approved by the Board of Directors registered as a member in respect of such shares PROVIDED NEVERTHELESS that if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee as instrument of transfer in accordance with the provision herein contained, and until he does so, he shall not be freed from any liability in respect of such shares. This clause is herein referred to as the "TRANSMISSION CLAUSE".

**Refusal to register Nominee**

77. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

**Directors entitled to refuse to register more than four joint holders**

78. The Company shall be entitled to decline to register more than four persons as the holders of any share.

**Persons entitled may receive dividend without being registered as member**

79. A person entitled to a share by transmission shall subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give a discharge for any dividends or other monies payable in respect of the share.

**Conditions of registration of transfer**

80. Prior to the registration of a transfer, the certificate or certificates of the share or shares to be transferred, and if no such certificate is in existence, the Letter of Allotment of the shares, must be delivered to the Company along with (save as provided in Section 56 of the Act) a properly stamped and executed instrument of transfer, with the date of presentation of the instrument to the proper authorities, duly endorsed thereon.

**No fee on transfer or transmission**

81. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of Administration, Certificates of Death or Marriage, Power of Attorney or similar other documents.

**The Company not liable for disregard of a notice prohibiting registration of a transfer**

82. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as show nor appearing in the register of members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto in any book of the

Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book or the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

#### **COPIES OF MEMORANDUM AND ARTICLES OF ASSOCIATION TO BE SENT TO MEMBERS**

##### **Copies of Memorandum and Articles of Association to be sent by the Company to members**

83. The Company shall subject to the payment of the fee prescribed under Section 17 of the Companies Act, 2013, or its statutory modification for the time being in force, on being so required by a member, send to him with seven days of the requirement, a copy of each of the following documents as in force for the time being.
- (a) The Memorandum,
  - (b) The Articles, and
  - (c) Every agreement and every resolution referred to in sub-section of Section 117 of the Companies Act, 2013, if and in so far as they have not been embodied in the Memorandum of the Company or these Articles.

#### **BORROWING POWERS**

##### **Power to borrow**

84. Subject to the provisions of Sections 177, 179 to 180 of the Companies Act, 2013 and of these Articles, the Board of Directors may, from time to time at its discretion, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company from any source. PROVIDED HOWEVER, where the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

##### **The payment or repayment of monies borrowed**

85. The payment or repayment of monies borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a Resolution passed at a meeting of the Board (and not by Circular Resolution) by the issue of debentures of Debenture- Stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being, and the debentures and the Debenture-Stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

##### **Terms of issue of Debentures**

86. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, if permissible under the Act, and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting, by a Special Resolution and subject to the permission of the Act.

##### **Mortgage of uncalled capital**

87. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

##### **Register of charges etc. to be kept**

88. The Board of Directors shall cause a proper register to be kept in accordance with the provisions of Section 85 of the Companies Act, 2013 of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 71 and Sections 77 to 87 (both inclusive) of the Companies Act, 2013, in that behalf to be duly complied with, so far as they are to be complied with by the Company. The Company shall comply with the provisions of Section 79 of the Companies Act, 2013 as regards modification of a charge and its registration with the Registrar.

##### **Register and Index of Debenture-holders**

89. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture Holders in accordance with Section 88 of the Companies Act, 2013. The Company shall have the power to keep in any State or Country outside India a branch Register of Debenture-holders resident in the State or country.

#### **MEETINGS OF MEMBERS**

##### **Annual General meeting**

90. (1) The Company shall in each year hold, in addition to any other meetings, a general meeting as its Annual General Meeting in accordance with the provisions of Sections 96 and 129 of the Companies Act, 2013 and shall specify the meeting as such in the notice calling it, except in the case where the Registrar, has given an extension of time for holding any annual general meeting and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. PROVIDED THAT the Registrar may, for any special reason,



extend the time within which any annual general meeting shall be held, by a period not exceeding three months.

- (2) Every annual general meeting shall be called for any time during business hours, that is, between 9 a.m. and 6 p.m., on any day that is not a National Holiday (as defined under the Companies Act, 2013) and shall be held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated for the time being.
- (3) Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor.

**Report, Statement and Registers to be laid before the annual general meeting**

91. At every annual general meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with Proxies, and the Register of Directors and Key Management Personnel maintained under Section 170 of the Companies Act, 2013.

**Extra-Ordinary General Meeting**

92. All general meetings other than annual general meeting shall be called Extra-Ordinary General Meeting.

**Annual Return**

93. (1) The Company shall comply with the provisions of Section 92 of the Companies Act, 2013 regarding the filing of Annual Return and as regards the annual return and certificates to be annexed thereto.

94. **Place of keeping & Inspection of registers & returns**

- (2) The Register required to be kept and maintained by the Company under Section 88 of the Companies Act, 2013 and copies of the annual return filed under Sections 92 of the Companies Act, 2013, shall be kept at the registered office of the Company. PROVIDED THAT such registers or copies of return may, also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside, if approved for this purpose by a Special Resolution passed in general meeting of the Company and the Registrar has been given a copy of the proposed Special Resolution in advance.

**Inspection**

- (3) (a) The registers and their indices, except when they are closed under the provisions of the Act, and the copies of all the returns shall be open for inspection by any member, debenture holder or other security holder or beneficial owner, during the business hours (subject to such reasonable restrictions as the Company may impose) without fee and by any other person on payment of such fees as may be prescribed under the Act and the rules made thereunder.
- (b) Any such member, debenture-holder, other security holder or beneficial owner or any other person may take extracts from any register, or index or return without payment of any fee or require a copy of any such register or entries therein or return on payment of such fees as may be prescribed under the Act not exceeding ten rupees for each page. Such copy or entries or return shall be supplied within seven days of deposit of such fee.
- (4) The Company shall cause any copy required by any person under Clause (b) of sub-clause (3) to be sent to that person within a period of seven days of the deposit of such fees exclusive of non-working days, commencing on the day next after the day on which the requirement is received by the Company.

**Circulation of Members' Resolution**

95. (1) Subject to the provisions of Section 111 of the Companies Act, 2013, the Directors shall on the requisition in writing of such number of members as required in Section 100 of the Companies Act,:-
  - (a) give notice to the members of the Company of any resolution which may properly be moved and is intended to be moved at a meeting;
  - (b) Circulate to members, any statement with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
- (2) Subject to the provisions of Section 100 of the Companies Act, 2013, the number of members necessary for a requisition under clause (1) hereof shall be such number or numbers who hold, on the date of receipt of the requisition, not less than one-tenth of the paid-up share capital of the Company as on that date carried the right of voting.
- (3) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless :
  - (a) a copy of a requisition signed by the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the registered office of the Company-
    - i. in the case of a requisition requiring notice of resolution, not less than six weeks before the meeting,
    - ii. in the case of any other requisition not less than two weeks before the meeting, and
  - (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto. PROVIDED that if after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an annual general meeting is called on a date within six weeks after such copy has been deposited, the copy, although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purpose thereof.
- (4) The Company shall not also be bound under this Article to circulate any statement, if, on the application either of the Company or of any other person who claims to be aggrieved, the Central Government by order declares that the rights conferred by this clause are being abused to secure needless publicity for defamatory matter.

**Contents of requisition and number of requisitionists required and the conduct of meeting**

96. In case of requisition the following provisions shall have effect :

- (a) The requisition shall set out the matters for the consideration of which the meeting is to be called, and shall be signed by the requisitionists and sent to the registered office of the Company.
- (b) The number of members entitled to requisition an extraordinary general meeting shall be such number of members who hold at the date of the receipt of the requisition, not less than one-tenth of such of the paid up capital of the Company as on that date carries the right of voting.
- (c) If the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of receipt of the requisition, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.
- (d) A meeting called under clause (3) by requisitionists shall be called and held in the same manner in which the meeting is called and held by the Board.
- (e) Any reasonable expenses incurred by the requisitionists in calling a meeting under sub-clause (3) shall be reimbursed to the requisitionists by the Company, and any sums so paid shall be deducted from any fee or other remuneration under Section 197 of the Companies Act, 2013 payable to such of the Directors who were in default in calling the meeting.

**Length of notice of meeting**

97. A general meeting of the Company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode in such manner as may be prescribed by the Act and the rules made there under. Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety-five per cent of the members entitled to vote at such meeting.

**Contents and manner of service of notice**

98. (1) Every notice of a meeting of the Company shall specify the place, date, day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- (2) The notice of every meeting shall be given to:
- (a) every member of the Company, legal representative of any deceased member or the assignee of an insolvent member;
  - (b) the Auditor or Auditors for the time being of the Company; and
  - (c) every director of the Company.
- (3) In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote at the meeting is entitled to appoint a proxy, or, where that is allowed, one or more proxies, to attend and vote instead of himself, and that a proxy need not be a member of the Company.

**Special and ordinary business and explanatory statement**

99. (1) (a) In the case of an annual general meeting, all business to be transacted at the meeting, shall be deemed special with the exception of business relating to:
- (i) The consideration of financial statements and the reports of the Board of Directors and Auditors;
  - (ii) The declaration of any dividend;
  - (iii) The appointment of Directors in the place of those retiring; and
  - (iv) The appointment of, and the fixing of the remuneration of the Auditors
- (b) In the case of any other meeting, all business shall be deemed special;
- (2) PROVIDED that where any item of special business to be transacted at a meeting of the Company relates to or affects any other company, the extent of shareholding interest in that other company of every promoter, Director, manager, if any, and of every other key managerial personnel of the Company shall, if the extent of such shareholding interest is not less than two per cent of the paid-up share capital of that company, also be set out in the statement.
- (3) Where any item of business refers to any document which is to be considered by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

**Omission to give notice not to invalidate a resolution passed**

100. Any accidental omission to give any such notice as aforesaid to, or the non-receipt thereof by any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of any such meeting.

**Notice of business to be given**

101. No general meeting, annual or extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the meeting.

**Quorum**

102. The number of members prescribed under Section 103 of the Companies Act, 2013 and entitled to vote and present in person shall be a quorum for general meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 113 of the Companies Act, 2013. The President of India or the Governor of a State, if he is a member of the Company, shall be deemed to be personally present if he is represented in accordance with Section 112 of the Companies Act, 2013.

**Presence of quorum**



103. (1) If within half an hour from the time appointed for holding a meeting of the Company the quorum is not present,
- (a) the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine; or
  - (b) the meeting, if called by requisitionists in accordance with Section 100 of the Companies Act, 2013, shall stand cancelled. Provided that in case of an adjourned meeting or of a change of day, time or place of meeting under sub clause (a), the Company shall give not less than three days' notice to the members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the Company is situated.
- (2) If at the adjourned meeting also a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum and may transact the business for which the meeting was called.

**Resolution passed at adjourned meeting**

104. Where a resolution is passed at an adjourned meeting of the Company, the resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

**Chairman of general meeting**

105. The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or shall decline to take the chair, the Directors present shall elect one of them as Chairman and if no Director be present or if the Directors present decline to take the chair, then the members present shall elect one of their members to be a Chairman. If a poll is demanded on the election of the Chairman it shall be taken forthwith in accordance with the provisions of the Act and the Chairman elected on show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected as a result of the poll he shall be the Chairman for the rest of the meeting.

**Business confined to election of Chairman whilst chair vacant**

106. No business shall be discussed at any general meeting except the election of a Chairman whilst the chair is vacant.

**Chairman may adjourn Meeting**

107. (1) The Chairman 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 from place to place.
- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

**Voting to be by show of hands in the first instance**

108. At any general meeting, a resolution put to the vote of the meeting shall unless a poll is demanded under Section 109 of the Companies Act, 2013, or the voting is carried out electronically, be decided on a show of hands.

**Chairman's declaration of result of voting on show of hands**

109. A declaration by the Chairman that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceeding of the Company shall be conclusive evidence of the fact of passing of such resolution, or otherwise, without proof of the number of proportion of votes in favour or against such resolution.

**Demand for poll**

110. (1) Before or on the declaration of result of voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on demand made in that behalf by the members present in person or by proxy, where allowed, and having not less than one-tenth of the total voting power or holding shares on which an aggregate sum of not less than five lakh rupees or such higher amount as may be prescribed has been paid-up.
- (2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

**Time of taking poll**

111. A poll demanded for adjournment of the meeting or appointment of Chairman of the meeting shall be taken forthwith. A poll demanded on any question other than adjournment of the meeting or appointment of a Chairman shall be taken at such time, not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the meeting may direct.

**Chairman's casting vote**

112. In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.

**Scrutinizers' at poll**

113. Where a poll is to be taken, the Chairman of the meeting shall appoint one scrutinizer to scrutinize the vote given on the poll and to report thereon to him. Subject to the provisions of Section 109 of the Companies Act, 2013, the Chairman of the meeting shall have power to regulate the manner in which the poll shall be taken and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

**Demand for poll not to prevent transaction of other business**



114. The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

**Vote by Postal Ballot**

115. Subject to the provisions of Section 110 of the Companies Act, 2013 and these Articles, and as may be applicable by law, the Company shall, in respect of such items of business as the Central Government may, by notification, declare to be transacted only by means of postal ballot; and may, in respect of any item of business, other than ordinary business and any business in respect of which directors or Auditors have a right to be heard at any meeting, transact by means of postal ballot, in such manner as may be prescribed, instead of transacting such business at a General Meeting.

**Special notice**

116. Where by any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company by such number of members holding not less than one percent of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, as may be prescribed, has been paid-up and the Company shall give its members notice of the resolution in such manner as may be prescribed.

**Registration of documents with the Registrar**

117. A copy of each of every resolutions or agreement in respect of the following matters together with the explanatory statement under Section 102 of the Companies Act, 2013, if any, annexed to the notice calling the meeting in which such resolution is proposed, shall be filed with the Registrar within thirty days of the passing or making thereof in such a manner and with such fees as may be prescribed within the time specified under Section 403 of the Companies Act, 2013:

- (a) Every special resolution.
- (b) Every resolution which has been agreed to by all members of the Company, but which, if not so agreed to, would not have been effective for the purpose unless it had been passed as a special resolution.
- (c) Every resolution of the Board of Directors or agreement executed by the Company relating to the appointment, re-appointment or renewal of appointment or variation in the terms of appointment of a Managing Director.
- (d) Every resolution or agreement which has been agreed to by all the members of any class of shareholders but which, if not so agreed to, would not have been effective for the purpose unless it had been passed by a specified majority or otherwise in some particular manner; and every resolution or agreement which effectively binds all the members or any class of shareholders though not agreed to by all those members.
- (e) Every resolution passed by the Company according consent to the exercise by the Board of Directors of any of the powers under clause (a), and clause (c) of sub-section (1) of the Section 180 of the Companies Act, 2013.
- (f) Every resolution requiring the Company to be wound up voluntarily passed in pursuance of Section 304 of the Companies Act, 2013.
- (g) Every resolution passed in pursuance of sub-section (3) of Section 179 of the Companies Act, 2013; and
- (h) Any other resolution or agreement as may be prescribed and placed in the public domain. Provided that the copy of every such resolution which has the effect of altering the Articles and the copy of every agreement referred to above shall be embodied in or annexed to, every copy of these Articles issued after the passing of the resolution or the making of the agreement.

**VOTES OF MEMBERS**

**Member paying money in advance not to be entitled to vote in respect thereof**

118. A member paying the whole or a part of the amount remaining unpaid on any share held by them although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment become presently payable.

**Restriction on exercise of voting rights of members who have paid calls**

119. No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

**Number of votes to which member entitled**

120. Subject to the provisions of Section 43 and sub-section (2) of Section 50 of the Companies Act, 2013, every member of the Company holding any equity share capital shall have a right to vote on every resolution placed before the Company; and his voting rights on a poll shall be in proportion to his share of the paid-up equity share capital of the Company. Every member holding any preference share capital of the Company, shall, in respect of such capital, have the right to vote only on resolutions placed before the Company which directly affect the rights attached to his preference shares and any resolution for the winding up of the Company or for the repayment or reduction of its equity or preference share capital and his voting rights on a poll shall be in proportion to his share in the paid up preference share capital of the Company. Provided that the proportion of the voting rights of equity shareholders to the voting rights of the preference shareholders shall be in the same proportion as the paid-up capital in respect of the equity shares bears to the paid-up capital in respect of the preference shares: Provided further that where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all there solutions placed before the Company.

**Vote of member of unsound mind**

121. A member of unsound mind or in respect of whom 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.

**Votes of joint members**

122. If there be joint registered holders of any shares any one of such persons may vote at any meeting personally or by an agent duly authorized under a Power of Attorney or by proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and, if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present who stands higher on the register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holder shall be entitled to be present at the meeting; provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent duly authorized under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register in respect of such shares. Several executors or administrators or a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

**Representation of body Corporate**

123. (1) A body corporate (whether a company within the meaning of the Act or not) may,
- (a) if it is member of the Company by a resolution of its board of directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of members of the Company;
  - (b) if it is a creditor, (including a holder of debentures of the Company) by a resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any creditors of the Company held in pursuance of the Act or of any rules made thereunder, or in pursuance of the provisions contained in any debenture or trust deed, as the case may be.
- (2) A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company.

**Representation of President and Governors in meetings**

124. Where the President of India or the Governor of a State is a member of the Company, the President or, as the case may be, the Governor may appoint such person as he thinks fit, to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a member of the Company.

**Votes in respect of deceased or insolvent members**

125. Any person entitled under the Transmission Clause to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his rights to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

**Voting in person or by Proxy**

126. Subject to the provisions of these Articles vote may be given either personally or by proxy.

**Rights of members to use his votes differently**

127. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Subject to the provisions of the Act and the rules made thereunder, any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself. Provided that a proxy so appointed shall not have the right to speak at the meeting and shall not be entitled to vote except on a poll. Provided further that a person appointed as proxy shall act on behalf of such number of members not exceeding fifty and such number of shares as may be prescribed. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies and that the proxy need not be a member.

**Proxy either for specified meeting or for a period**

128. An instrument of proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purposes of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

**No proxy except for the corporation to vote on a show of hands**

129. No member present only by proxy shall be entitled to vote on a show of hands.

**Deposit of instrument of appointment**

130. The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the office forty-eight hours before the time for holding the meetings at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

**Form of proxy**

131. Every instrument of proxy whether for specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form set out in the Companies (Management and Administration) Rules, 2014 (or any corresponding amendment or modification thereof that may be prescribed).

**Inspection of proxies**

132. Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting, and ending with the conclusion of the meeting, to inspect proxies lodged, at any time during the business hours of the Company provided not less than three days 'notice in writing of the intention so as to inspect is given to the Company.

**Validity of votes given by proxy notwithstanding revocation of authority**

133. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney or authority under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the commencement of the meeting, or adjourned meeting at which the proxy is used.

**Time for objections to vote**

134. No objection shall be made to the qualification of any vote or to the validity of the vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting.

**Chairman of any meeting to be the Judge of validity of any vote**

135. The Chairman of any meeting shall be sole judge of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

**Custody of instrument**

136. If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If embracing other objects, copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

**DIRECTORS****Number of Directors**

137. Until otherwise determined by a general meeting of the Company and subject to the provisions of Section 149 and 151 of the Companies Act, 2013, the number of Directors shall not be less than 3 and not more than 15 and the manner of constituting the Board shall be as prescribed under the Act and as may be directed by the Securities and Exchange Board of India.

**Directors**

138. As on the date of adoption of this Articles of Association following are the Directors of the Company:

1. AJIT KUMAR LAKRA;
2. GITA LAKRA;
3. VIVEK LAKRA;
4. RIDHI LAKRA; and
5. AMIT GUPTA

**Debenture Directors**

139. Any Trust Deed for securing and covering the issue of debentures or debenture stocks of the Company, may provide for the appointment, from time to time, by the Trustees thereof or by the holders of debentures or debenture stocks, of some person to be a Director of the Company for and on behalf of the debenture holders for such period for which the debentures or any of them shall remain outstanding and may empower such Trustees or holder of debentures or debenture stocks, from time to time, to remove and reappoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provision as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

**Nominee Directors**

140. Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to (i) the Life Insurance Corporation of India (LIC), (ii) the Infrastructure Development Finance Company Limited, (iii) specified company referred to in the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, (iv) institutions notified by the Central Government under sub-section (2) of Section 4A of the Companies Act, 1956, (v) such other institutions as may be notified by the Central Government in consultation with the Reserve Bank of India, or (vi) any other bank or entity providing financing facilities to the Company (each of the above is hereinafter in this Article referred to as "the Corporation") out of any loans/debentures assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by

direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole-time or non-whole-time (which Director or Directors, is/are hereinafter referred to as “Nominee Director/s”) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also, at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director/s so appointed shall hold the said office only so long as any monies remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall, ipso facto, vacate such office immediately the monies owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation. The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be, to such Nominee Director/s. Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Provided further that in the event of any remuneration payable to the Nominee Director/s, by way of commission, salary or perquisites (other than sitting fees and reimbursement of actual expenses incurred by them in attending to Company’s work) such remuneration shall be paid only with the prior approval of the Central Government under Section 309/310 of the Companies Act, 1956. Provided further that in the event of the Nominee Director/s being appointed as Managing Director/Whole-time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a Whole time Director in the management of the affairs of the Company. Such Whole Time Directors shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation. Provided further that the appointment of Nominee Director/s as Managing/Whole time Director/s, as aforesaid, is subject to the provisions of Sections 203 and 197 of the Companies Act, 2013 and any other applicable provisions of the Act and the rules made thereunder.

#### **Special Directors**

141. In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorize such company, corporation, firm or person (hereinafter referred to as “Collaborator”) to appoint from time to time any person as a Director of the Company (hereinafter referred to as “Special Director”) and subject to the provisions of the Act, may agree that such Special Directors shall not be liable to retire by rotation so however that Special Director shall hold office so long as such collaboration arrangement remains in force. The Collaborator may at any time and from time to time remove such Special Director appointed by it and may at any time after such removal and also in the case of death or resignation of the person so appointed, at any time nominate any other person as a Special Director in his place and such nomination or removal shall be made in writing signed by the Collaborator, his authorised representative and shall be delivered to the Company at its registered office. It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one such person as a Director and so that if more than one collaborator is so entitled there may be at any time as many Special Directors as the number of Collaborators eligible to make the appointment.

#### **Limit on number of retiring Directors**

142. The provisions of Articles 139, 140, 141 and 142 are subject to the provisions of Section 152 of the Companies Act, 2013, and the number of such Directors appointed under Articles 139, 140, 141 and 170 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office. However, the Independent Director appointed under Section 152 of the Companies Act, 2013 will not be considered for the purpose of calculating the total number of directors liable for retirement by rotation and term of such Independent Director shall be as provided under Section 152 of the Companies Act, 2013.

#### **Appointment of Alternate Director**

143. The Board may appoint a person, not being a person holding any alternate directorship for any other Director in the Company (hereinafter called the Original Director) to act as an Alternate Director for the Original Director during his absence for a period of not less than three months from India. Provided that no person shall be appointed as an Alternate Director for an Independent Director unless he is qualified to be appointed as an independent director under the provisions of the Act. Every such Alternate Director, shall subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meeting of Directors and to attend and vote as a Director

and be counted for the purposes of a quorum and generally at such meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director is determined before he returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

**Directors may fill Vacancies**

144. The Directors shall have power at any time and from time to time to appoint any qualified person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall retain his office only up to the date up to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

**Additional Director**

145. The Directors shall also have power at any time and from time to time to appoint any other qualified person, other than a person who fails to get appointed as a director in a general meeting of the Company, to be an Additional Director who shall hold office only up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

**Qualification of Directors**

146. A Director shall not be required to hold any qualification shares.

**Remuneration of Directors**

147. The remuneration payable to a non-whole-time-Director for attending each meeting of the Board or a Committee thereof shall be such sum as may be fixed by the Board of Directors not exceeding the maximum as may be prescribed by the Act (and the rules made thereunder), SEBI, or by the Central Government. The Directors, subject to the sanction of the Central Government (if any required), may be paid such further remuneration as the Company in general meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine; and in default of such determination shall be divided among the Directors equally.

**Extra remuneration to Directors for special Work**

148. Subject to the provisions of Sections 197 and 188 of the Companies Act, 2013 and other applicable provisions of the Act and the rules made thereunder, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a member of any committee formed by the Directors or in relation to signing share certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by fixed sum or otherwise as may be determined by the Directors, and such remuneration may be, either in addition to or in substitution for his share in the remuneration above provided.

**Travelling expenses incurred by Directors on Company's business**

149. The Board of Directors may subject to the limitations provided by the Act allow and pay to any Directors who attends a meeting at a place other than his usual place or residence for the purpose of attending a meeting, such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

**Directors may act notwithstanding vacancy**

150. The Continuing Directors may act notwithstanding any vacancy in their body, but if and as long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board of Directors, the Continuing Directors may act for the purpose of filling vacancies to increase the number of Directors to that fixed for the quorum or for summoning a general meeting of the Company, but for no other purpose.

**Disqualification for appointment of Directors**

151. (1) Subject to the provisions of Section 164 and 165 of the Companies Act, 2013, a person shall not be capable of being appointed Director of the Company, if –
- (a) he is of unsound mind and stands so declared by a Court of competent jurisdiction;
  - (b) he is an undischarged insolvent;
  - (c) he has applied to be adjudged an insolvent and his application is pending;
  - (d) he has been convicted by a court of any offence involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence; Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director of the Company.
  - (e) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
  - (f) he has been convicted of the offence dealing with related party transactions under Section 188 of the Companies Act, 2013 at any time during the last preceding five years; or
  - (g) he has not complied with sub-section (3) of Section 152 of the Companies Act, 2013.
- (2) No person who is or has been a director of a company, where the company—
- (a) has not filed financial statements or annual returns for any continuous period of three financial years; or
  - (b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date

or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

**Vacation of office by Directors**

152. Subject to the provisions of Section 167 of the Companies Act, 2013, the office of a Director shall become vacant if :
- (a) he incurs any of the disqualifications specified in Section 164 of the Companies Act, 2013;
  - (b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
  - (c) he acts in contravention of the provisions of Section 184 of the Companies Act, 2013, relating to entering into contracts or arrangements in which he is directly or indirectly interested;
  - (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of Section 184 of the Companies Act, 2013;
  - (e) he becomes disqualified by an order of a court or the Tribunal;
  - (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months: Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;
  - (g) he is removed in pursuance of the provisions of the Act;
  - (h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

**Removal of Directors**

153. (1) The Company may (subject to the provisions of Section 169 and other applicable provisions of the Companies Act, 2013 and these Articles) by ordinary resolution remove any Director before the expiry of his period of office. Provided that nothing contained in this sub-clause shall apply where the Company has availed itself of the option given to it under Section 163 of the Companies Act, 2013, to appoint not less than two-thirds of the total number of directors according to the principle of proportional representation.
- (2) Special notice shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (3) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company and requests its notification to members of the Company, the Company shall, if the time permits it to do so - (a) in the notice of the resolution given to the members of the Company, state the fact of the representations having been made, and (b) send a copy of the representations to every member of the Company to whom notice of the meeting is sent (before or after the receipt of the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting: Provided that copies of the representations need not be sent or read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Tribunal is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter, and the Tribunal may order the Company's costs on the application to be paid in whole or in part by the director notwithstanding that he is not a party to it.
- (5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board be filled by the appointment of another director in his stead at the meeting at which he is removed; Provided special notice of the intended appointment has been given. A Director so appointed shall hold office till the date up to which his predecessor would have held office if he had not been removed as aforesaid.
- (6) If the vacancy is not filled under sub-clause (5), it may be filled as a casual vacancy in accordance with the provisions of the Act.
- (7) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
- (8) Nothing contained in this Article shall be taken:
- (a) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director as per the terms of contract or terms of his appointment as director, or of any other appointment terminating with that as director; or
  - (b) As derogating from any power to remove a Director under the provisions of the Act.

**Disclosure of Director's Interest**

154. (1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors, in the manner provided in Section 184 of the Companies Act, 2013.
- (2) Every director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—  
with a body corporate in which such Director or such Director in association with any other Director, holds more than

two per cent of the shareholding of that body corporate, or is a promoter, manager, chief executive officer of that body corporate; or

with a firm or other entity in which, such Director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting: Provided that where any Director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

(3) Nothing in this Article shall –

- (a) be taken to prejudice the operation of any rule of law restricting a Director of the Company from having any concern or interest in any contract or arrangement with the Company;
- (b) apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or more of the Directors of the Company together holds or hold not more than two percent of the paid up share capital in other company.

**Board resolution necessary for certain contracts**

155. (1) Except with the consent of the Board of Directors of the Company (or the Audit Committee) given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed by the Company, a Company shall not enter into any contract or arrangement with a related party with respect to,

- (i) sale, purchase or supply of any goods or materials;
- (ii) selling or otherwise disposing of, or buying, property of any kind;
- (iii) leasing of property of any kind;
- (iv) availing or rendering of any services;
- (v) appointment of any agent for purchase or sale of goods, materials, services or property;
- (vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (vii) underwriting the subscription of any securities or derivatives thereof, of the company:

Notwithstanding the provisions of this sub- clause (1) of this Article, where prescribed, the Company shall enter into such contracts and / or arrangements only with the prior approval of the members of the Company by a special resolution. However, no member of the Company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party: It is clarified that this sub-clause shall not apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis.

(2) Every contract or arrangement entered into under sub-clause (1) shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

Disclosure to the members of Director's interest in contract in appointing manager If the Company –

- (a) enters into a contract for the appointment of a manager or a Managing Director of the Company in which contract any Director of the Company is in any way directly or indirectly concerned or interested, or
- (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Companies Act, 1956 or other applicable provisions of law shall be complied with.

**Loans to Directors etc.**

156. Subject to the provisions of Section 185 of the Companies Act, 2013, the Company shall not, directly or indirectly make any loan to any of its directors or to any other person in whom the director is interested or give any guarantee or provide any security in connection with a loan taken by him or such other person.

**Loans etc. to Companies**

157. The Company shall observe the restrictions imposed on the Company in regard to making any loans, giving any guarantee or providing any security to the companies or bodies corporate under the same management as provided in Section 186 of the Companies Act, 2013.

**Interested Director not to participate or to vote In Board's proceedings.**

158. No Director of the Company shall as a Director take any part in the discussion of or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote, it shall be void;

**ROTATION & APPOINTMENT OF DIRECTORS**

**Directors may be Directors of Companies promoted by the Company**

159. A Director may be or become a Director of any Company or in which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 197 or Section 188 of the Companies Act, 2013 (and the rules made thereunder) may be applicable.

**Rotation of Directors**

160. Not less than two-thirds of the total number of Directors shall (a) be persons whose period of the office is liable to determination by retirement of Directors by rotation and (b) save as otherwise expressly provided in the Articles be





appointed by the Company in General Meeting.

**Retirement of Directors**

161. Subject to the provisions of Section 284(5) of the Companies Act, 1956 or Section 169(5) and 169 (6) of the Companies Act, 2013, at every annual general meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three the number nearest to one-third, shall retire from office. The Debenture Directors, Corporation Directors, Special Directors, or Managing Directors, if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a “Retiring Director” means a Director retiring by rotation.

**Ascertainment of Directors retiring by rotation and filling of vacancies**

162. The Directors who retire by rotation under Article 164 at every annual general meeting shall be those who have been longest in office since their last appointment, but as between those who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.

**Eligibility for re-election**

163. A retiring Director shall be eligible for the re-appointment.

**Company to fill Vacancies**

164. Subject to the provisions of the Act, the Company at the annual general meeting at which a Director retires in manner aforesaid may fill up the vacancy by appointing the retiring Director or some other person thereto.

**Provisions in default of appointment**

165. (1) If the place of retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place.

**Company may increase or reduce the number of Directors or remove any Director**

- (2) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless –
- (a) at the meeting or the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;
  - (b) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
  - (c) he is not qualified or is disqualified for appointment; or
  - (d) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act,
166. Subject to the provisions of Sections 149 and 152 of the Companies Act, 2013, the Company may, by special resolution, from time to time, increase or reduce the number of Directors and may prescribe or alter qualifications.

**Appointment of Directors to be voted Individually**

167. (1) No motion at any general meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- (2) A resolution moved in contravention of clause (1) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved is passed, no provision for the automatic re-appointment of retiring Director in default of another appointment as hereinbefore provided, shall apply.
- (3) For the purpose of this Article, a motion for approving a person’s appointment or for nominating a person for appointment shall be treated as a motion for his appointment.

**Notice of candidature for office of Director except in certain cases**

168. (1) Subject to the provisions of the Act, a person, not being a Retiring Director in terms of Section 152 of the Companies Act, 2013, shall be eligible for appointment to the office of Director at any general meeting if he or some other member intending to propose him has, at least fourteen days before the meeting, left at the registered office of the Company a special notice in writing under his hand signifying his candidature for the office of a Director or the intention of such member to propose him as a Director for office as the case may be along with the deposit of Rupees one lakh or such higher amount as may be prescribed which shall be refunded to such person or as the case may be, to the member, if the person succeeds in getting elected as a Director or secures more than 25% of the total valid votes cast either by way of show of hands or on a poll on such resolution.
- (2) The Company shall inform its members of the candidature of the person for the office of Director in such manner as may be prescribed.
- (3) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company, a notice under Section 160 of the Companies Act, 2013, signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director if appointed.
- (4) A person other than :
- (a) A Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or

- (b) An Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 161 of the Companies Act, 2013, appointed as a Director or re-appointed as an Additional or Alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

**Register of Directors etc. and notification of change to Registrar**

169. The Company shall keep at its registered office a Register containing the particulars of its Directors and key managerial personnel as specified in Section 170 of the Act, and shall send to the Registrar a Return containing the particulars specified in such Register, and shall otherwise comply with the provisions of the said Section in all respects.

**MANAGING DIRECTOR, WHOLE TIME DIRECTOR**

**Board may appoint Managing Director or Managing Director(s) or Whole Time Directors**

170. Subject to the provisions of Section 196, 197 and 203 and other applicable provision of the Companies Act, 2013, and these Articles, the Directors shall have power to appoint or re-appointment any person to be Managing Director, or Whole-Time Director for a term not exceeding five years at a time. Provided that no re-appointment shall be made earlier than one year before the expiry of his term. Such a Managing Director can also act as chairperson of the Company.

**What provisions they will be subject to**

171. Subject to the provisions of the Act and these Articles, the Managing Director, or the Whole time Director shall not, while he continues to hold that office, be subject to retirement by rotation under Article 161 but he shall be subject to the provisions of any contract between him and the Company, be subject to the same provisions as the resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole Time Director if he ceases to hold the office of Director from any cause provided that if at any time the number of Directors (including Managing Director or Whole-time Directors) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such of the Managing Director or Whole Time Director or two or more of them as the Directors may from time to time determine shall be liable to retirement by rotation in to the intent that the Directors so liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

**Remuneration of Managing or Whole Time Director(s)**

172. The remuneration of the Managing Director, Whole time Director, or Manager shall (subject to Sections 196, 197 and 203 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors from time to time and may be by way of fixed salary and/or perquisites or commission on profits of the Company or by participation in such profits, or by fee for such meeting of the Board or by and for all these modes or any other mode not expressly prohibited by the Act.

**Powers and duties of Managing and Whole Time Director(s)**

173. Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Director(s) and/or Whole Time Director(s) appointed under Article 170 with power to the Board to distribute such day to day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provisions of the Act and these Articles the Board may by resolution vest any such Managing Director or Managing Directors or Whole time Director or Whole time Directors such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

**PROCEEDINGS OF THE BOARD OF DIRECTORS**

**Meeting of Directors**

174. The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the proviso to Section 173 of the Companies Act, 2013 otherwise directs, shall so meet at least once in every one hundred and twenty days and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

**Notice of meetings**

175. (1) Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director.

**When meeting to be Convened**

- (2) A Director may at any time and the Secretary upon the request of Director made at any time shall convene a meeting of the Board of Directors by giving a notice in writing to every Director for the time being in India and at his usual address in India to every other Director. Notice may be given by telex or telegram to any Director who is not in India.

**Quorum**

176. (1) Subject to Section 174 of the Companies Act, 2013 the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, PROVIDED that where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the total strength, the number of the



remaining Directors (that is to say, the number of Directors who are not interested) present at the meeting being not less than two shall be quorum during such time.

(2) For the purpose of clause (1) :

- (i) "Total Strength" of the Board of Directors of the Company shall be determined in pursuance of the Act, after deducting therefrom number of the Directors, if any, whose places may be vacant at the time, and
- (ii) "Interested Directors" means any Director whose presence cannot by reason of Article 176 hereof or any other provisions in the Act count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

**Procedure when meeting adjourned for want of quorum**

177. If a meeting of the Board could not be held for want of quorum then the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place.

**Chairman**

178. One of the Directors shall be the Chairman of the Board of Directors who shall preside at all meetings of the Board. If at any meeting the Chairman is not present at the time appointed for the meeting then the Directors present shall elect one of them as Chairman who shall preside.

**Questions at Board meeting how decided**

179. Subject to provisions of the Companies Act, 2013, and other applicable provisions of law, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have second or casting vote.

**Powers of Board Meetings**

180. A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or these Articles or the regulations for the time being of the Company are vested in or are exercisable by the Board of Directors generally.

**Directors may appoint committees**

181. The Board of Directors may, subject to the provisions of Section 179 of the Companies Act, 2013, and other relevant provisions of the Act and these Articles, appoint committees of the Board, and delegate any of the powers other than the powers to make calls and to issue debentures to such committee or committees and may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to the persons or purposes, but every committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purpose of their appointment, but not otherwise, shall have the like force and effect, as if done by the Board.

**Meeting of the Committee how to be Governed**

182. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

**Circular Resolution**

183. (1) A resolution passed by circular without a meeting of the Board or a Committee of the Board appointed under Article 186 shall subject to the provisions of sub-clause (2) hereof and the Act be as valid and effectual as the resolution duly passed at meeting of, the Directors or of a Committee duly called and held.

- (2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution, has been circulated in draft together with necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than in the quorum fixed for a meeting of the Board or Committee as the case may be), and to all other Directors or members of the Committee at their usual addresses in India in accordance with the provisions of Section 175(1) of the Companies Act, 2013, and has been approved by such of the Directors or members of the Committee as are in India or by a majority of such of them as are entitled to vote on the resolution.

**Acts of Board or Committee valid notwithstanding defect in appointment**

184. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director. Provided nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

**POWERS OF THE BOARD**

**Powers of Director**

185. Subject to the provisions of the Act, the business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the

Memorandum or by the Articles of the Company required to be exercised by the Company in general meeting, subject nevertheless to these Articles to the provisions of the Act, or any other Act and to such regulations (being not inconsistent with the aforesaid regulations or provisions), as may be prescribed by the Company in general meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made, PROVIDED that the Board shall not, except with the consent of the Company by a special resolution in a general meeting:

- (a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;
- (b) remit, or give time for the payment of any debt due by a Director;
- (c) invest otherwise than in trust securities the amount of compensation received by the Company as a result of a merger or amalgamation;
- (d) borrow money where the money to be borrowed together with the money already borrowed by the Company will exceed the aggregate of the paid up capital of the Company and its free reserves, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business); or,
  - (i) Provided that in respect of the matter referred to in sub-clause (d) such consent shall be obtained by a resolution of the Company which shall specify the total amount up to which monies may be borrowed by the Board under clause (d);
  - (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term, cash credit arrangements, the discounting of bills and the issue of other short term loans of a reasonable character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

**Certain powers to be exercised by the Board only at meetings**

186. Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolution passed at the meetings of the Board :

- (a) to make calls on shareholders in respect of money unpaid on their shares;
- (b) To authorize buy-back of securities under Section 68 of the Companies Act, 2013;
- (c) to borrow monies;
- (d) to invest the funds of the Company;
- (e) to grant loans or give guarantee or provide security in respect of loans;
- (f) to approve financial statement and the Board's report;
- (g) to diversify the business of the Company;
- (h) to approve amalgamation, merger or reconstruction;
- (i) to take over a company or acquire a controlling or substantial stake in another company;
- (j) any other matter which may be prescribed under the Act and the rules made thereunder.

Provided that the Board may by resolution passed at a meeting delegate to any Committee of Directors, Managing Director or any other principal officer of the Company, or in case of branch office of the Company a principal officer of the branch office, the powers specified in (c), (d) and (e) of this sub-clause on such terms as it may specify.

**Certain powers of the Board**

187. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the last preceding Article it is hereby declared that the Directors shall have the following powers that is to say, power:

- (a) to pay the costs, charges and expenses preliminary and incidental to the formation, promotion, establishment and registration of the Company;
- (b) to pay and charge the capital account to the Company any commission or interest, lawfully payable there out under the provisions of Section 40 of the Companies Act, 2013 and other applicable provisions of law;
- (c) subject to Sections 179 and 188 of the Companies Act, 2013, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire at or for price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
- (d) at their discretion and subject to the provisions of the Act to pay for any property, rights or privileges by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;
- (e) to secure the fulfilments of any contracts or engagement entered into by the Company mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;
- (f) to accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (g) to appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees;

- (h) to institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its officer, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment on satisfaction of any debts due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian law or according to foreign law and either in India or abroad and observe and perform or challenge any award made therein;
- (i) to act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (j) to make and give receipts, release and other discharge for monies payable to the Company and for the claims and demands of the Company;
- (k) subject to the provisions of Sections 179, 180 and 185, of the Companies Act, 2013 and other applicable provisions of law, to invest and deal with any monies of the Company not immediately required for the purpose thereof, upon such security (not being the shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 187 of the Companies Act, 2013, all investments shall be made and held in the Company's own name;
- (l) to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;
- (m) to determine from time to time who shall be entitled to sign, on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts, and documents and to give the necessary authority for such purpose;
- (n) to distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as a part of working expenses of the Company;
- (o) to provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and wives, widows, and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and subject to the applicable provisions of law to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;
- (p) before recommending any dividend, subject to the provision of Section 123 of the Companies Act, 2013, to set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation fund, or to insurance fund, or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company, and subject to Section 179 of the Companies Act, 2013, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than share of this Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof may be matters to or upon which the capital monies of the Company might rightly be applied or expended; and to divide the reserve fund into such special funds as the Board may think fit; with full power to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund and/or division of a reserve fund and with full power to employ and assets constituting all or any of the above funds including the depreciation fund, in the business of the Company or in purchase or repayment of debentures or debenture stock and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same, with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine percent per annum;
- (q) to appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and to fix their salaries, or emoluments or remuneration, and to require security in such instances and to such amounts as they may think fit, and also from time to time to provide for the management and transaction of the affairs of the Company in specified locality in India or elsewhere in such manner as they think fit; and the provision contained in the next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause;
- (r) to comply with the requirement of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with;
- (s) from time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such Local Boards, and to fix their remuneration;
- (t) subject to Section 179 of the Companies Act, 2013, from time to time and at any time to delegate to any persons so

appointed any of the powers, authorities, and discretions for the time being vested in the Board, other than their power to make call or to make loans or borrow monies; and to authorize the member for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation;

- (u) at any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow monies) and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointments may (if the Board thinks fit) be made in favour of the members or any of the members of any local board established as aforesaid or in favour of any company, or the shareholders, Directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them;
- (v) subject to the provisions of the Companies Act, 2013, for or in relation of any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;
- (w) From time to time to make, vary and repeal by-laws for the regulation of the business of the Company, its officers and servants.

## **MINUTES**

### **Minutes to be considered evidence**

188. (1) The Company shall cause minutes of all proceedings of general meetings of any class of shareholders or creditors, and every resolution passed by postal ballot or by electronic means and every meeting of the Board of Directors or of every committee of the Board to be prepared and signed in such manner as may be prescribed and kept within thirty days of the conclusion of every such meeting concerned, or passing of resolution by postal ballot in books kept for that purpose with their pages consecutively numbered.
- (2) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (3) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.
- (4) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:
- (a) the names of the Directors present at the meeting; and
  - (b) in the case of each resolution at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
- (5) Nothing contained in clauses (1) to (4) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
- (a) is or could reasonably be regarded as defamatory of any person;
  - (b) is irrelevant or immaterial to the proceedings; or
  - (c) is detrimental to the interest of the Company.
- The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

### **Minutes to be evidence of the proceedings**

189. The minutes of meeting kept in accordance with the provisions of Section 118 of the Companies Act, 2013 shall be evidence of the proceedings recorded therein,

### **Presumptions to be drawn where minutes duly drawn and signed**

190. Where the minutes of the proceedings of any general meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with provisions of Section 118 of the Companies Act, 2013, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

### **Inspection of Minutes Books of General Meetings**

191. (1) The books containing the minutes or the proceedings of any general meeting of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Companies Act, 2013, be determined by the Company in general meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.
- (2) Any member of the Company shall be entitled to be furnished within seven working days after he has made a request in that behalf to the Company and on payment of such sums as may be prescribed, with a copy of any minutes referred to in sub-clause (1) hereof.

### **Publication of report of proceedings of General Meeting**

192. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or





advertised at the expenses of the Company unless it includes the matters required by Section 118 of the Companies Act, 2013 to be contained in the minutes of the proceedings of such meetings.

#### **MANAGEMENT**

##### **Prohibition of simultaneous appointment of different categories of managerial personnel**

193. The Company shall not appoint or employ at the same time a Managing Director and a Manager.

Subject to the provisions of the Act –

(a) 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 financial officer so appointed may be removed by means of a resolution of the Board;

(b) a director may be appointed as chief executive officer, manager, Company secretary or chief financial officer.

A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by it being done by or to the same person acting both as director and as, or in place of, the chief executive officer, manager, company secretary or chief financial officer.

##### **The Seal, its custody and use**

194. (1) The Board of Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, under such regulations as the Board may prescribe.

(2) the Seal shall not be affixed to any instrument except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of any two officials of the Company or such other person, the Board may appoint in that behalf who shall sign every instrument to which the Seal is affixed.

Provided that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Share Capital and Debenture) Rules, 2014, and their statutory modifications for the time being in force.

#### **DIVIDEND WARRANTS**

##### **Division of profits**

195. (1) 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.

(2) 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.

(3) 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 provided that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

##### **The Company in general meeting may declare dividend**

196. The Company in general meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

##### **Dividend out of profits only**

197. No dividend shall be declared or paid by the Company for any financial year except (a) out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both; or (b) out of the monies provided by the Central Government or State government for the payment of dividend in pursuance or guarantee given by the Government.

For the purposes of sub-clause (1), the depreciation shall be provided in accordance with the provisions of Schedule II of the Companies Act, 2013.

No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

##### **Interim Dividend**

198. The Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

##### **Debts may be deducted**

199. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

##### **Capital paid up in advance at interest not to earn dividend**



200. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
- Dividends in proportion to amount paid up**
201. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.
- Retention of dividends until in certain cases**
202. The Board of Directors may retain the dividend payable upon shares in respect of which any person under the Transmission Clause has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.
- No member to receive dividend whilst liberated to the Company and the Company's right of reimbursement thereof**
203. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member all such sums of monies so due from him to the Company.
- Effect of transfer of Shares**
204. A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.
- Dividend to joint Holders**
205. Any one of several persons who are registered as joint holders of any share may give effectual receipt for all dividends or bonus and payments on account of dividends in respect of such share.
- Dividend how remitted**
206. The dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend or in case of joint-holders to the registered address of that one of the joint-holders which is first named on the register of members or to such person and to such address as the holder or the joint-holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission or for any dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
- Notice of dividend**
207. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.
- Dividend to be paid within thirty days**
208. (1) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within thirty days from the date of the declaration unless:
- (a) where the dividend could not be paid by reason of the operation of any law;
  - (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
  - (c) where there is a dispute regarding the right to receive the dividend;
  - (d) where the dividend has been lawfully adjusted by the company against any sum due to it from the shareholder, or
  - (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
- (2) (a) where the dividend has been declared but which has not been paid or claimed within thirty days from the date of the declaration to any shareholder entitled to the payment thereof, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called "Unpaid Dividend Account of Super Fine Knitters Limited"
- (b) The Company shall, within a period of ninety days of making any transfer of an amount under sub clause(a) to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the website of the Company, if any, and also on any other website approved by the Central Government for this purpose, in such form, manner and other particulars as may be prescribed
  - (c) If any default is made in transferring the total amount referred to in sub-clause (1) or any part thereof to the Unpaid Dividend Account of the Company, it shall pay, from the date of such default, interest on so much of the amount as has not been transferred to the said account, at the rate of twelve per cent per annum and the interest accruing on such amount shall ensure to the benefit of the members of the company in proportion to the amount remaining unpaid to them.
  - (d) Any person claiming to be entitled to any money transferred under sub-clause (1) to the Unpaid Dividend Account of the Company may apply to the Company for payment of the money claimed.
  - (e) any money transferred to the Unpaid Dividend Account of the Company in pursuance of this Article which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company along with interest accrued, if any, thereon to the Investor Education and Protection Fund of the Central Government.



- (f) the Company shall when making any transfer to the Investor Education and Protection Fund of the Central Government any unpaid or unclaimed dividend, furnish to such officer as the Central Government may appoint in this behalf a statement in the prescribed form seeing forth in respect of all sums included in such transfer, the nature of the sums, the names and last known addresses of the persons entitled to receive the sum, the amount to which each person is entitled and the nature of his claim thereto and such other particulars as may be prescribed.
- (g) No unclaimed or unpaid dividend shall be forfeited by the Board of Directors until the claim becomes barred by law.

## **CAPITALISATION**

### **Capitalisation**

209. 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 the Company's reserve accounts or to the credit of the Profit and Loss Account or otherwise available for distributions; and
- (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), either in or towards:

- (a) paying up any amount 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 allocated and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; or
- (c) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii);
- (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.

### **Fractional Certificates**

210. (1) 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.

(2) The Board shall have full power :

- (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions; and also
- (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an arrangement 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 capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized to the amounts of any part of the amounts remaining unpaid on their existing shares.

(3) Any agreement made under such authority shall be effective and binding on all such members.

(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificate as they think fit.

## **ACCOUNTS**

### **Books to be kept**

211. (1) The Company shall prepare and keep at its registered office proper books of account and other relevant books and papers and financial statement for every financial year in accordance with Section 128 of the Companies Act, 2013, as would give a true and fair view of the state of affairs of the Company including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting: Provided that all or any of the books of accounts aforesaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decide the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place. Provided further that the company may keep such books of account or other relevant papers in electronic mode in such manner as may be prescribed.

(2) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of sub-clause (1) if proper books of accounts relating to the transactions affected at the branch are kept at that office and proper summarised returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its registered office or the other place referred to in sub-clause (1). The books of accounts and other books and paper maintained by the Company within India shall be open to inspection at the registered office of the Company or at such other place in India by any Director during business hours and in the case of financial information, if any, maintained outside the country, copies of such financial information shall be maintained and produced for inspection by any Director subject to such conditions as may be prescribed: Provided that the inspection in respect of any subsidiary of the Company shall be done only by the person authorised in this behalf by a resolution of the Board of Directors.

(3) The books of account of the Company relating to a period of not less than eight financial years immediately preceding a financial year, or where the Company had been in existence for a period less than eight years, in respect of all the

preceding years together with the vouchers relevant to any entry in such books of account shall be kept in good order: Provided that where an investigation has been ordered in respect of the Company under Chapter XIV of the Companies Act, 2013, the Central Government may direct that the books of account may be kept for such longer period as it may deem fit.

#### **Financial Statements**

212. (1) The Board of Directors shall in accordance with Section 129, 133 and 134 of the Companies Act, 2013 and the rules made there under, cause to be prepared and laid before each annual general meeting, financial statements for the financial year of the Company which shall be a date which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.
- (2) The financial statements of the Company shall give a true and fair view of the state of affairs of the Company and comply with the accounting standard notified under Section 133 of the Companies Act, 2013 and shall be in the form set out in Schedule III to the Companies Act, 2013. Provided that the items contained in such financial statements shall be in accordance with the accounting standards.
- (3) In case the Company has one or more subsidiaries, it shall, in addition to financial statements provided under sub-clause (1), prepare a consolidated financial statement of the Company and of all the subsidiaries in the same form and manner as that of its own which shall also be laid before the annual general meeting of the company along with the laying of its financial statement under sub-section (1): Provided that the Company shall also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries in such form as may be prescribed: Provided further that the Central Government may provide for the consolidation of accounts of companies in such manner as may be prescribed. For the purposes of this sub-clause, the word “subsidiary” shall include associate company and joint venture.

#### **AUDIT**

##### **Account to be audited**

213. Once at least in every year the accounts of the Company shall be audited and the correctness of the financial statements ascertained by one or more Auditor or Auditors.

##### **Appointment of Auditors**

214. (1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with the provisions of Chapter X of the Companies Act, 2013 and the rules made thereunder.
- (2) Subject to the provisions of Section 139 of the Companies Act, 2013, the Company shall at the first annual general meeting appoint an individual or a firm as an Auditor to hold office from conclusion of that meeting until the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting and the manner and procedure of selection of auditors by the members of the Company at such meeting shall be such as may be prescribed. Provided that the Company shall place the matter relating to such appointment for ratification by members at every annual general meeting; Provided further that before such appointment is made, the written consent of the auditor to such appointment, and a certificate from him or it that the appointment, if made, shall be in accordance with the conditions as may be prescribed, shall be obtained from the auditor; Provided also that the certificate shall also indicate whether the auditor satisfies the criteria provided in Section 141 of the Companies Act, 2013; Provided also that the Company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed. “Appointment” includes reappointment.

#### **DOCUMENTS AND NOTICES**

##### **Service of documents or notices on members by the Company**

216. (1) A document or notice may be served by the Company on any member thereof either personally or by sending it by registered post or by speed post or by courier service or by leaving it at his registered address or if he has no registered address in India, to the address if any, within India supplied by him to the Company for serving documents or notice on him or by means of such electronic or other mode as may be prescribed.
- (2) A document or notice advertised in a newspaper circulating in the neighbourhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears, on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him.
- (3) A document or notice may be served by the Company on the joint holders of a share by serving it on the joint holder named first in the Register in respect of the share.
- (4) A document or notice may be served by the Company on the person entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter, addressed to them by name or by title of representatives of the deceased, or assignees of the insolvent or by any like description, at the address, if any, in India supplied for the purpose by the person claiming to be so entitled, or until such an address has been so supplied, serving the document or notice in any manner in which it might have been served if the death or insolvency had not occurred.
- (5) The signature to any document or notice to be given by the Company may be written or printed or lithographed.

##### **To whom documents must be served or given**

217. Document or notice of every general meeting shall be served or given in the same manner hereinbefore authorised on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and (c)



the auditor or auditors for the time being of the Company, PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulating in the neighbourhood of the office of the Company under Article 99 a statement of material facts referred to in Article 99 need not be annexed to the notice, as is required by that Article, but is shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

**Members bound by documents or notices served on or given to previous holders**

218. Every person who by operation of law, transfer or other means whatsoever, has become entitled to any share shall be bound by every document or notice in respect of such share, which prior to his name and address being entered on the Register of Members, shall have been duly served on or give to the person from whom he derived his title to such share.

**Service of documents on Company**

219. A document may be served on the Company or an officer thereof by sending it to the Company or officer at the registered office of the Company by Registered Post or by speed post or by courier service or by leaving it at its registered office or by means of such electronic or other mode as may be prescribed. Provided that where securities are held with a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic or other mode.

**Service of documents by Company on the Registrar**

220. Save as provided in the Act or the rules made thereunder for filing of documents with the Registrar in electronic mode, a document may be served on the Registrar or any member by sending it to him at his office by post or by Registered Post or by speed post or by courier or delivering it to or leaving it for him at his office, or by such electronic or other mode as may be prescribed. Provided that a member may request for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the company in its annual general meeting. The term “courier” means a person or agency which delivers the document and provides proof of its delivery.

**Registers and documents to be maintained by the Company**

221. The Company shall keep and maintain Registers, Books and Documents as required by the Act or these Articles, including the following:
- (a) Register of Investments made by the Company but not held in its own name, as required by Section 187(3) of the Companies Act, 2013, and shall keep it open for inspection by any member or debenture holder of the Company without charge.
  - (b) Register of Mortgages and Charges and copies of instrument creating any charge requiring registration according to Section 85 of the Companies Act, 2013, and shall keep them open for inspection by any creditor or member of the Company without fee and for inspection by any person on payment of a fee of rupee ten for each inspection.
  - (c) Register and Index of Members as required by Section 88 of the Companies Act, 2013, and shall keep the same open for inspection during business hours, at such reasonable time on every working day as the Board may decide by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of a fee of rupees fifty for each inspection.
  - (d) Register and Index of Debenture Holders or Security Holders under Section 88 of the Companies Act, 2013, and keep it open for inspection during business hours, at such reasonable time on every working day as the Board may decide by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of rupees fifty for each inspection.
  - (e) Foreign Register, if so thought fit, as required by Section 88 of the Companies Act, 2013, and it shall be open for inspection and may be closed and extracts may be taken therefrom and copies thereof as maybe required in the manner, mutatis mutandis, as is applicable to the Principal Register.
  - (f) Register of Contracts with related parties and companies and firms etc. in which Directors are interested as required by Section 189 of the Companies Act, 2013, and shall keep it open for inspection at the registered office of the Company during business hours by any member of the Company. The Company shall provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment of fee of ten rupees per page.
  - (g) Register of Directors and Key Managerial Personnel etc., as required by Section 170 of the Companies Act, 2013 and shall keep it open for inspection during business hours and the members of the Company shall have a right to take extracts therefrom and copies thereof, on a request by the members, be provided to them free of cost within thirty days. Such register shall also be kept open for inspection at every annual general meeting of the Company and shall be made accessible to any person attending the meeting.
  - (h) Register of Loans, Guarantee, Security and Acquisition made by the Company as required by Section 186(9) of the Companies Act, 2013. The extracts from such register may be furnished to any member of the Company on payment of fees of ten rupees for each page.
  - (i) Books recording minutes of all proceedings of general meeting and all proceedings at meetings of its Board of Directors or of Committee of the Board in accordance with the provisions of Section 118 of the Companies Act, 2013.
  - (j) Copies of Annual Returns prepared under Section 92 of the Companies Act, 2013, together with the copies of certificates and documents required to be annexed thereto.

Provided that any member, debenture holder, security holder or beneficial owner or any other person may require a copy of any such register referred to sub-clause (c), (d) or (e), or the entries therein or the copies of annual returns referred to in sub-clause (j) above on payment of a fee of ten rupees for each page. Such copy or entries or return shall

be supplied within seven days of deposit of such fee.

## **WINDING UP**

### **Distribution of assets**

222. If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

### **Distribution in specie or kind**

223. (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them as a Liquidator, with such sanction shall think fit.
- (2) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed) by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined upon, any contributory who would be prejudiced thereby shall have a right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 319 of the Companies Act, 2013.
- (3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall if practicable act accordingly.

### **Right of shareholders in case of sales**

224. A special resolution sanctioning a sale to any other Company duly passed pursuant to Section 319 of the Companies Act, 2013 may subject to the provisions of the Act in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidator be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said sanction.

## **INDEMNITY**

### **Directors' and others' rights to indemnity**

225. Subject to the provisions of Section 197 of the Companies Act, 2013, every Director, or Officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor, shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Officer or Auditor or other Officer of the Company in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 463 of the Companies Act, 2013 in which relief is granted to him by the Court.

### **Director, Officer not responsible for acts of others**

226. Subject to the provisions of Section 197 of the Companies Act, 2013, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for insufficiency or deficiency of any of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damages arising from insolvency or tortuous act of any person, firm or company to or with whom any monies, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgement, omission, default or oversight on his part or for any other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

## **SECRECY CLAUSE**

### **Secrecy Clause**

227. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required, by the Director, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy and confidentiality in respect of all transactions and affairs of the Company and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the person



to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions, in these presents contained.

**No member to enter the premises of the Company without permission**

228. No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Directors or Managing Director or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Director, it would be inexpedient in the interest of the Company to disclose.

## **Section X – Other Information**

### **Material Contracts and Documents for Inspection**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 269 Industrial Area A, Ludhiana – 141 003, Punjab, India, from date of filing the Prospectus with RoC to Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

#### **Material Contracts**

1. Memorandum of Understanding dated July 25, 2016 between our Company and the Lead Manager.
2. Agreement between the Cameo Corporate Services Limited and our Company dated July 26, 2016 appointing them as the Registrar to the Issue.
3. Underwriting Agreement dated July 25, 2016 between our Company and Underwriter.
4. Market Making Agreement dated July 25, 2016 between our Company, Lead Manager and Market Maker.
5. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated [•], 2016.
6. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated March 11, 2016.
7. Public Issue Account Agreement dated [•] between our Company, the Lead Manager, Banker to the Issue and Registrar to the Issue.

#### **Material Documents**

1. Certificate of Incorporation of our Company dated September 18, 1998, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.
2. Certificate of Commencement of Business dated September 24, 1998, issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh
3. Certified true copy of the Memorandum and Articles of Association of our Company, as amended.
4. Copy of the resolution passed at the meeting of the Board of Directors held on July 1, 2016 authorizing the Issue.
5. Special Resolution of the Shareholders passed at the Extraordinary General Meeting dated July 25, 2016 authorizing the Issue.
6. Statement of Tax Benefits dated September 06, 2016, issued by our Independent Peer Reviewed Auditor, M/s. R. T. Jain & Co., Chartered Accountants.
7. Report of the Independent Peer Reviewed Auditor, M/s. R. T. Jain & Co., Chartered Accountants dated September 06, 2016, on the Restated Financial Statements for the financial year ended March 31, 2012, 2013, 2014, 2015 and 2016 of our Company.
8. Copy of Certificate from the Statutory Auditor, M/s. Mehta Sharma & Associates, Chartered Accountants dated September 15, 2016, regarding the source and deployment of funds as on September 15, 2016
9. Copy of Audited Financials for the period from financial year ended March 31, 2012, 2013, 2014, 2015 and 2016 of our Company.





10. Consents of Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Statutory Auditor, Independent Peer Review Auditor, Legal Advisor to the Issue, Banker to our Company, the Lead Manager, Registrar to the Issue, Underwriter, Market Maker, Bankers to the Issue, Lender to our Company, to act in their respective capacities.
11. Consent of Independent Peer Reviewed Auditor, M/s. R. T. Jain & Co., Chartered Accountants to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as an “Expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Auditor on the restated financial information dated September 6, 2016, and statement of tax benefits dated September 06, 2016.
12. Copy of approval from BSE *vide* letter dated [•], to use the name of BSE in this document for listing of Equity Shares on SME Platform of BSE.
13. Due Diligence Certificate dated September 30, 2016 from the Lead Manager to BSE.
14. Due Diligence Certificate dated [•], 2016 from the Lead Manager to SEBI.
15. Resolution of the shareholders at the EGM dated July 25, 2016 for re-appointment of our Managing Director and Chief Executive Officer, Ajit Kumar Lakra.
16. Resolution of the shareholders at the EGM dated July 25, 2016 for re-appointment of our Whole-time Director, Gita Lakra.
17. Resolution of the shareholders at the EGM dated October 29, 2012, November 10, 2015, and July 25, 2016 for fixing the term of appointment of our Whole-time Director, Vivek Lakra.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

### **Declaration**

We, the undersigned, hereby declare that, all the relevant provisions of the Companies Act, and the guidelines issued by the Government of India or the guidelines and regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Prospectus are true and correct.

#### **Signed by all the Directors of Super Fine Knitters Limited**

<b>Name and designation</b>	<b>Signature</b>
<b>Ajit Kumar Lakra</b> <i>Managing Director and CEO</i>	Sd/-
<b>Gita Lakra</b> <i>Whole-Time Director</i>	Sd/
<b>Vivek Lakra</b> <i>Whole-Time Director</i>	Sd/
<b>Amit Gupta</b> <i>Independent Director</i>	Sd/
<b>Vipin Sehgal</b> <i>Independent Director</i>	Sd/
<b>Baljit Kumar Trikha</b> <i>Independent Director</i>	Sd/

#### **Signed by the – Chief Financial Officer**

Sd/-

**Davinder Pal Singh**  
*Chief Financial Officer*

#### **Signed by the – Company Secretary and Compliance Officer**

Sd/-

**Divya Jain**  
*Company Secretary & Compliance Officer*

Place: Ludhiana

Date: September 30, 2016